

**CALGARY
COMPOSITE 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:

***M & M Shafron Co. Ltd.,
(Represented by Altus Group Limited),***

COMPLAINANT

And

The City Of Calgary,

RESPONDENT

Before:

***M. Chillbeck, PRESIDING OFFICER
J. Lam, MEMBER
K. Farn, 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 2012 Assessment Roll as follows:

ROLL NUMBER: 082003401

LOCATION ADDRESS: 2913 Richmond RD SW

HEARING NUMBER: 67677

ASSESSMENT: \$2,450,000.

[1] This complaint was heard on 9th day of October, 2012 in Boardroom 8 on Floor Number 3 at the office of the Assessment Review Board located at 1212 – 31 Avenue NE, Calgary, Alberta.

[2] Appeared on behalf of the Complainant:

- A. Izard, Agent

[3] Appeared on behalf of the Respondent:

- C. Fox, Property Assessor

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

[4] Neither party raised any objections to a member of the Board hearing the subject complaint.

[5] Neither party raised any preliminary matters.

Property Description:

[6] The subject property is a strip retail shopping centre constructed in 1956. It is classed as a Quality C+ property with a total area of 11,421 square feet (sq. ft.). The total area consists of ATM space of 264 sq. ft., CRU space 0-1000 sq. ft. of 4,682 sq. ft., CRU space 1001-2500 sq. ft. of 3,610 sq ft and CRU space 2501-6000 sq ft of 2,865 sq ft. It is located in the community of Richmond, between Richmond Rd and 33rd Av, north of 20th St. in south west Calgary and is commonly known as Richmond Shopping Centre.

Issues:

[7] The Complainant identified the matters of an assessment amount and assessment classification on the Assessment Review Board Complaint (Complaint Form) and attached a schedule listing several reasons (grounds) for the complaint. At the hearing the Complainant advised that the assessment amount is under complaint and identified the issue as follows:

1. The assessed rent rate for each category of CRU is not at market rate and not equitable within the subject property and with other comparable properties.

Complainant's Requested Value:

[8] As per disclosure: \$2,170,000.

Board's Findings in Respect of Each Issue:

[9] The Complainant is not disputing the assessed rental rate for the ATM space, but is disputing the assessed rental rate for each of the three categories of CRU space.

[10] The subject property is valued by using the capitalized income method wherein the three categories of CRU space are assessed at a rental rate of \$18, \$17 and \$15 per sq ft respectively.

[11] The Complainant requested the assessed rental rate be reduced from \$18, \$17, and \$15 to \$16, \$15 and \$13 per sq ft. for the respective CRU categories.

1. Rental Rates

Complainant's Position

[12] The Complainant described the subject property as being part of a shopping complex that is located between Richmond RD and 33 AV, north of 20 ST. The complex comprises of six parcels of land, one of which is developed as a parking lot and the other five parcels, that include the subject parcel, are developed with retail buildings. The parking lot is utilized by customers of the developed parcels. Two public roadways, 31st AV and 28th St, runs amongst these parcels that have on street parking. Each of the parcels is under different ownership.

[13] It was argued by the Complainant that because the complex operates as one unit that the CRU rental rates should be same for each category of CRU. The Complainant used an adjacent property in the same complex, 3220-28 St as a comparable, which is classed as a quality C with a total area of 7,250 sq ft. This comparable is assessed at rental rates of \$16, \$15 and \$13 per sq ft for the respective CRU categories.

[14] The Complainant provided an analysis chart of lease rate comparables from the subject property and the comparable property for the 0-1000 sq ft category and 1001-3000 sq ft category. This analysis determined a mean rental rate of \$16.67 and \$16.13 per sq ft respectively. Based on this analysis the Complainant argued that the subject should be classed the same as the comparable, class C, and the rental rate should also be same as the comparable at \$16, \$15 and \$13 per sq ft for each respective CRU category.

Respondent's Position

[15] The Respondent argued that the comparable provided by the Complainant is not comparable to the subject property in terms of building class, condition, location and achievable rents. It was explained that there are major classes of A, B, C and D and within these major classes are sub classes that reflect the differences within the major class, such as A+, A- and so on. Class is determined by using a function of the property's age, quality, condition, market area, access, tenant mix and achievable rent.

[16] The Respondent provided an ARFI (Assessment Request for Information) return for the subject property and the Complainant's comparable property and argued these support the different assessed rates of both properties. Also, an analysis of the Complainant's lease rate comparables was provided and argued this clearly shows that the more recent actual lease rates of both properties show a distinct difference in rental rates for each property.

[17] Also, it was noted that the permit history shows the subject had exterior renovations in 2005 and the comparable has no development permit history since 1993.

Board's Reasons

[18] The Board finds the Complainant provided insufficient evidence to support the request for a reduction in the assessed rental rate for each CRU category. The Board noted that the

Complainant's analysis of lease rate comparables clearly shows the comparable property rents for less than the subject and this was supported by the Respondent's analysis of the Complainant's analysis. Also, the Board finds the Complainant's analysis which shows a median rental rate of \$16.67 and \$16.13 meaningless in consideration of the request for rental rates at \$16, \$15 and \$13 for the respective CRU categories; this in no way supports the requested rates.

[19] Also, the contention by the Complainant that the subject should be classed the same as the comparable is not accepted by the Board. The ARFI's supplied by the Respondent clearly show that there is a distinct difference in rent rates between the two properties that in turn supports the difference in property classification.

[20] It would have been helpful to have a clearer understanding of the difference between class and quality. These two terms appear to be used interchangeably by the Respondent however the Property Assessment Summary Report shows Quality and the Respondent's exhibit refers to Class which is determined by several characteristics including quality. The Board believes the Complainant found this difficult to understand as did the Board.

[21] Based on the foregoing the Board decided to make no change to the subject assessment.

Board's Decision:

[22] The Board's decision is to confirm the assessment at \$2,450,000.

DATED AT THE CITY OF CALGARY THIS 1 DAY OF NOVEMBER 2012.


M. Chillibeck
Presiding Officer

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

NO.	ITEM
1. C1	Complainant's Disclosure
2. R1	Respondent's 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.*

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Decision No. 046-2075-2012-P				Roll No.082003401
<u>Subject</u>	<u>Type</u>	<u>Issue</u>	<u>Detail</u>	<u>Sub-Detail</u>
CARB	Retail	Strip Plaza	Income method	CRU Rental rates