

**COMPOSITE  
ASSESSMENT REVIEW BOARD  
DECISION WITH REASONS**

In the matter of the complaint against the property assessment as provided by the *Municipal Government Act*, (MGA) Chapter M-26, Section 460, Revised Statutes of Alberta 2000 (the Act).

**between:**

***Morprop Holdings Alberta Limited (as represented by Altus Group Ltd.), COMPLAINANT***

**and**

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

**before:**

***C. J. Griffin, PRESIDING OFFICER  
R. Deschaine, MEMBER  
R. Roy, 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 2011 Assessment Roll as follows:

**ROLL NUMBER: 200176154**

**LOCATION ADDRESS: 808 Heritage Drive SE**

**HEARING NUMBER: 63698**

**ASSESSMENT: \$26,900,000.**

This complaint was heard on 7<sup>th</sup> day of October, 2011 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 2.

Appeared on behalf of the Complainant:

- D. Hamilton

Appeared on behalf of the Respondent:

- K. Gardiner

**Preliminary Matter(s):**

Two matters of a Preliminary nature were brought forth:

1) The Assessor brought forward a matter relating to the Rebuttal Evidence of the Complainant which the Assessor maintains contains lease data; however, the lease rate was not introduced as an issue in their initial disclosure. This means that the Assessor does not have an opportunity to introduce any lease data to defend their position.

The Complainant maintains that although leases were not specifically identified as being an issue, rental rates were so identified and rental/lease rates are, for the most part, synonymous terms and they should be allowed by the CARB.

The CARB agrees with the Complainant that, for the purposes of these Hearings, the difference between rental rate and lease rate is somewhat questionable; therefore, in fairness to both parties the CARB would permit the Rebuttal Evidence to be submitted but only such weight as is deemed appropriate will be given to the lease data in question.

2) Both parties requested that, for matters of expedience and based upon the fact that the evidence is the same, the evidence in chief, argument, questions and answers from the preceding two Hearings (#2224-2011-P & 2228-2011-P) be carried forward to this Hearing.

The CARB concurs with the parties on this matter but notes that the Rebuttal evidence of the Complainant that was disallowed in the preceding Hearing has been properly filed and exchanged and will be heard in this Hearing.

**Property Description:**

According to the Assessment Summary Report (Exhibit C-1 pg. 9) the subject property is described as being a retail shopping centre – power with a quality rating of A2. The property, which has a year of construction (YOC) of 2002, has five main components: 1) Commercial Rental Unit (CRU) space 1,001 – 2,500 Sq. Ft. category with 1,221 Sq. Ft., 2) CRU space 2,501 – 6,000 Sq. Ft. category with 9,092 Sq. Ft., 3) CRU space 6,001 – 14,000 Sq. Ft. category with 21,166 Sq. Ft., 4) Jr. Big Box space 14,001 – 50,000 Sq. Ft. category with 49,210 Sq. Ft. and an operating gas bar. The underlying site is 8.50 acres in size.

The property has been assessed through application of the Income Approach with the following rental rate inputs:

CRU	1,001 – 2,500 Sq. Ft.	\$42/Sq. Ft.
CRU	2,501 – 6,000 Sq. Ft.	\$33/Sq. Ft.
CRU	6,001 – 14,000 Sq. Ft.	\$24/Sq. Ft.
Jr. Big Box	14,000 – 50,000 Sq. Ft.	\$21/Sq. Ft.
Gas Bar		uncontested
Vacancy Rate		1%
Operating Costs		\$ 9/Sq. Ft.
Non Recoverable Allowance		1% of Effective Net Income
Capitalization Rate		7.25%

**Issues:**

While there are a number of interrelated issues attached to the Assessment Review Board Complaint form, the Complainant indicated at the Hearing that the issues to be considered by the CARB are reduced to:

1. The assessed rental rates applied to the CRU, restaurant and Jr. Big Box spaces are not equitable with similar spaces in other Power Centres in the municipality.
2. The assessed capitalization rate of 7.25% is too low and should be increased to 7.75%.

