

**COMPOSITE  
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:**

***Calgary Co-Operative Association Limited (as represented by Altus Group Ltd.),  
COMPLAINANT***

**and**

***The City of Calgary, RESPONDENT***

**before:**

***C. J. Griffin, PRESIDING OFFICER***

***R. Roy, MEMBER***

***A. Wong, MEMBER***

This is a complaint to the Composite Assessment Review Board (CARB) in respect of a property assessment prepared by the Assessor of The City of Calgary and entered in the 2012 Assessment Roll as follows:

**ROLL NUMBER:           037159902**

**LOCATION ADDRESS: 4122 Brentwood Road NW**

**HEARING NUMBER:    68165**

**ASSESSMENT:           \$12,130,000.**

This complaint was heard on 11<sup>th</sup>, 12<sup>th</sup> and 13<sup>th</sup> day of June, 2012 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 5.

Appeared on behalf of the Complainant:

- B. Neeson
- K. Fong

Appeared on behalf of the Respondent:

- B. Thompson
- R. Ford

**Procedural or Jurisdictional Matters:**

The Complainant brought forward a Preliminary Issue related to their request for information, from the Assessor, under Sections 299 and 300 of the Municipal Government Act (MGA) and the ensuing response from the Assessor which the Complainant maintains did not meet the requirements of Section 299 of the MGA. As a result of this response the Complainant requested that the CARB not allow the Assessor to introduce their evidence brief pertaining to this property as same includes much of the requested, but allegedly not produced, information.

The Assessor maintains that the information provided to the Complainant does in fact meet the requirements of Section 299 of the MGA and thus their evidence brief should be allowed.

The CARB was advised, by both parties, that this matter has been forwarded for Ministerial Review. In that a decision of the said Ministerial Review has not yet been released, the CARB is of the judgment that the Merit Hearing should proceed and the evidence brief of the Assessor will be allowed.

As a matter of Procedure, and with the agreement of both parties, the CARB heard, on this same date and from these same Parties in Hearing #67234, an extensive capitalization rate argument and all of the evidence and argument related to same is now carried forward and becomes applicable to this Assessment Complaint, as well as other Complaints scheduled to be heard by this same panel of the CARB, with the same parties, this same week.

The Assessor contends that the Complainant's Rebuttal Evidence brief (Exhibit C3) should not be given consideration by the CARB in this instance as this property is of a different classification than those referred to in the said brief.

The CARB was of the judgment that the most reasonable course of action would be to allow the inclusion of the Rebuttal Brief but to give it such weight as it deems is warranted after hearing and seeing the evidence of both parties.

**Property Description:**

According to the *Property Assessment Public Record* (Exhibit C-1 pg. 31), the subject property is categorized as being a CM0206 – Retail – Freestanding Big Box with a combination of **A2** and **B+** quality rating. The property consists of three (3) structural components including a supermarket, a gas bar, and a retail bank. The Year of Construction (YOC) is recorded as 1966 for two of the components, and 1997 for the most recent component. The underlying site is reported as being 6.06 acres in size.

The property has been valued, for assessment purposes, through application of the Income Approach with the following inputs:

| <b><u>Category</u></b>       | <b><u>Rentable Area</u></b> | <b><u>Rental Rate</u></b> | <b><u>Typical Vacancy</u></b> |
|------------------------------|-----------------------------|---------------------------|-------------------------------|
| Super Market                 | 44,198 Sq. Ft.              | \$13.00/Sq. Ft.           | 1.00%                         |
| Retail < 1,000 Sq. Ft.       | 716 Sq. Ft.                 | \$25.00/Sq. Ft.           | 7.00%                         |
| Retail 1,000 – 2,500 Sq. Ft. | 1,585 Sq. Ft.               | \$23.00/Sq. Ft.           | 7.00%                         |
| Retail 2,501 – 6,000 Sq. Ft. | 4,473 Sq. Ft.               | \$21.00/Sq. Ft.           | 7.00%                         |
| Restaurant Fast Food         | 3,566 Sq. Ft.               | \$33.00/Sq. Ft.           | 7.00%                         |
| Gas Bar                      | 1 Sq. Ft.                   | \$45,000/Year             | 6.00%                         |

