



**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:

***Narland Properties (Crowfoot Village) Ltd.***  
***(as represented by Linnell Taylor Assessment Strategies), COMPLAINANT***

and

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

before:

***C. J. Griffin, PRESIDING OFFICER***  
***J. Pratt, BOARD MEMBER***  
***G. Milne, BOARD 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 2013 Assessment Roll as follows:

**ROLL NUMBER: 016203507 & 016203606**

**LOCATION ADDRESS: 20 Crowfoot Cres. NW & 60 Crowfoot Cres. NW, Calgary**

**FILE NUMBER: 71999 (also incorporating #71997)**

**ASSESSMENT: \$26,070,000. & \$7,810,000 (respectively)**

This complaint was heard on the 11<sup>th</sup> day of June, 2013 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 5.

Appeared on behalf of the Complainant:

- J. Mayer

Appeared on behalf of the Respondent:

- S. Turner

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

The subject properties, although they have separate roll numbers, operate as a single entity and are under common ownership. The Complainant has identical issues for both properties and common evidence. The Complainant has requested that the Board hear the complaint for both properties in one combined Hearing and they have prepared one brief to deal with both addresses. The Respondent, while having prepared a similar brief for each of the property addresses, had no objection to a single Hearing. Accordingly, the CARB agreed to hear the matter(s) in one single Hearing.

**Property Description:**

[1] The subject properties consist of two adjoining parcels of land which have been developed with a retail development commonly referred to as Crowfoot Village. That portion of the property commonly referred to as 20 Crowfoot Cres. NW (Roll # 016203507) is reportedly improved (Exhibit C1 pg. 13) with 43,277 assessable Sq. Ft. of retail development that is contained within ten (10) separate structures. This portion of the development also incorporates a gas bar development which, for assessment purposes, is assigned a size of 1 Sq. Ft. All of the structures are classified as being 'B' quality and all were constructed in 1985. That portion of the property with the address of 60 Crowfoot Cres. NW (Roll # 016203606) is reportedly (Exhibit C1 pg. 14) improved with a single 17,335 Sq. Ft. retail component that is categorized as being of 'B' quality and which was constructed in 1986.

**Issue(s):**

[2] The Complainant maintains that the current assessments do not reflect the Market Value of the property as at July 1, 2012. The Complainant further maintains that the assessed values of the subject properties should be the same as the \$31,250,000 sale price recorded for the two properties (considered as a single entity) in April 2012.

**Current Assessment(s):**

[3]	\$ 26,070,000. (Roll # 016203507)
	<u>\$ 7,810,000. (Roll # 016203606)</u>
<b>Total Assessment</b>	<b>\$ 33,880,000.</b>

**Complainant's Requested Value:**

[4]	\$ 24,046,266. (Roll # 016203507)
	<u>\$ 7,203,734. (Roll # 016203606)</u>
<b>Total Requested</b>	<b>\$ 31,250,000.</b>

**Board's Decision:**

[5]	The assessment is <b>reduced</b> to:	\$ 24,045,000. (Roll # 016203507)
		<u>\$ 7,205,000. (Roll # 016203606)</u>
<b>Total Assessment</b>		<b>\$ 31,250,000.</b>

**Position of the Parties****Complainant's Position:**

[6] The Complainant indicated that the subject property was sold (as a single operating entity) in an open market, arms-length transaction in April, 2012 for a total of \$31,250,000., only three months prior to the valuation date and that this sales price is the best evidence as to the Market Value of the property as at the valuation date. In support of their contention that the sale was an arms-length transaction the Complainant provided (Exhibit C1 pgs 18 – 26) copies of Certificate of Titles #121 100 331 and #121 100 331+1. Additionally the Complainant provided (Exhibit C1 pgs. 27 – 30) copies of the Transfer of Land, Affidavit of Execution, Affidavit Verifying Corporate Signing Authority and the Affidavit of the Transferee. The Complainant also provided (Exhibit C1 pg. 16) a copy of the sales transaction as reported by RealNet Canada Inc. which reports the sale as having been a 'market' transaction.