**Complainant's Requested Value:** \$ 21,650,000. (revised at the Hearing)

### **Party Positions:**

#### **Complainant's Position**

With regard to the assessed CRU, restaurant and Jr. Big Box spaces the Complainant indicated to the CARB that the majority of the leases pertaining to said spaces are dated and not indicative of market conditions as at the valuation date. The Complainant contends that the various rental rates applied by the Assessor are not equitable to other south Calgary located Power Centres, specifically *South Trail Crossing* and *Shawnessy Power Centre*. The Complainant is requesting, based upon their interpretation of equity, the following rental rates be applied to the subject property:

	<u>Assessed</u>	<u>Requested</u>
CRU 1,001 – 2,500 Sq. Ft.	\$42/Sq. Ft.	\$30.00/Sq. Ft.
CRU 2,501 – 6,000 Sq. Ft.	\$33/Sq. Ft.	\$28.00/Sq. Ft.
CRU 6,001 – 14,000 Sq. Ft.	\$24/Sq. Ft.	\$23.00/Sq. Ft.
Jr. Big Box 14,000 – 50,000 Sq. Ft.	\$21/Sq. Ft.	\$17.00/Sq. Ft.

The evidence of the Complainant is exactly the same as that presented in Hearings CARB 2224-2011-P & 2228-2011-P so the reader is respectfully requested to review the said Hearings for a synopsis of the Complainant's position as it relates to this Hearing.

#### **Respondent's Position**

The Assessor outlined their position as it relates to the two issues to be considered as follows:  
 1) the subject Power Centre is superior to other Power Centres in the city and equity has been maintained by employing assessed rental rates that are consistent within this Power Centre and  
 2) the Complainant has determined their capitalization rate study on a Leased Fee basis while the Assessor is mandated to determine the Fee Simple capitalization rate.

Further details as to the Respondent's position as it relates to this Hearing can be obtained by reviewing CARB 2224-2011-P or CARB 2228-2011-P as the evidence is exactly the same.

### **Complainant's Rebuttal:**

The Complainant introduced two (2) Rebuttal documents as follows: 1) Capitalization Rate Rebuttal (Exhibit C-2) and 2) 3<sup>rd</sup> Party Reports Rebuttal (Exhibit C-3). Recognizing that the Respondent does not rely upon 3<sup>rd</sup> party reports other than as a check for their own analysis, the Complainant withdrew Exhibit C-3.

All of the evidence and argument pertaining to the above mentioned Rebuttal is identical to that presented in CARB 2224-2011-P and 2228-2011-P; therefore, the reader is respectfully requested to review those decisions to obtain further information pertaining to this matter.

**Board's Decision:**

The assessment is **confirmed** at: **\$26,900,000.**

**Decision Reasons:**

The reader is referred to CARB Decision # 2224-2011-P or # 2228-2011-P as the reasons for that CARB decision are exactly the same as those for this case; however, to summarize:

- Issue 1. The CARB agrees with the Respondent that "all Power Centres are not created equal" and that the subject Deerfoot Meadows does have a superior location compared to other power centres located in the city. Equity is maintained by evenly applying the various assessed rental rates, by category, to properties located within the same power centre.
- Issue 2. The Respondent explained that from time to time new or additional information relating to a sale might be forthcoming and this can lead to a different analytical conclusion from one year to the next. In terms of the capitalization rate, if the two Crowfoot properties are treated as one sale, as the CARB agrees, and the Macleod Tr. sale is also included then the Complainant's median capitalization rate (Exhibit C-1 pg. 83) becomes 7.28% which is, in the judgment of the CARB, much more supportive of the assessed capitalization rate of 7.25% than it is of the requested 7.75% capitalization rate.

DATED AT THE CITY OF CALGARY THIS 25 DAY OF October 2011.



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's Disclosure
2. C2	Complainant's Rebuttal
3. C3	Complainant's Rebuttal – withdrawn at the Hearing
5. 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.*