

**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:**

**867505 Alberta Ltd.  
(as represented by Altus Group Limited), COMPLAINANT**

**and**

**The City of Calgary, RESPONDENT**

**before:**

**J. Dawson, PRESIDING OFFICER  
M. Grace, MEMBER  
J. Pratt, MEMBER**

This is a complaint to the Calgary Composite Assessment Review Board [CARB] in respect of a property assessment prepared by the Assessor of The City of Calgary and entered in the 2012 Assessment Roll as follows:

<b>ROLL NUMBER:</b>	<b>049015902</b>
<b>LOCATION ADDRESS:</b>	<b>2023 34 Street NE</b>
<b>LEGAL DESCRIPTION:</b>	<b>Plan 0010450; Block 9; Lot 1</b>
<b>HEARING NUMBER:</b>	<b>68048</b>
<b>ASSESSMENT:</b>	<b>\$ 5,040,000</b>

[1] This complaint was heard on the 15 day of October, 2012 at the office of the Assessment Review Board [ARB] located at Floor Number 3, 1212 31 Avenue NE, Calgary, Alberta, Boardroom 8.

[2] Appeared on behalf of the Complainant:

- K. Fong Agent, Altus Group Limited

[3] Appeared on behalf of the Respondent:

- R. Farkas Assessor, City of Calgary

## **SECTION A: Preliminary, Procedural or Jurisdictional Issues:**

### **Preliminary Issue 1 - Evidence**

[4] The Complainant and the Respondent requested to bring forward all evidence, comments, questions, and answers articulated during a previous hearing, and heard before this Board to this hearing: CARB 1976/2012-P.

[5] **The Board determined, from the decision of CARB 1976/2012-P, that all evidence, comments, questions, and answers, is to be brought forward and incorporated just as if it were presented during this hearing.**

[6] No additional procedural or jurisdictional matters were raised.

## **SECTION B: Issues of Merit**

### **Property Description:**

[7] Constructed in 2000, the subject – 2023 34 Street NE, is a retail building located one block west of 36 Street just north of 16 Avenue NE in the community of Sunridge. The building is attached to another building, which is included on a separate assessment roll.

[8] The Respondent prepared the assessment showing 24,639 square feet total space with 16,749 square feet allocated to big box retail, 1,590 square feet allocated to commercial retail unit space less than 1,000 square feet, and 6,300 square feet allocated to retail upper level space. The building is graded as a 'B-' quality. The site has an area of 43,595 square feet.

### **Matters and Issues:**

[9] The Complainant identified two matters on the complaint form:

- Matter #3 - an assessment amount*
- Matter #4 - an assessment class*

[10]

- [11] Following the hearing, the Board met and discerned that these are the relevant questions which needed to be answered within this decision:

1. *Is the assessed rental rate correct for the big box retail space?*

**Complainant's Requested Value:**

- \$3,460,000 on complaint form
- \$4,600,000 in disclosure document and confirmed at hearing as the request

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

***Matter #3 - an assessment amount***

**Question 1 *Is the assessed rental rate correct for the big box retail space?***

***Complainant's position***

- [12] The Complainant argued that the assessed rate of \$17 per square foot is too high for the big box retail space and should be \$15 per square foot.
- [13] The Complainant reviewed the details of the subject, including; 2012 Property Assessment Notice, Property Assessment Public Record, Non-Residential Properties – Income Approach Valuation, maps, and photos. (C1 pp. 85-97)
- [14] The Complainant presented a report entitled; 'Lease Comparables NE Big Box 14,000 – 40,000 Square Feet'. The seven leases ranged from June 2009 through December 2011. The report conclusion is a median of \$15.49 per square foot with a mean of \$14.21 per square foot. (C1 p. 101)
- [15] The Complainant provided a rent roll for the subject indicating that the commercial retail unit space less than 1,000 square feet averages \$22.42 per square foot, and the big box retail space averages \$10.28 per square foot including the retail upper level space. (C1 p. 102)
- [16] The Complainant concluded with a requested assessment of \$4,600,000 using all values presented by the Respondent except the big box retail space main level rental value is changed to \$15 per square foot. (C1 p. 99)

***Respondent's position***

- [17] The Respondent asserted that the assessed rate of \$17 per square foot for big box retail space is correct and equitable. (R1 p. 2)
- [18] The Respondent reviewed the subject details; maps, photos, and Non-Residential Properties – Income Approach Valuation. (R1 pp. 4-11)
- [19] The Respondent presented their report entitled; '2012 Business Equity Comparables 14,001 –

40,000 square feet'. The one-hundred-and-one comparables ranged in size from 14,058 square feet to 39,047 square feet with no median and mean reported. All one-hundred-and-one comparables are assessed at \$17 per square foot. (R1 pp. 12-14)

- [20] The Respondent provided a document entitled; '2012 Lease Comparables – Big Box 14,000 – 40,000 square feet, A & B Classes'. The document provided illustrated that comparable leases arrived at a mean of \$17.36 and a median of \$17. (R1 p. 15)
- [21] The Respondent presented a report entitled; 'Complainant Lease Comparables'. The seven leases had the same information provided by the Complainant except this report included the quality grading that ranged from a 'C' to an A2'. The report did not have a conclusion; however, it was intended to show that the Complainant was not comparing similar quality graded properties. (R1 p. 16)
- [22] The Respondent provided two Board decisions regarding the Business assessment of three restaurant spaces. The decisions LARB 0972/2012-B and LARB 0973/2012-B confirmed their business assessments at \$26 per square foot. (R1 pp. 32-40)
- [23] The Respondent concluded with a statement that the assessment of the subject is correct, fair and equitable as a big box store, and the leases support the assessment. (R1 p. 17)

#### ***Board's findings***

- [24] The Board finds the subject is in, predominately, a big box retail location. The one-hundred-and-one equity comparables presented by the Respondent are comparable to the subject, and the actual lease within the subject, for the big box retail at \$10.28 per square foot, does not indicate a typical financial performance. Where reliable data is not available, the typical big box rate of \$17 per square foot seems most appropriate versus the requested assessment.

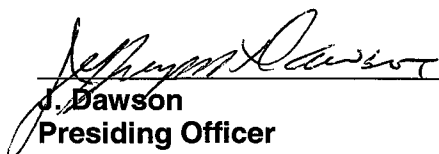
#### ***Matter #4 - an assessment class***

- [25] The Board did not hear any evidence requesting a change in an assessment class from its current non-residential designation.

#### **Board's Decision:**

- [26] After considering all the evidence and argument before the Board it is determined that the subject's assessment is correct at a value of \$5,040,000.

DATED AT THE CITY OF CALGARY THIS 18 DAY OF December 2012.

  
J. Dawson  
Presiding Officer

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

<b>NO.</b>	<b>ITEM</b>
1. C1	Complainant Disclosure – 125 pages
2. R1	Respondent Disclosure – 35 pages

*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.*

<b>Municipal Government Board use only: Decision Identifier Codes</b>				
Appeal Type	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	Retail	Stand Alone	Income Approach	Market Rent