

**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:

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

and

The City Of Calgary, RESPONDENT

before:

**C. J. Griffin, Presiding Officer
J. Rankin, MEMBER
P. Pask, 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: 016203309

LOCATION ADDRESS: 35 Crowfoot Way NW

HEARING NUMBER: 68194

ASSESSMENT: \$26,070,000.

This complaint was heard on 16th day of October, 2012 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 6.

Appeared on behalf of the Complainant:

- B. Neeson (Altus Group Limited)

Appeared on behalf of the Respondent:

- S. Turner

Procedural Matters:

[1] It was agreed, by both parties, that the capitalization rate argument and evidence of both parties be carried forward from a previous Hearing by this same panel of the CARB earlier this week. Accordingly the CARB will refer the reader to CARB Decision 2022-2012-P for all matters in this Hearing dealing with the capitalization rate argument and/or evidence.

Property Description:

[2] According to the *Property Assessment Public Report* (Exhibit C-1 pg. 84) the subject property is 'B' quality 2 building development consisting of an 83,548 Sq. Ft. grocery store, an 11,248 Sq. Ft. *Commercial Rental Unit* (CRU) component and a gas bar attributed with 1 Sq. Ft. The grocery store was constructed in 1984, the gas bar in 1992 and the CRU component in 2010. The underlying site is reportedly 9.00 acres in size. The property is categorized as being a CM1403 Retail – Shopping Centre – Power. The property has been valued, for assessment purposes, through application of the Income Approach with the following inputs:

Grocery Store	74,236 Sq. Ft.	@ \$17.00/Sq. Ft.
Non-Retail Mezzanine	931 Sq. Ft.	@ \$ 2.00/Sq. Ft.
CRU 0 – 1,000 Sq. Ft.	848 Sq. Ft.	@ \$40.00/Sq. Ft.
CRU 1,000 – 2,500 Sq. Ft.	5,113 Sq. Ft.	@ \$37.00/Sq. Ft.
CRU 2,501 – 6,000 Sq. Ft.	3,351 Sq. Ft.	@ \$33.00/Sq. Ft.
Pad 6,000 – 14,000 Sq. Ft.	10,317 Sq. Ft.	@ \$27.00/Sq. Ft.
Gas Bar	1 Sq. Ft.	@ \$105,000/Yr.
Vacancy	Grocery Store	1.00%
	Non-Retail Mezz.	1.00%
	CRU Space	6.00%
	Pad Site	6.00%
	Gas Bar	6.00%
Operating Cost		@ \$ 8.00/Sq. Ft.
Non Recoverables	1.00%	
Capitalization Rate	7.25%	

Issues:

[3] While there are a number of interconnected issues listed on the Assessment Review Board Complaint form, at the Hearing the Complainant reduced the issue to be considered by the CARB to:

1. The 7.25% capitalization rate utilized by the Assessor to estimate the assessed value of the subject property, and all 2012 assessments of Power Centres in Calgary, is excessively low and is not representative of market conditions as at the Date of Value. A more realistic capitalization rate of 7.75% is warranted for the valuation of Power Centres, including the subject property.

Complainant's Requested Value: \$20,640,000. (Exhibit C-1 pg. 102)

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

[4] In terms of the capitalization rate evidence and argument, the reader is referred to CARB Decision 2022-2012-P for the Complainant's position.

Respondent's Position

[5] The Respondent's position is presented in detail in CARB Decision 2022-2012-P.

Board's Decision:

[6] The assessment is **confirmed** at: **\$26,070,000.**

Decision Reasons:

[7] The single issue for the CARB to consider in this case is that of the assessed capitalization rate. As outlined in CARB Decision 2022-2012-P, both parties have analyzed two of the same sales and they have both arrived at the same conclusion regarding same; however, the Respondent has analyzed a third sale not considered by the Complainant and it is the analysis of this third property which, combined with the other two, provides support for the 7.25% capitalization rate as assessed. The Complainant explained to the CARB that they did not analyze this third sale as they were of the judgment that it was not a good comparable as it involves the sale of a relatively small, free standing bank and as such is not representative of a Power Centre property sale. The CARB does not accept this position of the Complainant. The property is clearly located within the Crowfoot Power Centre and it constitutes, in the judgment of the CARB, a valid sale for consideration in a capitalization rate analysis of Power Centre properties. In this regard the Board concurs with the findings of other CARBs that have dealt with this same issue and that position is best explained in CARB Decision 1882-2012-P:

"The Board concurs with the Respondent that a Power Centre is not any one single building, but rather the sum of its components, an amalgam of large and/or small buildings acting in concert to attract business to a definable area. Therefore, to exclude any one component strictly on the basis of its size relative to the other components, is erroneous."

[8] In consideration of the foregoing, the assessment is confirmed.

DATED AT THE CITY OF CALGARY THIS 5 DAY OF November 2012.


C. J. Griffin,
Presiding Officer

APPENDIX "A"**DOCUMENTS PRESENTED AT THE HEARING
AND CONSIDERED BY THE BOARD:****NO.****ITEM**

- | | |
|--------|--------------------------|
| 1. C-1 | Complainant's Submission |
| 2. R-1 | Respondent's Submission |

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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<i>Decision No. 2021-2012-P</i>		<i>Roll No. 016203309</i>		
<u>Subject</u>	<u>Type</u>	<u>Issue</u>	<u>Detail</u>	<u>Issue</u>
CARB	Retail- Power Centre	Market Value	Capitalization Rate	Sales Analysis