



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:

Henry Mah and Amy Mah (as represented by Cushman & Wakefield Ltd.), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

W. Kipp, PRESIDING OFFICER

R. Kodak, BOARD MEMBER

J. Pratt, 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 2013 Assessment Roll as follows:

ROLL NUMBER:	060006194
LOCATION ADDRESS:	2630 Parkdale Boulevard NW, Calgary AB
FILE NUMBER:	71750
ASSESSMENT:	\$4,340,000

This complaint was heard on the 4th day of July, 2013 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:

- *J. Goresht*

Appeared on behalf of the Respondent:

- *V. LaValley*

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

- [1] There were no preliminary procedural or jurisdictional matters to be decided.

Property Description:

[2] The property that is the subject of this assessment complaint is a retail strip shopping centre located in West Hillhurst. The property comprises commercial lots facing Parkdale Boulevard that are improved with an 11,189 square foot building. The property is classified as an "A-" quality strip centre. The years of construction of the shopping centre are 1980 and 1997. The building contains commercial rental units ranging in size from 530 to 3,397 square feet.

[3] The 2013 assessment was prepared using an income approach. Retail rental unit rents were: 0 – 1,000 square feet @ \$29.00 per square foot; 1,001 – 2,500 square feet @ \$28.00 and 2,501 – 6,000 square feet @ \$27.00 per square foot. Vacancy and non-recoverable operating expense allowances of 4.00 and 1.00 percent were applied. Expenses on vacant space were based on an expense cost of \$8.00 per square foot. The resulting net operating income was converted to an assessment value by the application of a 6.75 percent capitalization rate.

Issues:

[4] In the Assessment Review Board Complaint form, filed March 4, 2013, Section 4 – Complaint Information had check marks in nine of the ten boxes: Description of the property, Assessment amount, Assessment class, Assessment sub-class, Type of property, Type of improvement, School support, whether the property is assessable and whether the property is exempt from taxation.

[5] In Section 5 – Reason(s) for Complaint, the Complainant stated that the assessment was incorrect or too high for a number of reasons.

[6] At the hearing, the Complainant pursued the following issue: the subject property is inequitably assessed when compared to other commercial properties with which it competes. The rental rates should be lowered for all of the rental units.

Complainant's Requested Value: \$3,713,000

Board's Decision:

- [7] The assessment is confirmed at \$4,340,000.

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

[8] The Complainant argued that there are a number of other commercial properties in the immediate vicinity that compete with the subject property for tenants. These other properties are in lower quality classes and the subject's classification should be lowered to reflect its location.

[9] In support of its position, the Complainant provided assessment data on seven properties, all located on Kensington Road NW. These properties were classed as "B", "B-", "C+" and "C" quality properties. Rental rates applied for assessment valuations were:

- 0 – 1,000 square feet @ \$17.00 to \$23.00 per square foot,
- 1,001 – 2,500 square feet @ \$16.00 to \$22.00 per square foot,
- 2,501 – 6,000 square feet @ \$16.00 and \$21.00 per square foot.

[10] The assessments on these properties ranged from \$169.78 to \$292.98 per square foot of building area whereas the subject assessment is at \$387.88 per square foot.

[11] The Complainant only requested changes to the rental rates:

- 0 – 1,000 square feet @ \$25.00 per square foot
- 1,001 – 2,500 square feet @ \$24.00 per square foot
- 2,501 – 6,000 square feet @ \$23.00 per square foot

Respondent's Position:

[12] The Respondent pointed out that two of the Complainant's seven comparison properties were not retail strip centres and therefore were not comparable to the subject. Those two properties were freestanding retail properties that contain three or less retail units. These properties are valued using different vacancy rates and capitalization rates than are used for retail strips.

[13] A copy of the property owner's response to the 2012 Assessment Request For Information (ARFI) was in evidence. That ARFI response showed that there were no vacant spaces in the subject property as at July 2012. Effective April 1, 2012, a lease was renewed on 1,016 square feet at a rental rate of \$29.00 per square foot. On December 1, 2011, a lease on 1,028 square feet had the term extended for five years at \$29.00 per square foot and on June 1, 2011, a new tenant took 2,190 square feet of space at \$28.00 per square foot. These rents fully support the "A-" rental rates applied in making the assessment.

[14] For further support, the Respondent provided assessment rent rate information for two other "A-" retail strips in northwest Calgary. These properties were valued using the same rental rates as those used in the subject's assessment.

[15] In rebuttal, the Complainant showed that for these two comparison properties, there was other space that was assessed using lower rental rates. Rental units described as being in a poor location had a \$15.00 per square foot rental rate applied and storage space was given a \$2.00 per square foot rental rate. The Complainant argued that these lower rental rates distorted the assessment per square foot of building area as a unit of comparison.

Board's Reasons for Decision:

[16] The CARB confirms the assessment for the following reasons:

[17] The Complainant has failed to show that the subject retail strip should be placed into a lower quality class. No photographic evidence was provided that might have shown poorer quality. The subject building is from 15 to 32 years old whereas the comparison retail strip properties provided by the Complainant were as old as 50 years but this factor was not discussed. The leasing in the subject property is at rent rates that are the same as those used in valuing "A-" class properties. The subject had no vacancy. These are not indicators of a misclassification.

[18] If the Complainant's argument about competition between properties was relevant, then all of the properties in the neighbourhood would have to be assessed using valuation parameters (rents, vacancies, expenses) for the lowest class of property. This is illogical. All properties would have to be assessed at the rates applied to the lowest quality property in the market area because other properties would have to lower rents in order to compete.

[19] The Complainant provides rental rate data of \$16.00 to \$23.00 per square foot as used in assessing properties in lower quality classes than the subject but then requests rent rates of \$23.00 to \$25.00 per square foot. These suggested rates are higher than those in "B" and "C" properties but lower than those in the "A-" class.

[20] The Respondent's comparable assessment data related to rental rates for commercial rental units of similar types and sizes to those in the subject and there was no attempt to make comparisons on a unit of comparison of assessment per square foot of building. The intent was to demonstrate equity in that similar space is assessed using the same rates in northwest Calgary "A-" retail strip centres. If storage or poorly located space was within those comparison properties, that has no relevance to the rent rates on other space.

DATED AT THE CITY OF CALGARY THIS 15th DAY OF August 2013.


W. Kipp

Presiding Officer

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

NO.	ITEM
1. C1	Complainant Disclosure
2. R1	Respondent Disclosure
3. C2	Complainant Rebuttal

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 Internal Use

Appeal Type	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	RETAIL	STRIP PLAZA	INCOME APPROACH	NET MARKET RENT