

**CALGARY
ASSESSMENT REVIEW BOARD
DECISION WITH REASONS**

In the matter of the complaints against the property assessments as provided by the *Municipal Government Act*, Chapter M-26, Section 460, Revised Statutes of Alberta 2000 (the Act).

between:

**Western Securities Limited
(as represented by Altus Group Ltd.), COMPLAINANT**

and

The City Of Calgary, RESPONDENT

before:

**J. Krysa, PRESIDING OFFICER
R. Deschaine, MEMBER
I. Fraser, MEMBER**

These are complaints to the Calgary Assessment Review Board in respect of the annual property assessments prepared by the Assessor of The City of Calgary and entered in the 2012 Assessment Roll as follows:

ROLL NUMBERS:	043073105	043000207
LOCATION ADDRESS:	1923 Uxbridge Dr NW	1941 Uxbridge Dr NW
HEARING NUMBER:	68224	68228
ASSESSMENT:	\$4,730,000	\$14,560,000

The complaints were heard on September 24, 2012, in Boardroom 9 at the office of the Assessment Review Board, located at 1212 – 31 Avenue NE, Calgary, Alberta.

Appeared on behalf of the Complainant:

- K. Fong

Appeared on behalf of the Respondent:

- R. Farkas

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

There were no procedural or jurisdictional matters raised by either party during the course of the hearing.

Property Description:

The subject properties are two individually titled parcels of land, improved with a strip shopping centre development known as the Stadium Shopping Centre. The assessed attributes of the properties are detailed below:

Tax Roll	Parcel Size (Sq.Ft.)	Improvements	Area (Sq.Ft.)	Quality	*YOC
043000207	209,274	Shopping Centre – Commercial Retail Units	46,228	A2	1962
043073105	57,887	Pad Restaurant - Dining Lounge	4,870	A2	1975
		Pad Restaurant - Dining Lounge	10,000	C+	1976
		Pad Restaurant - Fast Food	2,710	A2	1980

*YOC – Year of Construction

Issues:

The Complainant raised the following matters in section 4 of the complaint forms:

3. an assessment amount
4. an assessment class

At the commencement of the hearing, the Complainant withdrew matter # 4, and led evidence and argument only in relation to matter #3, an assessment amount. The Complainant set out five grounds for the complaints in section 5 of the complaint forms; however, at the hearing only the following issue was before the Board:

- What are the correct and equitable market rent rates applicable to the subject's pad restaurants and various CRU (Commercial Retail Unit) spaces?

Complainant's Requested Assessment:

ROLL NUMBER:	043073105	043000207
ASSESSMENT:	\$4,730,000	\$14,560,000
REQUESTED ASSESSMENT:	\$4,180,000	\$11,530,000

Complainant's Position

[1] The Complainant argued that the assessed market rent coefficients applied to the subject's various CRU areas and pad restaurants are excessive in relation to the subject's current contract rent rates, and inequitable in relation to the market rent coefficients assigned to similar properties. The following table sets out the assessed market rents assigned to the stratified lease areas, and the Complainant's corresponding requested market rent coefficients.

Lease Area Type	Assessed Market Rent	Requested Market Rent
CRU (0 – 1,000 sq.ft.)	\$28.00 per sq.ft.	\$22.00 per sq.ft.
CRU (1,001 – 2,500 sq.ft.)	\$27.00 per sq.ft.	\$20.00 per sq.ft.
CRU (2,501 – 6,000 sq.ft.)	\$25.00 per sq.ft.	\$19.00 per sq.ft.
CRU (6,001 – 14,000 sq.ft.)	\$20.00 per sq.ft.	\$18.00 per sq.ft.
CRU (Bank Premises)	\$25.00 per sq.ft.	\$25.00 per sq.ft. (<i>Not at Issue</i>)
Pad Restaurant – (Dining Lounge)	\$33.00 per sq.ft.	\$26.00 per sq.ft.
Pad Restaurant – (Dining Lounge)	\$17.00 per sq.ft.	\$17.00 per sq.ft. (<i>Not at Issue</i>)
Pad Restaurant – (Fast Food)	\$33.00 per sq.ft.	\$26.00 per sq.ft.
Pad Restaurant – (Storage)	\$ 2.00 per sq.ft.	\$ 2.00 per sq.ft. (<i>Not at Issue</i>)

