

**CALGARY
ASSESSMENT REVIEW BOARD
DECISION WITH REASONS**

In the matter of the complaint against the Property/Business assessment as provided by the *Municipal Government Act*, Chapter M-26.1, Section 460(4).

between:

ALTUS GROUP LTD., COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

Earl K Williams, PRESIDING OFFICER

Ian Fraser, MEMBER

Peter Charuk, MEMBER

This is a complaint to the Calgary Assessment Review Board in respect of Property/Business assessment prepared by the Assessor of The City of Calgary and entered in the 2010 Assessment Roll as follows:

ROLL NUMBER: 201272945

LOCATION ADDRESS: 3919 Richmond Rd SW

HEARING NUMBER: 59840

ASSESSMENT: \$14,210,000

This complaint was heard on 3rd day of August, 2010 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 2.

Appeared on behalf of the Complainant:

- K Fong

Appeared on behalf of the Respondent:

- T Woo

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

No Preliminary, Procedural or Jurisdictional Matters

Property Description:

The property is a 54,715 square foot (sq ft) Shopping Centre (Classified as a CM0203 Retail Shopping Centre – Neighbourhood Shopping Centre) on a 2.59 acre site located in the Community of Glamorgan. There is one freestanding unit on the property.

Issues:

Rental Rate Bank – the assessed rental rate should be reduced from \$28.00 psf to \$25.00 psf

Rental Rate CRU – the assessed rental rates are not supported by the recent leases at the subject centre and should be reduced as follows, (rental rates expressed as a per square foot (psf) :

CRU 2501 – 6000 be \$17.00 reduced from \$26.00

CRU 1000 – 2500 be \$18.00 reduced from \$27.00

CRU <1000 be \$22.00 reduced from \$27.00

Rental Rate Recreation Area – be reduced from \$12.00 psf to \$7.00 psf

Vacancy Rate – the vacancy rate for assessment be increased from 2% to 11%.

Complainant's Requested Value:

\$9,310,000

Board's Decision in Respect of Each Matter or Issue:

Complainant and Respondent presented a wide range of relevant and less relevant evidence in respect of the issues.

Rental Rate Bank

Complainant

The Rent Roll submitted as evidence (pages 24-30) by the Complainant reported the following particulars for the Royal Bank of Canada: a May 2009 lease commencement date for 7,931 rentable sq ft at a rental rate of \$24.32 psf. The evidence package (pages 34 and 35) presented tables containing lease information for CRU and Freestanding banks. Photos (pages 36 – 56) of the properties listed in the table on page 35 supported the classification as either CRU or Freestanding. For the comparables listed in the table titled "CRU Bank Rental Information" (on page 34) the following findings were reported:

- area leased: median 5.059 sq ft and the average was 4,888 sq ft
- rental rates: median \$25.00 psf and weighted average \$24.95

The table titled "Respondent's Lease Comparables" prepared by City of Calgary Assessment

contained lease particulars for 11 CRU banks and 11 freestanding banks. Based on the lease particulars for the 22 comparables, regardless of whether the bank is CRU space or freestanding unit, the rental rate were reported as a median of \$28.58 psf and a weighted average of \$32.34 psf. For the 11 CRU banks the median rental rate was \$26.00 psf and the average was \$25.10 psf

Respondent

The Respondent presented no evidence in support of the rental rate for the Bank.

Board Decisions

The Board reviewed the evidence presented with particular attention to the table titled "Respondent's Lease Comparables" prepared by City of Calgary Assessment which was presented by the Complainant. This table contained lease particulars for 11 CRU banks and 11 Freestanding banks. The Board's analysis of the data is presented in the following table:

Type of Space	Average Area Leased (sq ft)	Median Rental Rate (psf)	Weighted Average Rental Rate (psf)
CRU	4,387	\$26.00	\$25.26
Freestanding	5,353	\$33.50	\$38.64

The table titled "Respondent's Lease Comparables" reported the lease information on 3 CRU leases and 1 freestanding lease that commenced between January and July 2009. The Board's analysis of the 2009 leases is as follows:

- CRU leases (3 comparables): average area leased of 5,528 sq ft; a median rental rate of \$26.00 and a weighted average rental rate of \$25.18 psf

Further the lease in the subject property commenced May 2009 for 7,931 rentable sq ft at a base rent of \$24.32 psf.

