

**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(4).

between:

Altus Group Ltd., COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

J. Gilmour, PRESIDING OFFICER

M. Peters, MEMBER

I. Zacharopoulos, 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 2010 Assessment Roll as follows:

ROLL NUMBER:	200779627
LOCATION ADDRESS:	150 Millrise Boulevard SW
HEARING NUMBER:	60408
ASSESSMENT:	\$26,500,000

This complaint was heard on the 15th day of December, 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:

- A. Izard *Agent, Altus Group Ltd.*
- B. Neeson *Agent, Altus Group Ltd.*

Appeared on behalf of the Respondent:

- B. Duban *Assessor, The City of Calgary*

Property Description:

The subject property is the Millrise Neighbourhood Shopping Centre complex located in the community of Millrise. The site area is 9.25 acres and the Centre was built in 2005. The area consists of a number of sub-components for a total of 113,059 sq. ft.

Issues:

- 1) The rental rates for a number of CRU space types?
- 2) The rental rate for restaurant space in the Centre?

Complainant's Requested Value: \$23,960,000

Summary of Complainant's Evidence:

The Complainant in evidence relied on comparing two neighbourhood shopping centres very close to the subject, the Bridlewood Centre and the Evergreen Centre. These two comparables were selected based on location, year of construction, tenant mix and classification.

The Complainant argued that the City has inconsistently applied rental rates to the subject when compared with the other two comparable centres, since the bank, office and supermarket rental rates are the same for all three properties, but not the CRU or restaurant spaces.

The following are the spaces under complaint:

Space	Rentable Area (sq. ft.)	Assessed Rental Rate	Requested Rental Rate
CRU 0 – 1,000 sq. ft.	945	\$27	\$22
CRU 1,001 – 2,500 sq. ft.	3,070	\$26	\$21
CRU 2,501 – 6,000 sq. ft.	22,497	\$25	\$19
CRU 6,000 +	16,391	\$23	\$20
Restaurant	6,187	\$30	\$28

The Complainant, in photographs presented to the Board, illustrated that the two comparable centres were built by the same developer as the subject and had a similar mix of spaces for the competing neighbourhood clientele. As noted on a map, all three centres were located in the

southwest quadrant of the City, relatively close to each other. The Complainant agreed that there is an inconsistency in the City's rental rate calculation since the bank, office and supermarket were all similar, but the subject rental rates for the CRU spaces and the restaurant were higher than the comparable properties in Bridlewood and Evergreen, which were the rates sought by the Complainant.

With respect to the issue of a rental rate for the restaurant space, the Complainant compared a number of rental rates for restaurants either in the two comparable centres or close to the subject property. All of the comparable restaurants were either assessed at \$28 per sq. ft. or lower and not at \$30 per sq. ft., as was the subject.

Summary of Respondent's Evidence:

The assessor acknowledged at the hearing that the two comparable neighbourhood shopping centres were close to the same age, size, the same developer, tenant mix and classification. The primary issue which the City argued before the Board was that the rental rates under appeal were higher for the subject property because the centre was in a better location than the two comparable centres relied on by the Complainant.

Under cross-examination by the Complainant, it was noted that the subject property actually had limited access and not direct access to Macleod Trail.

The City also disclosed the 2009 ARFI for the subject property, but the Complainant noted that most of the leases only commenced in the years 2005 or 2006. The assessor presented no ARFI's for Bridlewood or Evergreen Centres, and no market evidence with respect to rental incomes in either of the comparable properties or equity comparables.

With respect to the rental rates for restaurant space, the assessor relied on a list of equity comparables throughout the City with a heading noting the "quality" of the restaurant. The only restaurant having a rental rate of \$30 per sq. ft. was the subject. All the remainder of restaurant mix on the list had a rate of \$28 per sq. ft. or below. Although the subject restaurant had a quality rating of A- on the list, the other two neighbourhood restaurants had quality ratings of B+.

A list of restaurant lease comparables presented by the City (EX R-1, Page 41) indicated four comparables. One was a strip mall and the remainder were some distance from the subject property. Little weight was given to these comparables by the Board.

Board's Findings:

Issue 1:

The Board finds that the two comparable properties relied on by the Complainant, the Bridlewood and Evergreen Centres, were very comparable to the subject, on the following grounds:

- Size
- Location
- Same developer/architect
- Tenant mix
- Age, and

- Classification

On the basis of equity and fairness, the CRU space rental rates were reduced as follows:

CRU 0 – 1,000 sq. ft.	\$27 to \$22
CRU 1,001 – 2,500 sq. ft.	\$26 to \$21
CRU 2,501 – 6,000 sq. ft.	\$25 to \$19
CRU 6,000+ sq. ft.	\$23 to \$20

Issue 2:

Based on the number of restaurant comparables presented by the Complainant, the Board reduces the rental rate for the restaurant space from \$30 per sq. ft. to \$28 per sq. ft.

Board's Decision:

Based on the evidence and argument presented by both parties, on the grounds of equity and fairness, the Board reduces the assessment of the subject property to \$23,960,000.

DATED AT THE CITY OF CALGARY THIS 20 DAY OF December 2010.



J. Gilmour
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.*