

**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 (MGA).

**between:**

***Canada Safeway Limited (as represented by Altus Group Ltd.),*  
COMPLAINANT**

**and**

**The City Of Calgary,  
RESPONDENT**

**before:**

**C. J. Griffin, PRESIDING OFFICER  
B. Jerchel, 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: 027120005**

**LOCATION ADDRESS: 33 Castleridge Blvd. NE**

**HEARING NUMBER: 66806**

**ASSESSMENT: \$14,090,000.**

This complaint was heard on 27<sup>th</sup> day of June, 2012 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:

- K. Fong

Appeared on behalf of the Respondent:

- S. Turner
- D. Zhao

**Preliminary or Procedural Matters:**

A Preliminary Matter was brought forward by the Complainant relating 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.

This same Preliminary Matter was brought forward by the Complainant in an earlier CARB Hearing and it was agreed by both parties that the Decision of the CARB pertaining to same would be carried forward and become applicable to this Hearing as well. Accordingly the CARB refers the reader to CARB Decision #0776-2012-P which provides more detail as to the decision of the CARB to allow the Assessor to submit their assessment brief in its totality.

As a matter of Procedure, and with the agreement of both parties, the CARB heard, in this same week 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.

**Property Description:**

According to the *Property Assessment Public Record* (Exhibit C-1 pg. 16), the subject property is categorized as being a CM0203 – Retail – Shopping Centres – Neighbourhood with an A-quality rating for two buildings and B for the remaining building. The property consists of three (3) structural components that range in size from 3,823 Sq. Ft. to 54,096 Sq. Ft. The Year of Construction (YOC) is recorded as 1991 for two (2) of the buildings and 2003 for the remaining building. The underlying site is reported as being 8.75 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>
CRU 0 – 1,000 Sq. Ft.	2,474 Sq. Ft.	\$33.00/Sq. Ft.	6.25%
Non-Retail Mezz.	660 Sq. Ft.	\$ 2.00/Sq. Ft.	1.00%
Restaurant Dinning	3,823 Sq. Ft.	\$33.00/Sq. Ft.	6.25%
Retail Bank	5,735 Sq. Ft.	\$33.00/Sq. Ft.	6.25%
Supermarket	53,436 Sq. Ft.	\$13.00/Sq. Ft.	1.00%
Vacant Space Shortfall @	\$8.00/Sq. Ft.		
Non-Recoverable Allowance @	1.00%		
Capitalization Rate @	7.25%		

**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 7.25% is excessively 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 assessed rental rate for the retail bank space is too high and should be \$28.00/Sq. Ft. Additionally, the assessed restaurant rental rate is too high and should be \$26.00/Sq. Ft.

**Complainant's Requested Value:** \$11,760,000. (Exhibit C1 pg. 32)

### **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 # 68396 (CARB Decision #0776-2012-P) and as agreed to by both parties and the CARB (refer to Procedural Matters) all of that evidence and argument pertaining to this issue is deemed applicable to this Hearing.

In terms of the rental rate of the retail bank space, the Complainant introduced (Exhibit C1 pg. 41) comparable bank lease rates all of which have been extracted from banks located within the same NE market zone as the subject. These leases are separated into two categories with six (6) of the referenced leases having start dates in 2009 or 2010 and the remaining seven (7) being older with start dates ranging from 2003 to 2008. According to the calculations of the Complainant the referenced leases indicate a Mean of \$28/Sq. Ft. and a Median of \$27.80/Sq. Ft. The Complainant pointed out that two of the newer leases (Falsbridge Dr. & Falconridge Gate) are located across the street from the subject. Based upon this information the Complainant requests a rate of \$28/Sq. Ft. be applied to the subject bank space of 5,735 Sq. Ft.

In terms of the disputed restaurant rental rate, the Complainant introduced (Exhibit C1 pgs. 33 - 39) the assessment income approach analysis of three competing restaurant properties, two of which are located on the same site (refer to C1 pg. 18) as the subject but under different roll numbers and these properties are assessed at a rate of \$26.00/Sq. Ft. The third property is located across the street from the subject and it is assessed at a rate of \$33.00/Sq. Ft. Based upon this information and from an equity prospective, the Complainant requests a rate of \$26.00/Sq. Ft. be applied to the subject restaurant space of 3,823 Sq. Ft.

#### **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.

Insofar as the disputed retail bank rate is concerned, the Assessor introduced (Exhibit R1 pg. 20) the same thirteen (13) lease comparables presented by the Complainant (Exhibit C1 pg. 41) with a correction to the lease commencement date for Comparable #3 as being from 2007, ergo removing this example from the first category of most recent leases. As a result of the foregoing, the indicated Median for the most recent leases becomes \$32/Sq. Ft. and the Mean is \$33/Sq. Ft., both of which the Respondent maintains are supportive of the assessed rate of \$33/Sq. Ft. The Assessor also explained to the CARB that bank lease rates, for assessment purposes, are based upon the YOC of the building and introduced (Exhibit R1 pg. 18) a chart supporting this hypothesis.

In terms of the restaurant space lease rate, the Assessor introduced (Exhibit R1 pg. 14) a chart showing nine (9) restaurants, all located in the northeast, that have been assessed using a rate of \$33/Sq. Ft. Additionally the Respondent introduced (Exhibit R1 pgs. 15 & 16) copies of the Assessment Detail Reports for two of the comparables utilized by the Complainant which show them to be in the B+ quality category as opposed to the A- category of the subject and suggested that explains the difference in the assessed lease rates.

**Board's Decision:**

The assessment is **reduced** to **\$12,860,000**.

**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 #0776-2012-P for further details regarding this decision.

Insofar as the disputed bank lease rate is concerned, the CARB is of the judgment that the Complainant's own evidence, when corrected as indicated by the Assessor, fully supports the assessed rate of \$33/Sq. Ft. with the result that this rate is confirmed.

In terms of the disputed restaurant lease rate, the CARB does not accept that the subject property is so significantly different from the other two fast food restaurants located on essentially the same site, as to warrant a higher assessed lease rate. Based upon equity the CARB is of the judgment that the requested lease rate of \$26/Sq. Ft. is the more appropriate rate for the subject space.

DATED AT THE CITY OF CALGARY THIS 18 DAY OF JULY 2012.

  
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. R1	Respondent's 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 MGB Administrative Use Only**

<i>Decision No.0778-2012-P</i>			<i>Roll No. 027120005</i>	
<u><i>Subject</i></u>	<u><i>Type</i></u>	<u><i>Issue</i></u>	<u><i>Detail</i></u>	<u><i>Issue</i></u>
CARB	Shopping Centre	Cap. Rate	Rental Rate	Retail Bank