

**CALGARY
COMPOSITE ASSESSMENT REVIEW BOARD (CARB)
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:

***Westfield Southwood Corner Ltd.*
(represented by Syd Storey, Fairtax Realty Advocates Inc.), COMPLAINANT**

and

The City Of Calgary, RESPONDENT

before:

***P. Irwin, PRESIDING OFFICER
P. Grace, BOARD MEMBER
D. Pollard, 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 2011 Assessment Roll as follows:

ROLL NUMBER:	129052197
LOCATION ADDRESS:	10119 ELBOW DR SW
HEARING NUMBER:	64299
ASSESSMENT:	\$29,080,000

Property Description:

The subject property, known as Southwood Corner, is a neighbourhood shopping centre in SW Calgary at the corner of Elbow Drive and Southland Drive, built in 1992. The land area is 750,029 square feet (sf) and the buildings have 122,334 sf of leaseable space including strip retail premises and developed pad sites. The subject is assessed on an income valuation approach.

This complaint was heard on September 2nd, 2011 at the office of Assessment Review Board, located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 9.

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

There were no Procedural or Jurisdictional matters brought forward.

Issues:

1. Does the rental rate of \$16 applied to the Alberta Children and Family Services (ACFS) space accurately reflect the market rental rate for this space?
2. Does the rental rate of \$17 applied to the Fabricland space accurately reflect the market rental rate for this space?

The original complaint form identified three issues but the parties at the hearing advised that this complaint will be limited to the above two issues.

The Complainant described the shopping centre site and presented photos of the various spaces on the property and related parking. He advised that the property was purchased in April, 2006 for approximately \$23 million, and is currently assessed at approximately \$29 million. The Complainant stated that there have not been any rent increases because of a difficult market and site challenges with respect to the subject property.

ACFS space: ACFS occupies 11,813 sf in the SW corner of the shopping centre. This space is assessed as retail space at \$16/ per sf, although the Complainant submitted that the space is used strictly for government staff, clients, psychologists, etc. The Complainant submitted that the space was difficult, if not impossible, to be rented as retail space because of its location within the shopping centre, limited parking, limited access, poor exposure to main roads, and lack of windows. The Complainant submitted that the current lease, at \$9.50/ sf, became effective on October 1, 2005, with an end date of September 30, 2010.

Complainant's Requested Value for the ACFS space: \$10.00/ sf

Fabricland space: Fabricland formerly occupied a space in the SE corner of the shopping center and recently located to a larger (14,694 sf) in the NE section of the shopping centre. The new space is subject to a ten-year lease with a start date of September 1, 2009, which is reasonably close to the valuation date of July 1, 2010. The lease rate is \$12/ sf with a step up to \$13/ sf on September 1, 2014. The SE space vacated by Fabricland has since been taken over by Giant Tiger, a discount store.

Complainant's Requested Value for the Fabricland space: \$12.50/ sf.

The Complainant stated that this shopping centre does not have anchors which typically draw in shoppers to the other CRU's in the shopping centre. The Complainant submitted that this shopping centre is more of a Community Centre than a Neighbourhood Centre, since Fabricland and Giant Target likely do not meet the definition of an anchor. The Complainant submitted that the size of the retail space was the only criteria for the assessment rates, which it submitted did not reflect the market rental rates for the space.

The Respondent advised the Board that it must use mass appraisal to arrive at market value for assessment purposes. In the Respondent's disclosure package, a table of thirty lease comparables for Jr. Big Box spaces in the range of 14,001 – 50,000 sf, at p. 27 of R-I, was presented. The table shows a mean rate of \$18.11/sf and a medium rate of \$17.05/sf in support of the Respondent's applied rental rate of \$17.00/sf. Another table (pp 28 & 29) showed 61 Jr. Big Box 14,001 – 50,000 sf equity comparables at \$17.

Board's Findings and Reasons in Respect of Each Matter or Issue:

Issues #1 & 2: The Board finds that the AFCS space is not typical retail space as it attracts a lower rate at \$9.50/sf; has a poor location within the shopping centre; has poorer exposure to access roads and limited parking. The Board is persuaded that the requested rate of \$10.00/ sf is a more accurate reflection of the market rental rate of the space occupied by AFCS. The Fabricland space is subject to a current lease at \$12/ sf, stepping up to \$13/sf in 2014 and the Board accepts that the requested rate of \$12.50/sf is a more accurate reflection of the market rental rate of the space currently occupied by Fabricland. The application of the requested rates results in an adjusted assessment of \$27,264,956, that the Board truncates to \$27,260,000.

Board's Decision:

The 2011 assessment on the subject property is adjusted to \$27,260,000.

DATED AT THE CITY OF CALGARY THIS 30th DAY OF SEPTEMBER 2011.


P. Irwin, Presiding Officer

APPENDIX "A" : ORAL REPRESENTATIONS

PERSON APPEARING CAPACITY

Syd Storey	Fairtax Realty Advocates Inc., appearing on behalf of the Complainant
Rob Ford	Assessor, City of Calgary

APPENDIX "B" : DOCUMENTS RECEIVED BY THE ASSESSMENT REVIEW BOARD

Document C – 1	Complainant's Disclosure
Document R – 1	Respondent's Disclosure
Document C – 2	Rebuttal

n 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.*