

**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:

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

and

The City Of Calgary, RESPONDENT

before:

***C. McEwen, PRESIDING OFFICER
S. Rourke, MEMBER
P. Pask, MEMBER***

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 2011 Assessment Roll as follows:

ROLL NUMBER: 200613891

LOCATION ADDRESS: 100 4915 130 AV SE

HEARING NUMBER: 63977

ASSESSMENT: \$12,890,000

This complaint was heard on 26th 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:

- B. Neeson

Appeared on behalf of the Respondent:

- I. McDermott

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

There were no procedural or jurisdictional matters raised by either party.

Property Description:

The subject property is Canada Safeway, located within the South Trail Crossing power centre in the Mckenzie Towne district of SE Calgary. The subject is 53,710 square feet and is assessed using the Income Approach to Value.

Issues:

Is the subject property assessed higher than market value and is the subject assessment, therefore, inequitable to comparable properties? Specifically, should the capitalization rate applied to the subject property for assessment purposes be increased from 7.25% to 7.75%?

Complainant's Requested Value:

\$12,060,000

Board's Findings and Reasons in Respect of Each Matter or Issue:

The assessed capitalization rate of 7.25% is confirmed for the following reasons:

- The Board does not accept the Complainant's cap rate methodology and is supported in its view by the Westcoast Transmission Company Limited decision (1987 BCSC 235) that underscores the importance of a consistent approach to both the derivation of a capitalization rate and the application of that rate to the valuation of a property (R1, page 35). The Board finds the Complainant's methodology (C1, pages 91-115), that uses actual and implied rent rates to derive the Net Operating Income (NOI) and subsequent cap rate for the properties used in the Complainant's analysis (C2, page 92), that further derives a cap rate for the property stratum (Power Centres, in this case) using those cap rates and that applies the 'actual' cap rate to a valuation model that calculates NOI using 'typical' lease rates, inconsistent and, therefore, at odds with the Westcoast decision.
- The Board finds the previous Board decisions (C1, pages 23-69), on the issue of the correct 2010 Neighbourhood/Community capitalization rate, of little value as the decision was based upon the flaws inherent within the city's 2010 Neighbourhood/Community Cap Rate Study. Those same flaws are not found within the city's Power Centre Cap Rate Study.
- The city's 7.25% 2010 Power Centre cap rate is supported by two third party publications

(R1, page 26) which show a range of 6.50% (Colliers) to 7.25% (CB Richard Ellis). The Board accepts that although the published rates are opinions, some weight should be given the opinion of industry experts.

In summary, the Power Centre capitalization rate of 7.25% is confirmed.

Board's Decision:

The assessment is confirmed at \$12,890,000.

DATED AT THE CITY OF CALGARY THIS 22 DAY OF November 2011.

C. McEwen

C. McEwen
Presiding Officer

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

NO.	ITEM
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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 ADMINISTRATIVE USE

Subject	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	Retail	Power Centre	Income Approach	Capitalization Rate