

**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:**

**1394134 ALBERTA LTD.,  
(as represented by Altus Group Inc.),  
COMPLAINANT**

**and**

**THE CITY OF CALGARY,  
RESPONDENT**

**before:**

**R. Glenn, PRESIDING OFFICER  
R. Kodak, MEMBER  
D. Cochrane, 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 2012 Assessment Roll as follows:

<b>ROLL NUMBER:</b>	<b>093162600</b>
<b>LOCATION ADDRESS:</b>	<b>4000 – 26 St SE</b>
<b>FILE NUMBER:</b>	<b>67120</b>
<b>ASSESSMENT:</b>	<b>\$2,840,000</b>

This complaint was heard on Tuesday, the 9<sup>th</sup> day of October, 2012 at the offices of the Assessment Review Board located on Floor Number 4, at 1212 – 31 Avenue NE, in Calgary, Alberta, in Boardroom 3.

Appeared on behalf of the Complainant:

- D. Genereaux, as agent for Altus Group Inc.

Appeared on behalf of the Respondent:

- A. Czechowskyj, as assessor for the City of Calgary

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

[1] There were no issues of procedure or jurisdiction raised by either of the parties at the hearing.

**Property Description:**

[2] The subject is a single storey concrete block strip mall of 10 units plus fuel pumps constructed in 1983, assessed as a Class C strip centre of 14,233 SF. The site area is 59,363 SF located on the southeast corner of 26<sup>th</sup> St and Dover Ridge Drive SE. There are no laneways servicing the site.

**Issues:**

[3] The Complainant suggests that:

- [a] a reduction in the assessed rental rate would better reflect actual operations,
- [b] an increased vacancy rate and credit loss allowance would be more reflective of the actual operations,
- [c] an increased cap rate to something more commensurate with risks associated with a purchase of the subject property would be appropriate

**Complainant's Requested Value:**

[4] \$2.090,000 (\$146/SF)

**Board's Decision in Respect of Each Matter or Issue:**

**Complainant's Position:**

[6] The Complainant suggests that this is "one of the worst properties in the city". They say that the subject suffers from many operating problems caused by its shape and general

configuration, its poor visibility, a lack of easy access, the lack of parking, its restricted geographic market, the neighbourhood demographics and, the nearby competing businesses.

[7] They say that most tenants of the subject now occupy the building on monthly tenancies and on gross rental arrangements. The total area paying gross rent is 8,140 SF or 57% of the building. Only three of the ten units pay rent on a net basis. There are only two tenants on leases.

[8] In addition to regular tenant turnover, long term vacancies are substantial and represent 4,300 SF or 30% of the building. One 2,000SF unit and another 1,500SF unit on the subject property have both been vacant for four years. One 800SF unit has been vacant for three years.

[9] The Complainant claims that in addition to these long term vacancies, the tenants in the restaurant space did not pay rent for one full year. An agreement was made with the tenants whereby the \$38,000 rent owing would be paid from the sale proceeds of the business. However, the business never did sell, and an actual \$38,000 revenue loss was incurred.

[10] They go on to say that the subject has been actively marketed through various realtors, as well as owner efforts, but actual history has proven the "market avoids this property".

[11] The owner states that he has attempted to advertise space for rent both through various realtors, as well as his own efforts, but with little success. Just to the south of the subject, there are a number of national fast food chain outlets, which the owner says further erodes the subject's ability to attract business.

[12] The Complainant further suggests that the assessed \$213,262 net income does not reflect the actual \$100,000 net income. They also say that the assessed rental rates are significantly higher than the actual rates and further, they claim the convenience store and gas bar have been assessed twice.

[13] It is apparent from the Complainant's argument and brief that the source of all of this information is a single letter from the owner of the subject property to the Agent's office.

[14] The Complainant goes on to argue each of the issues set out in the Issue Statement hereinbefore noted. On cross examination, it is apparent that there are no actual rent rolls. It is also apparent that the owner has not provided any actual financial statements or any other real substantiating documentation of any sort for the subject

**Respondent's Position:**

[15] The Respondent notes that the Complainant has not provided or responded to an ARFI, and so the Respondent has not had a lot to work with. The Respondent argues that the subject convenience store and gas bar have not been assessed twice and they provide the actual calculations to support their position.

[16] They also note that the Complainant has provided no sales comparables to substantiate their request. They simply argue that the Complainant has not provided any market support at all for their position.

**Board's Decision:**

[17] The Board finds that the substantial lack of solid, supportable financial information and detail makes it difficult for a proper determination of whether the subject assessment is appropriate. The subject property has in the past been listed for sale, but the Complainant says the subject is not currently for sale.

[18] The Board finds that in order to properly support their requested value, the owner should have provided proper financials or, at least the current Rent Rolls for the subject. This was not done. The Complainant suggests an NOI of \$100,000, but again, this was not substantiated.

[19] The letter from the owner (which was in the form of an email), is not actual evidence of anything really. It is a mere statement of the owners opinion which is more in the nature of an argument. Had the letter from the owner had some substantiating documentation attached it would have been of much greater value in this hearing.

[20] There is little information from the Complainant to support its position that the assessment is incorrect. The Complainant bears the responsibility of providing enough information to convince the Board of the veracity of its complaint. The Complainant has provided argument, but little solid evidence of its assertion.

[21] The subject assessment is herewith confirmed in the amount of \$2,840,000

DATED AT THE CITY OF CALGARY THIS 7 DAY OF NOVEMBER, 2012.

  
\_\_\_\_\_  
R. Glenn, 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.*

*For MGB Administrative Use Only*

<i>Decision No.2094-2012-P      Roll No.093162600</i>				
<u><i>Subject</i></u>	<u><i>Type</i></u>	<u><i>Issue</i></u>	<u><i>Detail</i></u>	<u><i>Issue</i></u>
CARB	Strip Mall	Equity	Income Approach	Market Value