

**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, Revised Statutes of Alberta 2000 (the Act).

between

*Core Ventures Inc.  
(as represented by  
Altus Group Limited), COMPLAINANT*

and

*The City Of Calgary, RESPONDENT*

before

*L. Yakimchuk, PRESIDING OFFICER  
J. Massey, MEMBER  
G. Milne, 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:** 080007305

**LOCATION ADDRESS:** 1013 17 Av SW

**FILE NUMBER:** 67051

**ASSESSMENT:** \$4,410,000

This complaint was heard on September 25, 2012 at the office of the Assessment Review Board located at Floor Number 4 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 3.

Appeared on behalf of the Complainant:

- *D. Genereux, Altus Group Limited*

Appeared on behalf of the Respondent:

- *A. Czechowskyj, City of Calgary Assessment*

**Property Description:**

[1] The Glidden Building on 1013 17 Av SW is a Class “C” 18,553 square foot (sf) two storey walk-up office building which houses a restaurant, retail business, and offices. The site area is 10,916 sf. This building is assessed at \$44/sf for fast food restaurant area, \$36/sf for street level retail area, and \$12/sf for office area.

**Issues:**

[2] Is the assessment equitable in terms of rent rate and capitalization (cap) rate when compared to other similar properties?

**Complainant’s Requested Value:** \$2,900,000

**Board’s Decision in Respect of Each Matter or Issue:**

**Evidence and Arguments**

[3] The Complainant, D. Genereux, on behalf of Altus Group Limited argued that the assessed retail space rent should be \$21/sf (assessed \$36/sf) and that the assessed restaurant area rent should be \$25/sf. He also asked that the cap rate be increased from 7.75% to 8.25%.

[4] Mr. Genereux first argued that the “fast food restaurant” designation was not accurate for the restaurant on the premises because it had no parking area and fast food restaurants required room for cars. He went on to present examples of three fast food restaurants in areas he said were similar to 17<sup>th</sup> Av, which had a median rent of \$25/sf (C1 p45).

[5] Secondly Mr. Genereux argued that the cap rate for Class “C” buildings in the Beltline is inappropriately set at 7.75%. He demonstrated that Downtown cap rates were Class “AA” 6.25%, Class “A” 6.75%, Class “B”, 7.50% and Class “C” 8.00%, acknowledging an increase in risk with a decrease in quality of building. However, he said, Beltline buildings such as the subject were rated as Class “AA” 6.75%, Class “A” 7.25%, Class “B” 7.75% and Class “C” 7.75%, without the recognition of increased risk between Classes “B” and “C”. He recommended, therefore, that the rate for Class “C” buildings be increased to 8.25% to keep in step with the other rates.

[6] The Respondent, A. Czechowskyj, City of Calgary assessor presented nine equity comparables (R1 p82) located on the 17<sup>th</sup> Av Beltline district, all of which were assessed at

\$44/sf rent for restaurant area or fast food area and \$36/sf for street level retail area. The "A" buildings were assessed at \$16/sf for office area. The cap rate on these "A" class buildings was 7.25%.

[7] Mr. Czechowskyj also presented the Assessment Request for Information (ARFI) for the subject property, which indicated that the rents received supported the typical assessed rents.

[8] The Complainant emphasized that the issue in this hearing was the concept of a fair and equitable assessment. The Respondent emphasized that the City is required to do Mass Assessments based on Market Value of the property.

[9] The Complainant argued that all of the Respondent's comparable properties were "A" buildings. The Respondent argued that all of the Complainant's comparable properties were various types in different parts of the city, therefore not comparable.

#### Board Findings

[10] The Board found that the Complainant's proposed comparables were not comparable to the subject building either in type or in location. The Board found that the list of comparable properties on 17<sup>th</sup> Av SW in the Beltline Area proposed by the Respondent were more similar to the subject. These properties were all assessed at \$44/sf for restaurant/fast food areas and \$36/sf for street level retail areas.

[11] The Board found that the offices were appropriately assessed with a rental rate of \$12/sf as the subject property was a "C" class building.


[12] The Board observed that the cap rate of 7.75% for "C" class buildings had been applied to the subject. However, this rate appeared to be out of step with the downtown rates for "C" class buildings, which were higher than the rates for "B" class buildings. The Respondent did not defend the Beltline cap rate for "C" class buildings, which was the same as the rate for "B" class buildings, nor did he demonstrate how that rate had been produced. Given a lack of evidence to support the applied rate, and that this rate appeared to be out of step with other rates, the Board found the "C" class rate that should be applied to this property is 8.25%.

[13] Using the rent rates for the Beltline district properties and a "C" class cap rate of 8.25%, the Board calculated an assessed value of \$4,149,939, which was truncated to \$4,140,000.

#### Board's Decision:

[14] The Board reduces the assessed value to \$4,140,000.

DATED AT THE CITY OF CALGARY THIS 5<sup>th</sup> DAY OF October 2012.

  
**Lana Yakimchuk**  
Presiding Officer

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

<b>NO.</b>	<b>ITEM</b>
1. C1	Complainant Disclosure
2. C2	Complainant Rebuttal
3. R2	Respondent 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.*

**For MGB Administrative Use Only:**

Decision No. 1950-2012-P

Roll No. 080007305

<b>Subject</b>	<b>Type</b>	<b>Issue</b>	<b>Detail</b>	<b>Issue</b>
CARB	Beltline 2-Storey	Multi-Use	Income Approach	Equity