

**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:**

***First Capital (McKenzie Towne Lands) Corporation, (as represented by Altus Group),  
COMPLAINANT***

**and**

***The City Of Calgary, RESPONDENT***

**before:**

***Board Chair, T.B. Hudson  
Board Member, D. Steele  
Board Member, P. Charuk***

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 2012 Assessment Roll as follows:

**ROLL NUMBER: 730063302**

**LOCATION ADDRESS: 20 McKenzie Towne AV SE**

**FILE NUMBER: 68410**

**ASSESSMENT: \$8,590,000**

This complaint was heard on the 16th day of July, 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:

- *B. Brazell*
- *B. Neeson*
- *D. Hamilton*

Appeared on behalf of the Respondent:

- H. Yau
- B. Thompson
- S. Trylinski
- A. Barbero

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

**Preliminary Matter:** The Complainant requested the Board to exclude the Respondent's neighborhood, community shopping centre capitalization (cap) rate "study" from their evidence submission (i.e. Exhibit R1); in compliance with the Matters Relating to Assessment Complaints Regulation (MRAC) Section 9(4).

**BACKGROUND:**

[1] The Complainant requested that the cap rate "study" included in the Respondent's disclosure document ( i.e. pages 25-38 of Exhibit R1), be removed from the hearing process, because the Respondent refused to disclose the information when requested to provide same under sections 299 and 300 of the Act.

[2] The Complainant argued that the Respondent's cap rate "study" must be excluded from the evidence to be heard by the Board in compliance with MRAC Section 9(4).

[3] The MRAC Section 9(4) regulation states as follows; "A composite assessment review board must not hear any evidence from a municipality that was requested by a complainant under section 299 or 300 of the Act but was not provided to the complainant".

[4] The Complainant requested the cap rate "study" information under the Act, Sections 299 and 300 to the City of Calgary Assessment Business Unit (ABU), in a letter received March 30, 2012. The request asked for information with respect to the cap rate "study" used to establish the 2012 typical cap rate for neighbourhood, community shopping centre properties assessed based on the income approach to value, including the subject property.

[5] On April 13, 2012 the ABU responded that, "There is no obligation under Section 299 to provide all the sales in a valuation model, all the leases in a valuation model, **capitalization rate studies**, vacancy rate studies or any of the other studies that you reference in your letter. In fact the provision of much of the information you are requesting would breach the confidentiality of various sources of information, and is therefore prohibited by law." **[emphasis added]**.

(6) The Complainant subsequently filed a non-compliance complaint to the Minister of Municipal Affairs under Section 27.6 of the Matters Relating to Assessment and Taxation Regulation (MRAT).

(7) The Respondent argued that because the alleged non-compliance complaint is before the Minister of Municipal Affairs for resolution, the Board has no jurisdiction to consider the matter under section 9(4) of MRAC.

**(a) Issue: Does the Board have the Jurisdiction to Decide the Preliminary Matter?**

**The Board finds that it has the jurisdiction to decide the preliminary matter in accord with MRAC Section 9(4).**

[8] The Board agreed with the Respondent, that the Board has no jurisdiction to determine whether the ABU complied with the request for information under the Act Section 299(1); because there was no complaint before the Board at that time. The Complainant's remedy for that alleged non-compliance is provided in Section 27.6 of MRAT.

[9] However, the Board accepts that the Respondent's cap rate "study" could have been an important consideration for the Complainant in evaluating whether the 2012 assessment of the subject property reflected market value, and also in considering the need to file a complaint under the Act Section 460(5) (c).

[10] In the absence of the requested information, a complaint on the assessment of the subject property was filed, and therefore the preliminary matter with respect to MRAC Section 9(4) was properly before the Board.

[11] Section 9(4) of MRAC deals with the failure to disclose evidence to be considered in complaint hearings before the Board as noted previously. In order to apply this regulation, the Board must consider what information was requested and not provided under Section 299.

