

**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:

***R & N Properties Ltd. (represented by Altus Group), 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:

<b>ROLL NUMBER:</b>	<b>044183457</b>
<b>LOCATION ADDRESS:</b>	<b>1624 16 AV NW</b>
<b>HEARING NUMBER:</b>	<b>62839</b>
<b>ASSESSMENT:</b>	<b>\$1,950,000</b>

**Property Description:**

The subject is a property with a land area of 23,122 square feet (sf) and on it is commercial building of 9,070 (sf). It is located on a major thoroughfare in the Capitol Hill community. The building is used for auto repair and operates under the business name of Blaskin & Lane Tire Centre. The Land Use Designation is Commercial – Corridor 2. Year of construction of the building is 1965. The property is assessed on an income valuation approach.

This complaint was heard on September 1<sup>st</sup>, 2011 at the office of the 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 objections to the composition of the Board, nor were there any jurisdictional matters.

**Issues:**

1. Is the rental rate of \$18 per sf applied to the subject property too high?

The Complainant advised the Board that the subject property was originally built as a Firestone store in 1965. While the City regards the quality of the building as "B+", the Complainant submits that this classification ought to be downgraded. The Complainant provided some historical background on the building, stating that there was a time when the oversized showroom was used to retail a variety of materials such as appliances, paint, etc. but is no longer used as retail space. The Complainant also submitted access to the property has become more problematic since the City installed a meridian on 16<sup>th</sup> Avenue. The Complainants are unable to do much with the former retail and can't find tenants for it. It is an older cinderblock building with a lot of glass and therefore utility costs were said to be higher than in a newer building. It was submitted that there is a lot of functional obsolescence in approximately half of the building and it should be more of a C+ category building. The Complainant stated that the current rental rate of \$18/ sf is excessive.

**Complainant's Requested Value: \$14/ sf.**

The Complainant presented a table on p.19 of its disclosure, with 7 comparables, with rent rates ranging from 12.36 to 17.00, and a weighted mean of \$15.02, and all of which were assessed at \$14.00. He also reviewed the accompanying Assessment Summary Reports of the 7 properties showing that the comparable properties were of older construction and some were of C+ quality.

The Respondent presented the City's Assessment Request for Information (ARFI) for the subject property, which showed an annual rental rate of \$16.54 from a lease that started on July 1<sup>st</sup>, 2001. It was also shown that the ARFI indicates that the building is not owner occupied. The Respondent presented two tables showing equity comparables at \$18.00 and stated that assessments are generally: \$26 for A quality buildings, \$18 for B quality, and \$14 for C quality. The Respondent did not have criteria to define a B+ building, but stated that there are a number of factors, including building quality, location, and rent. A table of sample Automotive Retail Lease comparables showing rates from \$24.25 to \$14.47 was also presented, with average rental rate of \$18.30 and median rate of \$17.77. The Respondent stated that the City relied on the ARFI with its indicated rent of \$16.64. The Respondent stated that their data supported the \$18 rate.

With respect to the ARFI, the Complainant submitted that the building is not "owner occupied". The lease rate does not represent an arms-length transaction, because of the corporate structures of the owner company and the lessee company. The owner and lessee of the subject property are related parties.

The Complainant's rebuttal package included fifteen equity comparables, at p.20 and ten lease comparables, at p.44, plus accompanying Assessment Summary Reports for the comparable properties.

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

Issue #1: The Board finds that the comparable properties with rental values in the \$14/ sf range to be the most similar to the subject property. The Board finds the Respondent's comparables are of superior quality/ newer construction and geographically further from the subject property, the Board placed less weight on them. The Board also finds that the lease rate in place at the subject property is non-arms length and should be given less weight.

**Board's Decision:**

The 2011 assessment on the subject property is adjusted to \$1,510,000.

DATED AT THE CITY OF CALGARY THIS 29<sup>th</sup> DAY OF SEPTEMBER 2011.

  
P. Irwin, Presiding Officer

**APPENDIX "A" : ORAL REPRESENTATIONS****PERSON APPEARING                      CAPACITY**

Kam Fong	Altus Group
Greg Lane	Controller/ Partner, R & N Properties Ltd.
Brenda Thompson	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

*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.*