## Assessment Valuation Inputs - continued

|                           |   |                |
|---------------------------|---|----------------|
| Vacant Space Shortfall    | @ | \$8.00/Sq. Ft. |
| Non-Recoverable Allowance | @ | 1.00%          |
| Capitalization Rate       | @ | 7.50%          |

**Issues:**

There are a number of interrelated issues outlined on the Assessment Review Board Complaint form; however, at the Hearing the Complainant reduced the issues to be considered by the CARB to:

1. The Assessor's applied capitalization rate of 7.50% is low and not reflective of the market conditions as at the designated valuation date and the resultant assessed value is incorrect. The appropriate capitalization rate should be 7.75%.
2. The Assessor has incorrectly re-classified the property for this assessment year as Freestanding Big Box and has assessed the property on that basis. The property should not have been re-classified but should remain classified as a Neighbourhood Shopping Centre.

**Complainant's Requested Value:** \$11,860,000. (revised at the Hearing)

**Party Positions:****Complainant's Position**

The Complainant's evidence and argument relating to the capitalization rate issue is the same as that presented to this same CARB in Hearing # 67234 and as agreed to by both parties and the CARB (refer to Procedural Matters) all of that evidence and argument is deemed applicable to this Hearing.

With regard to the second issue, the Complainant referred the CARB to the seven (7) sub-components listed by the Assessor in their Income Approach Valuation (Exhibit C1 pg. 32) and contends that this is not in keeping with the definition of a freestanding big box property. Additionally, the Complainant referred the CARB to the definitions of the various retail property types (Exhibit C1 pgs. 41 – 43) from the *Property Assessment Range of Key Factors, Components and Variables – 2012 Retail* as prepared by and for the *Assessment Business Unit* (ABU), noting that the subject appears to have the properties of a Neighbourhood Centre and not those of a Freestanding Big Box.

**Respondent's Position**

The Assessor's evidence and argument relating to the capitalization rate issue is the same as that presented to this same CARB in Hearing # 67234 and as agreed to by both parties and the CARB (refer to Procedural Matters) all of that evidence and argument is deemed applicable to this Hearing.

With regard to the second issue, the Assessor explained that the re-classification stems from the fact that, as a result of a redevelopment the subject no longer has access to, what used to be, the balance of the shopping centre.

**Board's Decision:**

The assessment is **reduced** to \$11,860,000.

**Decision Reasons:**

With regard to the capitalization rate issue and as agreed to by both parties (see Procedural Matters) the CARB accepts the evidence and argument of the Complainant in this regard and agrees that the appropriate capitalization rate for this property is 7.75%. The Reader is referred to CARB decision #0570-2012-P for further details regarding this decision.

With regard to the second issue concerning the re-classification, the CARB discovered, through questioning, that the subject property never did have access to the balance of the shopping centre, prior to the current re-development, so this would effectively negate the Assessor's reasoning as it relates to the re-classification. Additionally, the CARB agrees with the Complainant that the subject property does not meet the definition of freestanding big box but does meet the definition of neighbourhood shopping centre.

DATED AT THE CITY OF CALGARY THIS 13 DAY OF July 2012.

  
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C. J. Griffin  
Presiding Officer

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

| <b>NO.</b> | <b>ITEM</b>  |
|------------|--|
| 1. C1      | Complainant Disclosure   |
| 2. C2      | Complainant's Capitalization Rate Study  |
| 3. C3      | Complainant's Rebuttal   |
| 4. R1      | Respondent Disclosure  |
| 5. R2      | Print Out of Assessor's Sales Data as found on their web site (Submitted at the direction of the CARB) |

*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.*