



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:

Lansdowne Equity Ventures Ltd.
(as represented by Assessment Advisory Group), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

K. Thompson, PRESIDING OFFICER
J. Massey, BOARD MEMBER
A. Wong, 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:	101014405
LOCATION ADDRESS:	6008 Macleod Tr SW
FILE NUMBER:	76329
ASSESSMENT:	\$14,090,000

This complaint was heard on July 30, 2014 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 8.

Appeared on behalf of the Complainant:

- *S. Cobb,* *Agent, Assessment Advisory Group*

Appeared on behalf of the Respondent:

- *J. S. Villeneuve-Cloutier,* *Assessor, City of Calgary*

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

[1] No procedural or jurisdictional issues were brought forward. The Board continued with the merits of the complaint.

Property Description:

[2] The subject property is assessed as a 45,246 square foot (sf) "A-" quality strip shopping centre. It was built in 1955 in the Manchester Industrial community of Calgary. The subject property is assessed using the income approach to valuation with a capitalization rate of 6.25% with rental rates of:

- | | |
|---------------------------------|-------------------------------|
| 1) CRU 1,001-2,500 sf -7,047 | \$26.00 per square foot (psf) |
| 2) CRU 2,501-6,000 sf -7,566 | \$26.00 psf |
| 3) CRU 6,001-14,000 sf – 22,072 | \$24.00 psf |
| 4) Retail upper -8,561sf | \$15.00 psf |

Issues:

[3] The value of the property would better reflect market if the capitalization rate was 6.75% and rental rates for CRU 1,001-2,500 sf were at \$20.00 psf and CRU's between 2,501-6,000 sf were at \$23.00 psf.

Complainant's Requested Value: \$12,490,000

Board's Decision:

[4] The Board confirms the assessment at \$14,090,000.

Legislative Authority, Requirements and Considerations:

[5] Section 460.1(2) of the Act provides that, 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).

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

[6] The Complainant contends that the subject property's assessment is incorrect with respect to market value and equity, and is not consistent with other similar sale and equity comparables.

[7] The Complainant provided a chart and maps which included three sales comparables and four equity comparables [C1, pp. 13-14] to illustrate the value of the subject was excessive. The capitalization rates for the sales were obtained from RealNet, a third party source. With a range of 6.25% - 7.60%, the median was 6.75%. The Complainant provided backup documents for the comparable properties [C1, pp. 16-55].

[8] The Complainant stated that the equity comparables support a change in the rental rates to the requested amount.

Respondent's Position:

[9] The Respondent stated that a mass appraisal approach is required in determining the market value for assessment purposes. This relies on typical rates, in order to treat similar properties in an equitable manner.

[10] In response to the Complainant's comparables the Respondent stated that one of the Complainant's sales were used by the Respondent in its capitalization rate study. This sales capitalization rate was calculated differently for the Respondent's capitalization rate study, using typical rental and other rates. The two remaining sales provided by the Complainant were dated and court ordered and would not be used in a capitalization study to determine typical rates. Backup documents were provided.

[11] The Respondent provided its 2014 Strip Centre Capitalization Rate Study with eight sales to support the subject property capitalization rate.

[12] The Respondent submitted the subject property's rent roll and stated that the rents obtained by the subject property were either supported or well above those requested by the Complainant [R1, pp. 20-23]. The Respondent also remarked that there was no leasing information provided by the Complainant to support its claim that the subject was similar to the equity comparables.

Board's Reasons for Decision:

[13] The Board reviewed the evidence provided by both parties and will limit its comments to the relevant facts pertaining to this case. In particular the Board reviewed the Complainant's sale comparables and found there was little evidence to compel the Board to alter the subject's

value. The Complainant's capitalization rate study uses a third party source to obtain the capitalization rates for its sale properties. The Board was given no information as to how those capitalization rates were derived or whether typical values were used to determine each parameter used to calculate those capitalization rates. Further, two of the sales in the Complainant's capitalization rate study were not appropriate for the 2014 timeframe.

[14] The subject rent roll was examined by the Board and found to more than support the typical rental rates developed by the Respondent.

[15] The Board finds insufficient evidence to alter the rental or capitalization rates applied to this property. The assessment is confirmed.

DATED AT THE CITY OF CALGARY THIS 2 DAY OF September 2014.



K. Thompson

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.*

Property Type	Property Sub-Type	Issue	Sub issue
retail	strip	Income Approach	Cap Rate and rental rate