



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

Midnapore Mall Ltd.
(as represented by Altus Group Limited), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before

L. Yakimchuk, PRESIDING OFFICER
G. Milne, BOARD MEMBER
A. Zindler, 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:

ROLL NUMBER: 156128407

LOCATION ADDRESS: 208 Midpark Wy SE

FILE NUMBER: 74507

ASSESSMENT: \$3,410,000

This complaint was heard on August 7, 2014 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 1.

Appeared on behalf of the Complainant:

- *A. Izard, Altus Group*

Appeared on behalf of the Respondent:

- *R. Farkas, City of Calgary Assessor*
- *A. Mathia, City of Calgary Policy Analyst*

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

- [1] There were no procedural or jurisdictional matters.
- [2] Neither party objected to any members of the Composite Assessment Review Board panel (the Board).

Property Description:

[3] The subject property has been assessed as a "B" quality 10,540 square foot (sf) neighbourhood shopping centre. It is located adjacent to a strip shopping centre and both share the same parking area. The property is located in Midnapore community and has been assessed using the income approach.

Issues:

[4] Should the rent rates for this property be decreased from \$25.00/sf to \$18.00/sf for commercial retail units (CRUs) 1001-2500sf and from \$23.00/sf to \$17.00/sf for CRUs 2501-6000sf?

Complainant's Requested Value: \$2,350,000

Board's Decision:

[5] The Board reduced the assessment to \$2,540,000.

Legislative Authority, Requirements and Considerations:

The Composite Assessment Review Board (CARB) derives its authority from the Act RSA 2000

Section 460.1:

(2) 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).

For the purposes of this hearing, the CARB will consider the Act section 293(1)

In preparing an assessment, the assessor must, in a fair and equitable manner,

- (a) apply the valuation and other standards set out in the regulations, and
- (b) follow the procedures set out in the regulations.

Matters Relating to Assessment and Taxation Regulation (MRAT) is the regulation referred to in the Act Section 293(1)(b). The CARB decision will be guided by MRAT Section 2, which states that

An assessment of property based on market value

- (a) must be prepared using mass appraisal,
- (b) must be an estimate of the value of the fee simple estate in the property, and
- (c) must reflect typical market conditions for properties similar to that property.

and MRAT Section 4(1), which states that

The valuation standard for a parcel of land is

- (a) market value, or

if the parcel is used for farming operations, agricultural use value

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

[6] Altus Group, on behalf of the Complainant, argued that the neighbouring mall at 240 Midpark Way SE had been built at the same time by the same builder on a separate lot from the subject. The adjacent shopping centre was assessed at \$18.00/sf for CRU 1001-2500sf and \$17.00/sf for CRU 2501-6000sf.

[7] The Complainant argued that reducing the rent rates would make the subject assessment equitable to that of its neighbour. The income approach valuation for the neighbouring property was submitted by the Complainant. It confirmed the lower rent rates for the neighbouring property as well as a vacancy rate of 8.25% (subject: 6.25%).

Respondent's Position:

[8] The Respondent, City of Calgary, agreed that the subject property had been assessed at the wrong rent rate. The property should have been assessed as a strip shopping centre rather than a neighbourhood shopping centre. The resulting rent rates would include a change from

\$25.00/sf to \$18.00/sf for CRU 1001-2500sf and from \$23.00-\$17.00/sf for CRU 2501-6000 sf.

[9] The Respondent said that in keeping with the strip shopping centre rates, the capitalization (Cap) rate should be reduced from 6.75% to 6.25% and the vacancy rate should be increased from 6.25% to 8.25%. All parameters should be adjusted from neighbourhood shopping centre rates to strip shopping centre rates.

[10] The Respondent showed calculations using the strip shopping centre rates which reduced the assessed value from \$3,410,000 to \$2,540,000 (R1 p15).

Board's Reasons for Decision:


[11] The Board considered the Complainant's argument that the subject property had been assessed inequitably. The evidence shows that the subject is part of the entire complex including its strip shopping centre neighbour. Photographs show that the property line is directly on the south side of the improvement and it must share the neighbouring parking and access. The Board agreed that it would be equitable for both properties to be assessed in the same way.

[12] The Board considered the Respondent's argument and evidence that the property should be assessed as a strip shopping centre like its neighbour. The Board agreed that the subject is also a strip shopping centre and should be assessed with the same parameters.

[13] The Board adjusted the rates for the strip shopping centre according to the inputs on R1 p27, including \$18.00/sf for CRU 1001-2500sf, \$17.00/sf for CRU 2501-6000sf, 6.25% Cap rate and 8.25% Vacancy rate.

[14] The Board reduced the assessment to \$2,540,000.

DATED AT THE CITY OF CALGARY THIS 26th DAY OF August 2014.



L. Yakimchuk

Presiding Officer

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

NO.	ITEM
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 office use only:

A	B	C	D	E
CARB	Retail	Shopping Centre	Income approach	Class