**(b) Issue: Was the ABU Required to Disclose their 2012 Cap Rate "Study" in Response to the 299 Request for Information?**

**The Board finds that the ABU was required to provide their 2012 cap rate "study" in their 299 response; because they intended to use the information in defence of the complaint regarding the assessment amount of the subject property.**

[12] The disclosure provisions of MRAC have been adjudicated in a recent decision of the Court of Queen's Bench of Alberta Citation: Canadian Natural Resources Ltd v. Wood Buffalo (Regional Municipality), 2012 ABQB 177. On a Leave to Appeal Application, the Honourable Madame Justice D.A. Sulyma considered the question of the municipality's compliance with the Act Sections 299 and 300.

[13] The decision held the municipality to a high standard of disclosure; stating in part; “the municipality **must**, in accordance with the regulations, comply with a request under the Act Section 299 (1). The intent of Section 299 is clear: it is designed to facilitate disclosure of all relevant information to the taxpayer so as to avoid “trial by ambush” before the CARB. The disclosure provisions are extremely broad. They effectively require a full report. The municipality must deliver or provide access to **all** information relevant to the assessment calculation, not just that requested by the taxpayer. If it were as the CARB says, the taxpayer would forever be caught in a vicious circle, where it would not have access to the information it never knew existed, because it did not request that information in the first place. Not only would this situation be absurd, it would also effectively negate the taxpayer’s fundamental right to know the case against them. The words and intent of Section 299 cannot reasonably support such construction”. [**emphasis** in the original].

[14] In the case before this Board, the Complainant requested the cap rate “study” information from the ABU in a manner required by the municipality.

[15] The ABU refused to provide the information based on concerns over “breach of confidential sources of information”. However, the Act Section 301.1 provides that Sections 299 to 301 prevail “despite the Freedom of Information and Privacy Act”.

[16] The Respondent included the 2012 cap rate “study” in their disclosure to the Board for this complaint hearing, after refusing to provide the same information to the Complainant, in response to their 299 request.

#### **Decision on the Preliminary Matter**

**The Board accepted the Complainant’s request to exclude the Respondent’s 2012 cap rate “study” from their evidence submission, in compliance with MRAC Section 9(4). Consequently pages 25-38 of Exhibit R1 were not heard by the Board.**

**In addition, the Board determined that the Complainant’s rebuttal with respect to the Respondent’s cap rate “study” evidence (i.e. pages 6-85; and 197-292 of Exhibit C3), should also be excluded.**

#### **Property Description:**

[17] The subject property is a 3.90 acre parcel of land and is improved with an IGA Market Garden grocery store. The property is located in the McKenzie Towne neighbourhood shopping centre, and includes 37,410 square feet (sf.) of retail supermarket area, and 1,350 sf. of non-retail mezzanine area. The current assessment is \$8,590,000 based on the capitalized income approach to assessed value.

#### **Issue(s):**

**Does the Requested Cap Rate of 7.75%, Produce a Superior Estimate of Market Value for the Subject Property than the Assessed Cap Rate of 7.25%?**

[27] The Respondent countered that changes in NOI from the time of sale to the valuation date could be attributed to many factors including space allocation, and lease arrangements for example. Without further analysis to eliminate the influence factors other than time; using changes in NOI to establish a time adjustment factor is not appropriate. In addition, they argued that even when the sale prices are not time adjusted, superior ASR results are produced using the assessed 7.25% cap rate.

**Board's Decision:** The assessment is confirmed at \$8,590,000

DATED AT THE CITY OF CALGARY THIS 16 DAY OF August 2012.



**T. B. Hudson**  
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 Disclosure Appendix
3. C3	Complainant Rebuttal
4. C4	Complainant MRAC Section 9(4)
5. C5	CARB Decisions
6. 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 MGB Administrative Use Only**

<i>Decision No. 1159/2012-P</i>			<i>Roll No 730063302.</i>	
<u>Subject</u>	<u>Type</u>	<u>Sub-Type</u>	<u>Issue</u>	<u>Sub-Issue</u>
CARB	Retail	Neighborhood Shopping Centre	Market Value	Disclosure and Cap Rate