

## **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:**

***The Grocery People Ltd. (as represented by Altus Group Ltd.), COMPLAINANT***

**and**

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

**before:**

***B. Horrocks, PRESIDING OFFICER***

***A. Huskinson, MEMBER***

***T. Livermore, 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 2013 Assessment Roll as follows:

<b>ROLL NUMBER:</b>	<b>040025215</b>
<b>LOCATION ADDRESS:</b>	<b>7948 BOWNESS RD NW</b>
<b>FILE NUMBER:</b>	<b>71438</b>
<b>ASSESSMENT:</b>	<b>\$2,820,000</b>

This complaint was heard on the 19th day of June, 2013 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 3.

Appeared on behalf of the Complainant:

- B. Neeson (Altus Group Ltd.)
- K. Fong (Altus Group Ltd)

Appeared on behalf of the Respondent:

- B. Galle (City of Calgary)
- R. Farkas (City of Calgary)

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

- [1] There were no concerns with the Board as constituted.
- [2] The parties have not discussed the file.
- [3] Neither party has viewed the site.

**Property Description:**

[4] The subject property is a 0.31 acre parcel located in the Bowness community in NW Calgary. The Subproperty Use is CM0210 Retail – Shopping Centres - Strip. The parcel is improved with an 11,639 square foot (sq. ft.) building occupied by the Bownesian Grocer that was constructed in 2006 and is considered to be of B+ Quality. The subject is assessed utilizing the Income Approach to value.

**Issues:**

[5] The Assessment Review Board Complaint Form identified “an assessment amount” and “an assessment class” as the Matters For A Complaint. In addition, the Complaint Form contained 5 Grounds for Appeal. At the outset of the hearing , the Complainant advised there was one outstanding issue, namely: “The assessed rental rate for CRU Space 6,001 – 14,000sf at the subject should be no higher than \$15psf”.

**Complainant's Requested Value:** \$1,820,000 (Complaint Form)  
\$2,220,000 (Hearing)

**Board's Decision:**

- [6] The 2013 assessment is reduced to 2,220,000.

**Legislative Authority, Requirements and Considerations:**

The Composite Assessment Review Board (CARB) derives its authority from the Municipal Government Act (MGA) RSA 2000:

Subject to section 460(11), a composite assessment review board has jurisdiction to hear complaints about any matter referred to in section 460(5) that is shown on an assessment notice for property other than property described in subsection(1)(a).

MGA requires that

293(1) In preparing an assessment, the assessor must, in a fair and equitable manner,

- (a) apply the valuation and other standards set out in the regulations, and
- (b) follow the procedures set out in the regulations

Matters Relating to Assessment and Taxation Regulation (MRAT) requires that

(2) An assessment of property based on market value

- (a) must be prepared using mass appraisal,
- (b) must be an estimate of the value of the fee simple estate in the property, and
- (c) must reflect typical market conditions for properties similar to that property

4(1) The valuation standard for a parcel of land is

- (a) market value, or
- (b) if the parcel is used for farming operations, agricultural use value

**Issue:** What is the correct category for the CRU 6,001 – 14,000 sq.ft. space in the subject property, for assessment purposes?

**Complainant's Position:**

[7] The Complainant submitted that the Market Net Rental Rate for the CRU space 6,001 – 14,000 is incorrectly applied and that the subject should be assessed as a B Quality Grocery Store with an assessed rate of \$15.00/ sq.ft.

[8] The Complainant, at pages 24 and 25, provided pictures to demonstrate that the subject has amenities more common to a grocery store, including coolers, chillers and freezers.

[9] The Complainant, at page 36, provided a table titled 2013 Supermarket Rental Rate Analysis, noting that A Quality are assessed at the rate of \$18.00/sq.ft, B Quality are assessed at the rate of \$15.00/sq.ft. and C Quality are assessed at the rate of \$10.00/sq.ft. The Complainant noted the A Quality Supermarkets are all much larger, in prime locations with higher lease rates and superior to the subject while the C Quality Supermarkets are generally older stores in less desirable locations and inferior to the subject. The Complainant concluded the subject is a B Quality Supermarket and should be assessed at the rate of \$15.00/sq.ft..

[10] The Complainant, at page 37, provided an excerpt from the City of Calgary Land Use Bylaw 1P2007 noting that "Supermarket means a use that has a minimum **gross floor** area greater than 405 square metres" (5005 sq.ft.) noting the subject meets the criteria.

**Respondent's Position:**

[11] The Respondent, at page 9, provided the Non-Residential Properties – Income Approach Valuation for the subject, noting the subject is assessed as a CRU 6,001 – 14,000 space at the rate of \$19.00/sq.ft..

[12] The Respondent, at page 17, provided the 2013 Supermarket Rental Rate Analysis noting the subject is only 11,639 sq. ft. and is not a typical grocery store based on size.

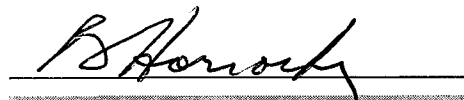
[13] The Respondent, at page 19, provided a Business Annual Calculation Report for a property located at 110 4625 VARSITY DR NW noting that this property is a grocery store, similar in size to the subject and it is treated as a CRU 6001 – 14,000 space.

[14] The Board finds the subject looks like a grocery store, operates as a grocery store and has been referred to as a grocery store by both parties and is therefor a grocery store, best classified as B Quality. The subject should be assessed at the rate of \$15.00/sq.ft. which produces a net operating income (NOI) of \$150,093, which when capitalized at the rate 6.75% yields a market value of \$2,223,600.

**Board Decision:**

[15] The 2013 assessment is reduced to \$2,220,000.

DATED AT THE CITY OF CALGARY THIS 15 DAY OF July 2013.



B. Horrocks

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 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 Administrative Use Only

<b>Property Type</b>	<b>Property Sub-Type</b>	<b>Issue</b>	<b>Sub-Issue</b>
Retail	Freestanding	Income Approach	Cap rate & rent rate