[2] In support of the argument that the assessed market rent coefficients are excessive in relation to the subject's current market rent rates, the Complainant provided the subject's 2010 ARFI (Assessment Request for Information) response to illustrate the subject's current contract rent rates, evident from recent leasing activity:

Lease Area Type	Assessed Market Rent	Contract Rent Rates
CRU (0 – 1,000 sq.ft.)	\$28.00 per sq.ft.	\$24.50; 26.00 per sq.ft.
CRU (1,001 – 2,500 sq.ft.)	\$27.00 per sq.ft.	\$26.00 per sq.ft.
CRU (2,501 – 6,000 sq.ft.)	\$25.00 per sq.ft.	\$25.00; 30.00 per sq.ft.
CRU (6,001 – 14,000 sq.ft.)	\$20.00 per sq.ft.	\$20.00 per sq.ft.

[3] In support of the argument that the assessed CRU market rent coefficients are inequitable in relation to the assessed market rents assigned to similar properties, the Complainant provided the municipality's assessment explanation summaries to demonstrate the assessed market rent coefficients assigned to lease areas in respect of the following strip shopping centres:

Equity Comparable:	16 Macewan Dr NW	1515 19 St NW
CRU (0 – 1,000 sq.ft.)	\$22.00 per sq.ft.	\$22.00 per sq.ft.
CRU (1,001 – 2,500 sq.ft.)	\$20.00 per sq.ft.	\$20.00 per sq.ft.
CRU (2,501 – 6,000 sq.ft.)	\$19.00 per sq.ft.	\$19.00 per sq.ft.

[4] The Complainant also provided the municipality's Property Assessment Public Reports and photographs in respect of strip shopping centres located at 3604 52 Av NW, and 11245 Valley Ridge Drive NW; however, there was no evidence of the assessed market rent coefficients assigned to the lease areas in these properties.

[5] In support of the argument that the \$33.00 per sq.ft. market rent coefficient assigned to one of the subject's dining lounge restaurants is inequitable in relation to the assessed market rent assigned to similar properties, the Complainant provided the municipality's assessment explanation summaries in respect of the following properties:

Page	Pad Restaurant Location	Stratification	Area (Sq.Ft.)	Market Rent Coefficient
173	Shoppes of Bridlewood (SW)	Dining Lounge	5,000	\$26.00
174	Macleod Plaza (SE)	Fast Food	2,237	\$26.00
176	Glamorgan Shopping Centre (SW)	Dining Lounge	6,010	\$26.00
178	Dalhousie Station (NW)	Dining Lounge	7,356	\$26.00
182	Sunridge Mall (NE) (2)	Dining Lounge	15,939	\$26.00
184	Southland Drive (SW)	Dining Lounge	6,168	\$17.00
186	Westbrook Mall (SW) (2)	Dining Lounge	11,120	\$26.00
188	314 16 Ave (NW)	Dining Lounge	6,205	\$26.00
190	7004 Macleod Trail (SE)	Dining Lounge	3,021	\$26.00
192	Century Park Plaza (SE)	Dining Lounge	6,867	\$26.00
194	3575 20 Ave (SE)	Dining Lounge	8,199	\$26.00

[6] In support of the argument that the \$33.00 per sq.ft. market rent coefficient assigned to the subject's fast food restaurant is inequitable in relation to the assessed market rent assigned to similar properties, the Complainant provided the municipality's assessment explanation summaries in respect of the following properties:

Page	Pad Restaurant Location	Stratification	Area (Sq.Ft.)	Market Rent Coefficient
199	Sunridge Mall (NE)	Fast Food	4,575	\$26.00
201	Macleod Plaza (SE)	Fast Food	2,237	\$26.00
203	Village Square (NE)	Fast Food	2,380	\$17.00
205	Southland Drive (SW)	Fast Food	2,260	\$17.00
207	Co-op Beddington (NE)	Fast Food	2,482	\$26.00
209	Trans Canada Mall (NE)	Fast Food	2,656	\$26.00
211	Century Park Plaza (SE)	Fast Food	1,591	\$26.00
213	Sunridge Corner (NE)	Fast Food	3,400	\$26.00
215	Mcknight Village (NE)	Fast Food	2,861	\$26.00
217	Castleridge Centre (NE)	Fast Food	6,867	\$26.00

Respondent's Position

[7] The Respondent argued that the subject's contract rent rates reflect the subject property's location in one of the best locations in the municipality, in close proximity to Mahon Stadium and the Foothills Hospital; and support the subject's assigned "A2" classification. The Respondent further argued that the Complainant's equity comparables are dissimilar to the subject property as a result of their inferior locations in relation to the subject property.

