

**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 Limited (as represented by Altus Group), COMPLAINANT***

**and**

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

**before:**

***T. Hudson, PRESIDING OFFICER***

***Y. Nesry, MEMBER***

***R. Kodak, 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: 046281408**

**LOCATION ADDRESS: 1818 Centre ST NE**

**HEARING NUMBER: 63795**

**ASSESSMENT: \$8,030,000**

This complaint was heard on the 8th day of September, 2011 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 9.

Appeared on behalf of the Complainant:

- K. Fong
- A. Izard

Appeared on behalf of the Respondent:

- S. Powell

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

The Respondent advised that the current assessment on the subject has been corrected to reflect confirmed space sizes on both the individual, and the total assessed space. The Complainant confirmed that the corrections resolve one of the issues in the complaint. Therefore, the corrected assessment of \$7,230,000(rounded), for the subject property, was the starting point for the merit hearing on this complaint.

**Property Description:**

The subject property is a 2.39 acre parcel, improved with a free standing retail super market space of 31,585 square feet (sf), and 1,673 sf of non-retail mezzanine space. The parcel is also improved with vacant pad site space of 5,532 sf, currently assessed as a Commercial Retail Unit (CRU) in the 2,501 to 6,000 sf size range. This space was formerly occupied by a branch of the TD Bank, but has been vacant ever since the bank branch closed some ten years ago. The improved property is known as Beacon Heights Shopping Centre and is assessed based on the capitalized income approach at a corrected total of \$7,230,000(rounded).

**Issues:**

What is the Appropriate Rental Rate to Apply to the Pad Site CRU Space?

What is the Appropriate Vacancy Rate to apply to the Pad Site CRU Space?

**Complainant's Requested Value:** \$6,550,000

**Board's Finding in Respect of Each Matter or Issue:****What is the Appropriate Rental Rate to Apply to the Pad Site CRU Space?**

**The Board finds that the subject CRU space is not typical in the market, and, that the appropriate rental rate is \$24 per square foot.**

The Complainant argued that the vacant pad site CRU (formerly TD Bank) space on the subject property should not be classified as typical and assessed at \$28 per square foot (psf). They advised that despite significant changes on the subject site, including demolition of a number of other CRU spaces, the former TD Bank pad space remains much the same as it was when occupied, with no apparent interior renovations. The Respondent did not object to this assertion even though the Complainant submitted only exterior photographs in evidence.

The Complainant suggested that until the space is actually occupied, the best comparable to the subject is another vacant formerly CIBC bank branch of similar size and located on a pad site reasonably close to the subject at 2318 Centre ST NE. This property is assessed at \$24 psf.

The Respondent submitted four (4) assessment equity comparables located in NW Calgary all assessed at the typical rate of \$28 psf.

The parties did not submit any market evidence for consideration.

**What is the Appropriate Vacancy Rate to apply to the Pad Site CRU Space?**

**The Board finds that the subject CRU space is not typical in the market, and, that the appropriate vacancy rate is 25%.**

The Complainant advised that the subject CRU space has been totally vacant for more than ten years and remains vacant at present. The Assessment Request for Information (ARFI) report confirms this fact. The owner is, and has been, actively marketing the space for lease without success. Given the demolition and disruption that has taken place on the site, the isolated location of the CRU is also an issue. The evidence demonstrates a need to recognize significant and long term vacancy in excess of the typical 6.5% allowance in the current assessment. The Complainant also submitted evidence that indicates that these circumstances had been recognized by a 25% vacancy allowance in the 2007 through 2009 assessments.

The Respondent submitted decision ARB 0777/2010 in support of considering the subject CRU space as typical, and suggesting that the vacancy circumstances of the subject property are the result of the decisions of the owner. The Respondent further indicated an adjustment for chronic vacancy would only be reconsidered if the situation remains static until 2013.

**Board's Decision:** The assessment is reduced to \$6,540,000(rounded), based on NOI of \$490,644.75, capitalized at 7.5%.

DATED AT THE CITY OF CALGARY THIS 19 DAY OF October 2011.

A handwritten signature in black ink, appearing to read 'T. B. Hudson', is written over a horizontal line.

**T. B. Hudson**  
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. C2	Complainant Rebuttal
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 MGB Administrative Use Only**

<i>Decision No.2184</i>		<i>Roll No.046281408</i>		
<u>Subject</u>	<u>Type</u>	<u>Sub-Type</u>	<u>Issue</u>	<u>Sub-Issue</u>
CARB	Retail	Free Standing	Income	Rent, Vacancy