

## **Calgary Assessment Review Board**

### **DECISION WITH REASONS**

In the matter of the complaint against the property assessment as provided by the *Municipal Government Act*, Chapter M-26, Section 460, Revised Statutes of Alberta 2000 (the Act).

**between:**

***Lansdowne Equity Ventures Ltd.***  
***(as represented by Assessment Advisory Group), COMPLAINANT***

**and**

***The City Of Calgary, RESPONDENT***

**before:**

***K. Thompson, PRESIDING OFFICER***  
***J. Massey, BOARD MEMBER***  
***A. Wong, BOARD MEMBER***

This is a complaint to the Calgary Assessment Review Board in respect of a property assessment prepared by the Assessor of The City of Calgary and entered in the 2014 Assessment Roll as follows:

<b>ROLL NUMBER:</b>	<b>074000399</b>
<b>LOCATION ADDRESS:</b>	<b>1806 52 St SE</b>
<b>FILE NUMBER:</b>	<b>76326</b>
<b>ASSESSMENT:</b>	<b>\$10,340,000</b>

This complaint was heard on July 30, 2014 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 8.

Appeared on behalf of the Complainant:

- *S. Cobb,* *Agent, Assessment Advisory Group*

Appeared on behalf of the Respondent:

- *J. S. Villeneuve-Cloutier,* *Assessor, City of Calgary*

**Board's Decision in Respect of Procedural or Jurisdictional Matters:**

- [1] The Board confirms the assessment at \$10,340,000.

**Property Description:**

[2] The subject property is assessed as a 68,223 square foot (sf) "C+" quality strip shopping centre. It was built in 1975 in the Forestlawn Industrial community of Calgary. This property has two 'exempt from taxation' related accounts which are not under complaint.

[3] The subject property is assessed using the income approach to valuation with a capitalization rate of 6.25% with rental rates of:

1) CRU 0-1,000 sf - 826 sf	\$14.00 per square foot (psf)
2) CRU 1,001-2,500 sf – 4,936 sf	\$15.00 psf
3) CRU 2501-6,000 sf – 15,659 sf	\$15.00 psf
4) CRU 6,001-14,000 sf – 30,263 sf	\$11.00 psf
5) Office – 15,972 sf	\$12.00 psf

**Issues:**

[4] The value of the property would better reflect market if the capitalization rate was 6.75%. This requested rate was revised at the hearing.

**Complainant's Requested Value: \$9,570,000**

**Board's Decision:**

- [5] The assessment is confirmed at \$10,340,000.

**Legislative Authority, Requirements and Considerations:**

[6] Section 460.1(2) of the Act provides that, subject to Section 460(11), a composite assessment review board has jurisdiction to hear complaints about any matter referred to in Section 460(5) that is shown on an assessment notice for property, other than property described in subsection (1)(a).

**Position of the Parties****Complainant's Position:**

[7] The Complainant contends that the subject property's assessment is incorrect with respect to market value and equity, and is not consistent with other similar sale and equity comparables.

[8] The Complainant provided a chart and maps which included five sales comparables [C1, pp. 20] to illustrate the value of the subject was excessive. The capitalization rates for the sales were obtained from RealNet, a third party source. With a range of 6.50% - 7.60%, the median was 7.00%. The Complainant revised this to 6.75% in the hearing putting less weight on comparable two and three as the capitalization rates were estimated for those properties.

[9] The Complainant provided backup documents for the five sale properties [C1, pp. 25-60].

**Respondent's Position:**

[10] The Respondent stated that a mass appraisal approach is required in determining the market value for assessment purposes. This relies on typical rates in order to treat similar properties in an equitable manner. One of the Complainant's sales is used by the Respondent in its capitalization rate study however the rest of the sales provided are either dated or not comparable to the subject property.

[11] The Respondent provided a chart with the Complainant's sales comparables highlighted and remarks as to why none of these sales were used in the Respondent's capitalization rate analysis [R1, p. 30]. Three of the sales were of neighbourhood shopping centres, a different property type than the subject property. Two of the sales were dated and wouldn't be used in the 2014 development of capitalization rates.

[12] The Respondent provided the 2014 Strip Centre City Wide Capitalization Rate Study with backup assessment information [R1, pp. 32-49].


**Board's Reasons for Decision:**

[13] The Board reviewed the evidence provided by both parties and will limit its comments to the relevant facts pertaining to this case. In particular the Board reviewed the Complainant's sale comparables and found there was little evidence to compel the Board to alter the subject's value. The Complainant's capitalization rate study uses a third party source to obtain the capitalization rates for its sale properties. The Board was given no information as to how those capitalization rates were derived or whether typical values were used to determine each parameter used to calculate those capitalization rates. Further the sales in the Complainant's

capitalization rate study were not appropriate for subject property's classification of the 2014 timeframe.

[14] The Board finds insufficient evidence to alter the rental or capitalization rates applied to this property. The assessment is confirmed.

DATED AT THE CITY OF CALGARY THIS 2<sup>nd</sup> DAY OF September 2014.



K. Thompson

Presiding Officer

**APPENDIX "A"****DOCUMENTS PRESENTED AT THE HEARING  
AND CONSIDERED BY THE BOARD:**

<b>NO.</b>	<b>ITEM</b>
1. C1	Complainant Disclosure
2. R1	Respondent Disclosure

*An appeal may be made to the Court of Queen's Bench on a question of law or jurisdiction with respect to a decision of an assessment review board.*

*Any of the following may appeal the decision of an assessment review board:*

- (a) the complainant;*
- (b) an assessed person, other than the complainant, who is affected by the decision;*
- (c) the municipality, if the decision being appealed relates to property that is within the boundaries of that municipality;*
- (d) the assessor for a municipality referred to in clause (c).*

*An application for leave to appeal must be filed with the Court of Queen's Bench within 30 days after the persons notified of the hearing receive the decision, and notice of the application for leave to appeal must be given to*

- (a) the assessment review board, and*
- (b) any other persons as the judge directs.*

Property Type	Property Sub-Type	Issue	Sub issue
retail	strip	Income Approach	Cap Rate and rental rate