Based on the evidence presented the Bank is a CRU space and comparable to CRU banks; the rental rates for CRU banks, 2009 leases for CRU banks and the lease for the bank in the subject property which commenced May 2009, the Board's Decision is that the rental rate is reduced from \$28.00 psf to \$25.00 psf.

Rental Rate Recreation Area

Complainant

The Rent Roll submitted as evidence (pages 24-30) by the Complainant reported the recreation area of 17,854 sq ft was leased as a bowling alley at a rental rate of \$5.25 psf.

The Complainant presented on page 32 of their evidence package, comparable market leases for 3 bowling businesses. The reported rental rates for the comparables were a median of \$7.00 psf and a weighted average of \$8.05 psf.

Respondent

On page 22 of the evidence material the Respondent's presented particulars for 3 recreational leases for businesses operating as a gym or fitness/training facility. The reported rental rates ranged from \$12.00 to 15.00 psf.

Board's Decision

Based on the evidence presented the Rental Rate Recreation Area will be reduced from \$12.00 psf to \$7.00 psf.

Rental Rate CRU

Complainant

The analysis of the Rent Roll submitted as evidence (pages 24-30) by the Complainant reported the following rental rates:

CRU Category (sq ft)	Average	Median
2501 – 6000	\$17.25 psf	\$17.25 psf
1000 – 2500	\$15.92 psf	\$18.50 psf
<1000	\$21.31 psf	\$20.90 psf

For the subject property's CRU Category <1000 sq ft the Rent Roll reported 3 leases with commencement dates of January, February and March 2009. The weighted average rental rate for the 3 leases was \$22.30 psf.

Respondent

The Respondent presented (pages 19 – 21 of the evidence package) a list of lease particulars for comparables for each of the CRU categories challenged by the Complainant. No analysis was provided. The presented evidence reported for the following by CRU category:

- 2501 – 6000: 3 leases with commencement dates between 1993 and 2005 with rental rates ranging between \$25.00 to \$30.00 psf
- 1000 – 2500: 4 leases (1 of the reported 5 leases was *post facto*) with commencement dates between 2003 and 2009 with rental rates ranging between \$26.00 to \$33.00 psf
- <1000: 4 leases with commencement dates between 1999 and 2007 with rental rates ranging between \$26.00 to \$28.00 psf

Board Decision

Based on the evidence presented the Board's decided the rental rates (psf) for the CRU categories to be as follows:

CRU 2501 – 6000	be reduced from \$26.00 to \$17.00
CRU 1000 – 2500	be reduced from \$27.00 to \$18.00
CRU <1000	be reduced from \$27.00 to \$22.00

Vacancy Rate

Complainant evidence contained no evidence in support of their requested vacancy rates.

Respondent's evidence (pages 33 – 41) consistent of a table summarizing anchor and CRU vacancy for Community/Neighbourhood Centre Vacancy Study based on the 2009 Assessment Request For Information (ARFI) Vacancy rates and Altus reported vacancy. Additionally the evidence included the vacancy rates by City quadrant for Neighbourhood Centres prepared by major commercial real estate firms, as well as the City of Calgary's own Vacancy study. The presented evidence supported vacancy rates for Anchor – 1%, CRU space and office space 2%.

Board's Decision

Based on the evidence the Board confirmed the vacancy rates for the CRU space to be 2%.

Board's Decision:

Assessment Revised to \$10,840,000

DATED AT THE CITY OF CALGARY THIS 26 DAY OF August 2010.



Earl K Williams
Presiding Officer

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.*