



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:

WESTHILLS EQUITIES INC.
(as represented by Altus Group Limited)

COMPLAINANT

and

THE CITY OF CALGARY

RESPONDENT

before:

T. SHANDRO, PRESIDING OFFICER
J. RANKIN, BOARD MEMBER
A. MACIAG, BOARD 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 2014 Assessment Roll as follows:

ROLL NUMBER: 085067908

LOCATION ADDRESS: 121 Stewart Green SW

FILE NUMBER: 74142

ASSESSMENT: \$15,550,000

This complaint was heard on June 9, 2014, 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, Agent, Altus Group Limited

Appeared on behalf of the Respondent:

- C. Yee, Assessor, The City of Calgary

Procedural or Jurisdictional Matters

[1] There were no procedural or jurisdictional matters arising.

Property Description

[2] The subject property is a parcel within Signal Hill Shopping Centre, which is assessed by the Respondent as a power centre.

[3] The subject property was assessed using the income approach. The Respondent used a capitalization rate of 6.00% to calculate the assessed value.

Issues

[4] The Board identified the issue as follows:

1. Did the Respondent use the correct capitalization rate for the subject property?

Complainant's Requested Value

[5] In the Complaint Form, the Complainant requested a reduced assessment of \$13,620,000. At the hearing the Complainant amended the requested value to \$14,350,000.

Board's Decision

[6] The Board confirms the assessment of the subject property at \$15,550,000.

Complainant's Position

[7] Disclosure and argument was carried over by the Complainant from CARB 75557P-2014, because this file included an identical issue.

[8] The Complainant provided an analysis of capitalization rates for power centres in the

City of Calgary, which can be summarized as follows.

[9] There have been only four sales within power centres, all of which took place in 2012 in the Crowfoot Power Centre in the northwest of the City of Calgary:

(a) 20/60 Crowfoot Cr NW, on April 30, 2012, for \$31,250,000, which resulted in a capitalization rate of 6.78% ("Crowfoot Village");

(b) 140 Crowfoot Cr NW, on May 28, 2012, for \$35,500,000, which resulted in a capitalization rate of 5.13% ("Crowfoot Corner");

(c) 850 Crowfoot Cr NW, on May 30, 2012, for \$4,750,000, which resulted in a capitalization rate of 6.03% ("Community Natural"); and

(d) 155 Crowfoot Way NW, on June 26, 2012, for \$5,980,000, which resulted in a capitalization rate of 8.60% (the "Harper's Tire").

[10] The Complainant further argued that when an analysis includes very few properties, it is proper to increase the scope of the analysis by geography or by time. In this case, the Complainant included what it called an investment-grade market indicator, which was a sale in 2011 of the Sunridge Sears building at 3320 Sunridge Way NE. The Complainant acknowledged that this building was not a power centre, but that the capitalization rate of 6.55% should be considered in the analysis of power centre capitalization rates because of its similarity to power centres.

Respondent's Position

[11] Disclosure and argument was carried over by the Respondent from CARB 75557P-2014.

[12] The Respondent's analysis of capitalization rates for power centres agreed with the inclusion of Crowfoot Village, Crowfoot Corner and Community Natural in the calculation of a capitalization rate for assessing power centres. The Respondent however disagreed with the inclusion of the Harper's Tire sale.

[13] The Respondent argued that the Harper's Tire sale was not arms-length and therefore should not be included in the analysis. The two companies involved in the transaction were Village Motors Ltd. ("Village") and Telsec Property Corporation ("Telsec"). Each have sole directors: Gerry Wood for Village and Richard Van Grieken for Telsec. The Respondent's research indicated that Messrs. Wood and Van Grieken have both served as directors of a separate corporation not involved in the transaction, Mac73 Ltd. The Respondent argued there was at some time a business relationship between these two men and, therefore, Telsec and Village as well. As such, the transaction should not be included in the capitalization rate analysis.

[14] The Respondent further disagreed with the inclusion of Sunridge Sears building, as the building is not a power centre.

Reasons for Decision

[15] The Board determined that the Harper's Tire sale was in fact arms-length. Whether Messrs. Van Grieken and Wood have ever served as directors on the board of another corporation does not make the relationship between Village and Telsec nonarms-length. The evidence provided by the Respondent indicates that the ownership and the directorship of the

two corporations is completely separate.

[16] However, the Board determined that the Harper's Tire sale should not be included in the capitalization rate analysis for power centres for a different reason. At the time of the sale, the building was empty and without tenants for a significant period of time. The Board therefore determined there was insufficient information to agree with the Complainant's calculation of the capitalization rate of 8.60% for this property.

[17] Analysis of the other three properties confirmed the capitalization rate used in the assessment of the subject property, 6.00%.

[18] The Board therefore confirms the assessment value of the subject property.

DATED AT THE CITY OF CALGARY THIS 18 DAY OF July 2014.

T. Shandro

Presiding Officer

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

NO.	ITEM
1. C1	Complainant Disclosure
2. C2, parts 1 and 2	Complainant Capitalization Rate Analysis
3. C3	Complainant Rebuttal
4. 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 Purposes Only

Property Type	Property Sub-Type	Issue	Sub-Issue
Retail	Power Centre	Income	Cap Rate