[8] In support of the subject's market rent coefficients, the Respondent provided a summary of the subject's leases as follows:

Stratification & Assessed Rate	Lease Date	Term (Years)	Lease Area (Sq.Ft.)	Lease Rate (\$ / Sq.Ft.)
CRU (0 – 1,000 sq.ft.) \$28.00 per sq.ft.	Mar 2011	5	900	\$26.00
	Mar 2010	5	900	\$24.50
	Dec 2009	5	675	\$26.00
CRU (1,001 – 2,500 sq.ft.) \$27.00 per sq.ft.	Dec 2010	5	1,050	\$26.00
	Nov 2007	10	1,285	\$30.00
	Feb 2008		1,800	\$30.00
	May 2010	2	1,871	\$26.00
	Jun 2008	5	1,100	\$26.00
	Jan 2008	5	1,200	\$26.00
	Mar 2011	5	1,800	\$28.00
	Feb 2011	5	1,050	\$28.00
CRU (2,501 – 6,000 sq.ft.) \$25.00 per sq.ft.	Dec 2004	11	2,955	\$26.00
	Jun 2011	5	5,586	\$19.00
	Mar 2010	5	5,490	\$30.00
	Nov 2009	5	2,560	\$25.00
	Jul 2011	5	3,360	\$30.00
CRU (6,001 – 14,000 sq.ft.) \$20.00 per sq.ft.	Jun 2009	5	6,384	\$22.00
CRU (Bank Premises)	Oct 2010	5	4,500	\$30.00
Pad (Dining Lounge) \$17.00 per sq.ft. <i>**Lease Renewed</i>	Mar 2006	5	10,000	\$17.80
	Jul 2011	3		\$24.00
Pad (Dining Lounge) \$33.00 per sq.ft. <i>**Lease Renewed</i>	Mar 2006		3,471	\$28.00
	May 2011	5		\$33.00
Pad (Fast Food) \$33.00 per sq.ft.	Apr 2010	20	2,710	\$46.32

[9] The Respondent further provided property data summaries in respect of the Complainant's equity comparables to demonstrate that the Complainant's CRU, dining lounge and fast food restaurant comparables are predominantly "B" or "C" quality properties, in contrast to the "A2" quality rating of the subject property.

Board's Decision in Respect of the Issue

[10] The Board finds that the assessed market rent coefficients applied to the subject's various CRU areas and pad restaurants are not excessive in relation to the subject's current contract rent rates. The Board further finds that there was insufficient evidence to demonstrate that the subject's assessed market rents are inequitable in relation to the market rent coefficients assigned to similar properties.

[11] The Board was persuaded by the ARFI evidence of both parties that demonstrates the subject is achieving contract rents generally supportive of the assessed market rent coefficients. Although there was no specific market evidence in support of the \$28.00 per sq.ft. market rent coefficient applied to CRU (0 – 1,000 sq.ft.) areas, the Board notes that several of the other stratifications are assigned market rent coefficients well below the rent rates being achieved in recent leasing activity.

[12] The Board was not persuaded by the Complainant's CRU, dining lounge or fast food restaurant equity comparables as there was no market evidence (e.g. rental of income information) provided to demonstrate that the properties would share similar market rent rates to those of the subject property. As a result, the Board accepts the Respondent's evidence that the Complainant's equity comparables are not of the same quality rating as the subject property, and therefore do not demonstrate an inequity in assessment.


The assessments are **CONFIRMED** at the amounts set out below:

ROLL NUMBER:	043073105	043000207
ASSESSMENT:	\$4,730,000	\$14,560,000

DATED AT THE CITY OF CALGARY THIS

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DAY OF NOVEMBER, 2012.


J. Krysa
Presiding Officer

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

NO.	ITEM
1. C1	Complainant's Submission
2. R1	Respondent's Submission

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 USE

Subject	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	Retail	Strip Shopping Centre	Income Approach	Market Rent; Equity