[7] The Complainant also provided (Exhibit C1 pgs. 33 – 50) copies of Relevant Decisions from the Court of Queen's Bench of Alberta, the Municipal Government Board and the CARB which support their contention that the sale of the subject property is *prima facie* evidence of it's market value.

**Respondent's Position:**

[8] The Respondent acknowledges the sale of the subject property and further agrees that same was an "arms-length" transaction, indeed the City has incorporated the sale of the subject property into their 2013 Power Centre Capitalization Rate Summary.

[9] In order to derive the assessed value for the subject property, the Assessor has employed the Income Approach to Value wherein the estimated net operating income of the property, which they maintain is based upon typical rental and expense inputs, is capitalized at what the Respondent maintains is a market derived capitalization rate. Based upon the foregoing, the Respondent produced (Exhibit R1 pg. 46) their *2013 Power Centre Capitalization Rate Summary* which incorporates an analysis of three (3) sales, including the subject, of Power Centre properties. The CARB notes that all three of these sales involve properties located within the Crowfoot Power Centre and all are located with Crowfoot Cres. addresses. Their analysis concluded capitalization rates ranging from a low of 5.13% to a high of 6.78% (the

subject property) with a mean of 6.09% and a median of 6.35%. The Respondent concluded that a capitalization rate of 6.25% is appropriate for 'Power Centre properties. Applying this 6.25% capitalization rate to their estimated Net Operating Income (NOI) for the subject properties (combined) results in the total assessed value of \$33,880,000 (Exhibit R1 & R2 pgs. 11 – 12).

[10] The Respondent also provided (Exhibit R1 pgs. 30 – 36 & Exhibit R2 pgs. 19 - 21) copies of the Assessment Request For Information (ARFI) forms for the subject properties, completed by the property owners and/or their agents, which provides the rental rates being achieved. The Respondent maintains that the indicated rental rates being achieved are similar to those considered 'typical' which were utilized in the valuation process.

[11] The Respondent maintains that as the Assessor is required, by Legislation and Regulations, to value the subject property through application of a Mass Appraisal process, the sales price of an individual property cannot form the basis for an assessed value as this may well disrupt the concept of equity.

#### Board's Decision Reasons:

[12] The Valuation Standard for a parcel of land is **market value** (MRAT 4(1)(a)) and the Valuation Standard for improvements is **market value** (MRAT 5(1)(b)). While the CARB recognises that the Assessor is mandated to utilize a Mass Appraisal system, it is important to consider that Mass Appraisal means the **process** of preparing assessments for a group of properties using standard methods and common data and allowing for statistical testing (MRAT 1(k)). (Emphasis added).

[12] The Board finds that the assessed value of the subject property equates to an Assessment to Sales Ratio (ASR) of 1.08 which is outside the target range of 95% to 105% of the sales price. The CARB makes note of the fact that the sale of the subject property occurred within approximately 3 months of the valuation date therefore no significant time adjustments should be necessary. If the ultimate objective is to achieve an ASR of 100% then it is reasonable, in the judgment of the CARB, to utilize the arms-length sale price of the subject as the basis for establishing the assessed value for same.

[13] The Board concurs with the findings of Madame Justice L. D. Acton in ABQB 512 which states: *"It is for that reason that the recent free sale of the subject property is generally accepted as the best means of establishing the market value of that property."* and further *"...I think that generally speaking the recent sales price, if available as it was in this case, is in law and, in common sense, the most realistic and most reliable method of establishing market value."*

DATED AT THE CITY OF CALGARY THIS 17<sup>th</sup> DAY OF July 2013.

  
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 Disclosure
2. R1	Respondent Disclosure (Roll # 016203507)
2. R2	Respondent Disclosure (Roll # 016203606)

*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**

Municipality: Calgary	Decision No. 71999/P-2013	Roll No: 016203507 & 016203606	
<b><u>Property Type</u></b>	<b><u>Property Sub-Type</u></b>	<b><u>Issue</u></b>	<b><u>Sub-Issue</u></b>
Retail	Power Centre	M.V.	Sale of Subject