

**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-26.1, Section 460(4).

between:

CVG Canadian Valuation Group Ltd.

and

The City Of Calgary, RESPONDENT

before:

R. Reimer, PRESIDING OFFICER

R. Glenn, MEMBER

K. Kelly, MEMBER

This is a complaint to the Calgary Assessment Review Board in respect of Property assessment prepared by the Assessor of The City of Calgary and entered in the 2010 Assessment Roll as follows:

ROLL NUMBER: 200577633

LOCATION ADDRESS: 10456 Southport Rd SW

HEARING NUMBER: 57259

ASSESSMENT: \$2,500,000

This complaint was heard on the 15th day of July, 2010 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 10.

Appeared on behalf of the Complainant:

- *Troy Howell, Assessment Advisory Group*

Appeared on behalf of the Respondent:

- *Barb Duban, Assessor*

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

There was no objection to the composition of the Assessment Review Board (ARB).

There were no other procedural or jurisdictional matters raised.

Property Description:

The subject property is a Boston Pizza restaurant and lounge. The property consists of 6240 sq. ft. of retail space, 1,185 sq. ft. of office space and 1,815 sq. ft. of storage space.

Issues:

The sole issue identified on the Assessment Review Board Complaint form is the amount of the assessment. The Complainant requested a reduction of the rental rate, for the retail space, from \$30/sq. ft. to \$24/sq. ft., an increase of the vacancy rate from 4.00% to 6.00% and an increase in the capitalization rate from 8.00% to 8.25%.

Complainant's Requested Value:

The Complainant requested a value of \$2,125,000.

Position of the Parties:

The Complainant submitted nine comparables with actual rental rates in a range of \$14.00 - \$26.00. He also submitted a number of Income Approach Valuations showing market net rental rates of between \$9.00 and \$24.00.

In support of his request for a capitalization rate of 8.25%, the Complainant submitted five Income Approach Valuations where a capitalization rate of 8.25% had been used.

In support of his request for a vacancy rate of 6%, the Complainant submitted a newsletter prepared by CB Richard Ellis Ltd., Real Estate Brokerage. The newsletter indicates a vacancy rate of 5.8% in the South Central area, which is the area where the subject property is located. The newsletter contains a disclaimer which states that CB Richard Ellis has not verified the information and does not guarantee its accuracy. There was no supporting documentation submitted.

The Respondent stated that restaurant space usually rents at a higher rate than retail space. She also stated that the 4% vacancy rate and the 8% capitalization rate were the standard rates for stand-alone restaurants.

The Respondent stated that the Complainant's comparables consisted of six strip malls, a book store and a wellness centre. She submitted that these were not comparable in type or location to the subject property.


Board's Decision:

The ARB finds that the comparables submitted by the Complainant are not comparable to the subject property. The comparables consist of six strip malls and two retail stores located in different areas of the city than the subject property. The capitalization rates are not based on actual sales, but on Income Approach Valuations. The rental rates and capitalization rate attributed to the comparables are not applicable to the subject property.

The ARB further finds that the vacancy rate quoted in the CB Richard Ellis newsletter is opinion and was not supported by factual and objective evidence.

There was no evidence provided to the ARB to support a change to the assessment of the subject property. The assessment is confirmed at \$2,500,000.

DATED AT THE CITY OF CALGARY THIS 21 DAY OF July 2010.



R. Reimer
Presiding Officer

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.*