



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

CP REIT Alberta Properties Limited
(as represented by Altus Group Limited), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before

L. Yakimchuk, PRESIDING OFFICER
G. Milne, BOARD MEMBER
A. Zindler, 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: 049010614

LOCATION ADDRESS: 3575 20 Av NE

FILE NUMBER: 75150

ASSESSMENT: \$28,240,000

This complaint was heard on August 5, 2014 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 1.

Appeared on behalf of the Complainant:

- *M. Cameron, Altus Group*

Appeared on behalf of the Respondent:

- *G. Good, City of Calgary Assessor*

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

[1] There were no procedural or jurisdictional matters. The Complainant asked that the 2014 Retail Anchor Analysis (C2) be used in reference to files 75149, 75150, 74969 and 75164. Portions of the decision for these files may be similar for this reason.

[2] Neither party objected to any members of the Composite Assessment Review Board panel (the Board).

Property Description:

The subject property has been assessed as a "B" quality freestanding big box property built on 17.34 acres between 1988 and 1996 in Sunridge community. The property includes 162,341 square feet (sf) assessed as big box, 6,690 sf assessed as retail (6001-14000sf), 2,049 sf assessed as retail 1001-2500 sf, 7,879 sf of mezzanine, 7,570 sf restaurant and a gas bar. The property has been assessed using the income approach.

Issues:

- [3] Should the area assessed as retail 1001-2500sf be assessed as big box?
- [4] Should the big box rent rate for this property be reduced from \$10.00/sf to \$9.00/sf?

Complainant's Requested Value: \$25,600,000

Board's Decision:

- [5] The Board confirms the assessment at \$28,240,000.

Legislative Authority, Requirements and Considerations:

The Composite Assessment Review Board (CARB) derives its authority from the Act RSA 2000 Section 460.1:

(2) 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).

For the purposes of this hearing, the CARB will consider the Act section 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) is the regulation referred to in the Act Section 293(1)(b). The CARB decision will be guided by MRAT Section 2, which states that

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.

and MRAT Section 4(1), which states that

The valuation standard for a parcel of land is

- (a) market value, or

if the parcel is used for farming operations, agricultural use value

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

[6] Altus Group, on behalf of the Complainant, presented two comparable big box properties with offices and other services in them. One was a Home Depot at 388 Country Hills Blvd which includes a Subway store, and the other was the Westbrook Walmart store which has a MacDonald's restaurant, a Visions Eye Centre, a portrait studio and a medical clinic. Documentation was provided to demonstrate that these areas were assessed at the same rate as the remainder of the big box properties. The Complainant argued that the retail 1001-2500 sf area in the subject building should be assessed in the same way. Photographs of the subject and the comparables were provided.

[7] The Complainant also provided an Altus 2014 Retail Anchor Analysis (C2). The analysis included leases from six big box comparables. Two were Target stores, three were Walmart stores and one was a Canadian Tire store (C2 p4). The median lease rate for these stores was

\$7.74/sf, the mean was \$8.97/sf and the weighted mean was \$8.70/sf. The Complainant asked for a \$9.00/sf rent rate for all portions of the subject property to reflect these numbers.

Respondent's Position:

[8] The Respondent, City of Calgary, presented the City of Calgary 2014 Big Box 80,001+ sf rent analysis which included leases from five big box properties including two Target stores, one Walmart store, a Canadian Tire store and a Rona lease for a building which is currently vacant.

[9] The Respondent stated that the City had excluded the leases for two of the Walmart stores which the Complainant included. One of the leases is for a Walmart store in Deerfoot Mall neighbourhood shopping centre, and includes a leased portion and a new addition that is not included in the lease. This puts the accuracy of the leased value into question. The other Walmart lease which was excluded is for the Walmart store in Westbrook Mall, which is assessed as an enclosed mall and would be part of another study.

[10] The Rona lease was excluded from the Complainant's study. It is a lease for a freestanding big box property at Symons Valley Rd which is currently vacant. The Respondent argued that it is a valid lease which is being paid and was therefore included in the study.

[11] The median value of the 2014 Big Box 80,001+sf analysis is \$10.00/sf and the assessed rate was \$10.00/sf.

Board's Reasons for Decision:

[12] The Board considered the Complainant's argument that the retail 1001-2500sf area in the subject should be assessed at the same rate as the remainder of the big box property. Other than photographs, there was no evidence to support that this area was leased or managed in the same way as the Walmart service areas or the Subway at Home Depot. The evidence shows that in the comparable properties these areas are assessed with the remainder of the property, but does not provide supporting evidence to show that the subject should be assessed in the same way. For this reason, the Board supports the assessed rates.

[13] The Board reviewed the big box rent rate analyses provided by both the Complainant and the Respondent. The Walmart store at Deerfoot Mall does appear to be similar to the other comparables, but the explanation by the Respondent that the lease is for only part of the building convinced the board that it is atypical and should be excluded from the analysis. The Complainant did not dispute that the lease is for only part of the building.

[14] The Westbrook Mall Walmart store is assessed as part of an enclosed shopping centre. Although the Board had reservations about enclosed neighbourhood shopping centres being assessed site specifically, for equity reasons they decided that this store should not be included in two separate studies (Westbrook Mall study and Big Box study).

[15] The Rona lease is for a property which is currently vacant. The building itself meets the criteria for a big box store. The Board questioned the reasoning behind maintaining a lease for an unused building, but decided there was no evidence provided to show this was not a valid lease and accepted it.

[16] For these reasons, the Board accepted the City of Calgary 2014 Big Box 80,001+sf analysis as being more accurate than the Complainant's analysis and confirmed the big box rent

rate of \$10.00/sf.

[17] The assessment is confirmed at \$28,240,000.

DATED AT THE CITY OF CALGARY THIS 21st DAY OF August 2014.



L. Yakimchuk

Presiding Officer

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

NO.	ITEM
1. C1	Complainant Disclosure
2. C2	Retail Anchor Analysis
3. 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 office use only:

A	B	C	D	E
CARB	Retail	Freestanding	Income approach	Rent
