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:

Anterra Sunridge Power Centre Ltd. (as represented by Altus Group), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

T. Hudson, PRESIDING OFFICER
Y. Nesry, MEMBER
R. Kodak, 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 2011 Assessment Roll as follows:

ROLL NUMBER: 200182947

LOCATION ADDRESS: 3221 Sunridge WY NE

HEARING NUMBER: 64263

ASSESSMENT: $32,260,000

This complaint was heard on the 7th day of September, 2011 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 9.

Appeared on behalf of the Complainant:

- K. Fong
- A. Izard

Appeared on behalf of the Respondent:

- S. Powell

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

The parties and the Board agreed that the evidence, argument and rebuttal with respect to the issue of the correct capitalization rate to be applied in calculating the assessment of the Community/Neighborhood Shopping Centre(C/NSC), property located at 2929 Sunridge WY NE; would also apply to each of the other NE Calgary C/NSC property assessment complaints, to be heard by this panel of the Board. The affected properties are located at 3221 Sunridge WY NE, 33 and 55 Castleridge BV NE, and 10 and 850 Saddletowne Circle NE.

Property Description:

The subject property is 10.01 acre parcel, improved with 127,777 square feet (sf) of retail space, known as the Anterra Shopping Centre. The retail space includes Jr. Big Box space of 80,120sf, CRU space of 42,948sf, and a pad space of 4,709sf. The current assessment was prepared using the capitalized income approach to value at $32,260,000(rounded).

Issues:

What is the appropriate rental rate to be applied to the Jr. Big Box Space?

What is the appropriate capitalization rate to be applied to the Net Operating Income(NOI) of the subject property?

Complainant's Requested Value: $28,080,000(rounded)

Board's Finding in Respect of Each Matter or Issue:

What is the Appropriate Rent Rate to be Applied to the Jr. Big Box Space?

The Board finds that the appropriate rental rate is $17psf.

The current assessed rate for typical Jr. Big Box retail space in the size range from 14,000 to 50,000 sf is $17psf; the Complainant requested $16psf. The most recent lease rate for the largest space (i.e. 36,726sf) in this size range located on the subject property is $17.50psf, signed in June of 2009. The Complainant presented insufficient evidence to conclude that the space is other than typical in the market.

What is the Appropriate Capitalization Rate to be Applied to the Subject's Net Operating Income(NOI)?

The Board finds that the Complainant presented sufficient evidence to shift the onus of proof to the Respondent. The Respondent was unable to demonstrate that a cap rate of 7.25% yields a better estimate of market value for the subject property than a cap rate of 7.75%

The Board also finds that previous Board decisions submitted by the Respondent regarding the 2011 typical C/NSC cap rate were the result of very different evidence and argument.

The Complainant embarked on an exhaustive analysis of the sales, assessments, and assessment to sales ratios (ASR) used by the Respondent in support of the typical cap rate of 7.25% applied in the 2011 income approach to value assessment estimates for C/NSC properties in Calgary. The Complainant requested that a 7.75% cap rate be applied.

With respect to the sales, there were eight (8) submitted by the Respondent, and included on page 111 of Exhibit R1. When the analysis of the Complainant was concluded, only five (5) remained viable for purposes of identifying a typical cap rate. The Respondent was unable to defend retention of the three (3) sales questioned by the Complainant. When only the five (5) remaining sales are included in the analysis, the mean cap rate is 7.91% and the median is 7.81%.

The Respondent presented no evidence on the typical rates used to support the assessments of the sale properties, and therefore the cap rate and ASR results were also given little weight.
The Complainant arguments and evidence regarding alternative typical rent rates were sufficient to meet their need to cast doubt on the assessment values calculated by the Respondent, and meet onus.

Board's Decision: The assessment is reduced to $30,180,000(rounded); based on NOI of $2,339,274, capitalized at 7.75%.

DATED AT THE CITY OF CALGARY THIS 19 **DAY OF** October **2011.**

T. B. Hudson
Presiding Officer

APPENDIX "A"

DOCUMENTS PRESENTED AT THE HEARING AND CONSIDERED BY THE BOARD:

NO.	ITEM
1. C1	Complainant Disclosure
2. C2, 2(a), 3, and 4	Complainant Rebuttal
3. 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.

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Decision No.2176		*Roll No.200182947*		
Subject	*Type*	*Sub-Type*	*Issue*	*Sub-Issue*
CARB	Retail	Neighborhood	Income	Rent, Cap rate