



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, AMY MAH,
(as represented by Avison Young Property Tax Services),
COMPLAINANT

and

The City Of Calgary,
RESPONDENT

before:

R. Glenn, PRESIDING OFFICER
D. Steele, BOARD MEMBER
T. Usselman, 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: 060006194
LOCATION ADDRESS: 2630 Parkdale BV NW
FILE NUMBER: 76575
ASSESSMENT: \$4,420,000

This complaint was heard on Tuesday, the 8th day of July, 2014 at the offices of the Assessment Review Board located at Floor Number 4, at 1212 – 31 Avenue NE, Calgary, Alberta, in Boardroom 5.

Appeared on behalf of the Complainant:

- J. Mayer, Agent, Avison Young Property Tax Services

Appeared on behalf of the Respondent:

- R. Sidikou, Assessor, The City of Calgary
- S. Turner, Assessor, The City of Calgary

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

[1] There were no questions of Jurisdiction or Procedure raised prior to, or during the hearing. There were no objections to the composition of the Board as constituted.

Property Description:

[2] The subject property is a 0.13 acre parcel of land with a three building improvement used as a retail strip mall centre with multiple tenants, Year of Construction (YOC): two buildings 1980, one building 1997, all of "A-" quality and all comprising a total of 11,189sf (square feet), located in the sub-market "NONRES WN4" with a DIRECT CONTROL DISTRICT Land Use Designation.

Issue:

[3] Whether or not:

- (a) the subject property has been properly assessed;
- (b) the capitalization rate used to calculate the current assessment is correct;
- (c) certain of the comparables used in the City's capitalization rate study should be considered as comparables.

Complainant's Requested Value: \$4,090,000

Board's Decision:

[4] The Board confirmed that the capitalization rate was appropriate at 6.25% and that the

assessment based on the cap rate was also appropriate.

Complainant's Position:

[5] In argument the Complainant noted that the City's Capitalization Rate Study for retail strip centres included eight sales. The Complainant noted that the eight sales were from all over the city. They also specifically objected to four of the sales indicating that the objected-to sales properties had similar building amenities to the subject, but they also had significant and superior locations relative to the subject

[6] The Complainant also argued that these "superior" locations present investors with lower risks, and the investors will accept a lower cap rate in completing their purchase analysis. Their argument then proceeded to address each of the individual sales which they had objected to, noting that each of the sales properties was adjacent to one or more major retailers, or nationally branded restaurants, or the like.

[7] The Complainant carried on saying that most of the sales comparables had "significantly different and superior locational attributes relative to the subject". They said that the comparables were surrounded by a "significant amount of retail including many nationally branded merchants".

[8] They concluded their argument by suggesting that the sales comparables mentioned present a different risk profile to an investor relative to the subject.

[9] The Complainant also attempted to show, using a valuation of one of the sales comparables objected to as vacant land, that that sale should be excluded as a comparable. They suggested that a premium price was paid by the purchaser of that particular piece of property, because the purchaser had a "dual motive" to purchase the property, including the income generated, and the redevelopment potential.

[10] The Complainant also reiterated that in asking for certain comparables to be removed from the Respondent's comparables, that those comparables represent 3 of the 4 lowest cap rates in the sample.

[11] The Complainant completed their argument by stating that the four sales which should be included as comparables provided a mean cap rate of 6.73%, and a median cap rate of 6.69%, both of which supported a cap rate as requested of 6.75%.

Respondent's Position:

[12] The Respondent presented an Income Approach to Value argument which supported their cap rate of 6.25%. They also provided a vacant land value calculation on some of the comparables which yielded a land value much lower than that arrived at by the Complainant using their method.

[13] The Respondent also presented a City 2014 Commercial Land Value chart which fully supported the lower cap rate. Further, the Respondent presented their full 2014 Strip Centre Capitalization Rate Study which demonstrated that when all of the comparables presented are considered, the City's cap rate study is correct.

[14] On cross examination, the Respondent admitted that quality rating is impacted by location, and noted the difference between NW and NE properties. They also agreed that the substance of cap rate is really the investor's opinion on the return on investment in a property.

[15] In summary, the Respondent argued that all of their comparables were good, and that there was no real market evidence adduced by the Complainant to back up their claim that some of the Respondent's comparables were inappropriate.

Board's Reasons for Decision:

[16] The Board carefully considered the argument and evidence of both parties. After such consideration, the Board found that the argument presented by the Complainant was insubstantial. There was simply not enough in evidence to show that the Capitalization Rate in issue was incorrect.


[17] The Board also carefully considered whether some of the Respondent's comparables should be eliminated, pursuant to the Complainant's argument. There was simply not enough evidence adduced by the Complainant to convince the Board that those certain comparables should not be fully considered as comparables.

[18] The Board was of the opinion that all of the Respondent's comparables should be considered here.

[19] To answer the issues directly, the Board found that:

- (a) the subject was properly assessed;
- (b) the cap rate was correct;
- (c) all of the City's comparables could be considered

[20] Accordingly, the subject assessment is herewith confirmed in the amount of \$4,420,000.


DATED AT THE CITY OF CALGARY THIS 28th DAY OF August, 2014

R. Glenn
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.*

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Appeal Type	Property Type	Property Sub-type	Issue	Sub-issue
CARB	Retail Strip Mall	Multi-Tenant	Market Value	Cap Rate