

**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

R. Berezan, COMPLAINANT

and

The City Of Calgary, RESPONDENT

before

L. Yakimchuk, PRESIDING OFFICER

J. Massey, MEMBER

D. Cochrane, 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: | 032033102 |
| LOCATION ADDRESS: | 2020 - 32 Ave. NE |
| HEARING NUMBER: | 62815 |
| ASSESSMENT: | \$16,280,000 |

This complaint was heard on September 7, 2011 at the office of the Assessment Review Board located at Floor Number 3, 1212 - 31 Avenue NE, Calgary, Alberta, Boardroom 10.

Appeared on behalf of the Complainant:

- *Mr. Ralph Berezan, Berezan Management (Alta.) Ltd*
- *Ms. Alison Gravelle, Manager*

Appeared on behalf of the Respondent:

- *Ms. Christina Neal, City of Calgary Assessment Business Unit*

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

There were no preliminary or jurisdictional matters.

Property Description:

This property is assessed as a B- class Retail Strip (non-residential, commercial-retail) constructed in 1976. It is a Direct Control property located in the North Airways community in the Northeast quadrant of the city. It is assessed for a total of 111,856 square feet of commercial retail units and mezzanine area with a vacancy rate of 8.75%. Potential net income is assessed at \$1,438,855, with a total effective income of \$1,312,955. The NOI is \$1,221,526 and when capitalized at 8.75% equates to a final value of \$16,280,000.

Issues:

The issues presented by the complainant were that the assessment classification should be Industrial Warehouse, not Retail and that the resulting assessment is too high.

Complainant's Requested Value: \$10,067,040

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

Mr. Ralph Berezan, on behalf of Berezan Management (Alta.) Ltd., stated that the assessment for the property on 2020 - 32 Ave. NE has increased from \$8,470,000 in 2010 to \$16,280,000 in 2011. The City has changed the use designation from warehouse to retail and the evaluation approach from sales to income. Mr. Berezan maintained that the subject property is more industrial warehouse than retail because many of the units face 19th St. The ones that face 32nd Ave. are retail. The property itself is zoned Direct Control.

The Complainant presented four assessment comparables from the same area as the subject, all of which were assessed at lower values per square foot than the subject property. One of the properties is directly across the Avenue from the subject and has a very similar number of square feet of rented space. This comparable property has also been assessed as commercial retail, at a value of \$108.46 per square foot as compared to the subject at \$145.64 per square foot. The remaining three properties on the list were industrial warehouses and significantly smaller than the subject property.

Mr. Berezan also presented the property rent roll. He indicated that suites A to M and T are retail, while N to S are warehouses.

Ms. Neal, on behalf of the Respondent, explained that the City assessors had recently attended the subject property, among other properties, and had determined the property designation should be commercial retail. Most of the area is now being used for retail purposes.

Ms. Neal also said that the comparable properties presented by the Complainant were not truly comparable. She presented inspection information for 2010 which showed that the buildings varied in area and in use from the subject building. The nearest comparable, which is across the road from the subject, is actually two buildings with a total area similar to the subject. It is classed as a C building.

Ms. Neal also explained how the Income Approach was used for the subject property and for the property at 2015 - 32 Ave. NE, which is the closest comparable. The C designation for the comparable allows it lower Market Net Rental Rates for specific Commercial Rental Unit Sizes than are used for the subject B- property.

No comparable sales or equity assessments were presented by the Respondent. The Complainant did not present any sales either. Further, the information presented by the Complainant did not strongly support a variation from the assessment classification allocated by the City.

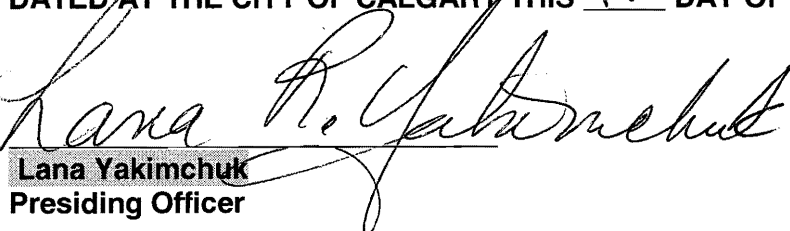
The Board found that the assessment increase for a property which had not changed from the previous year was extremely aggressive. However, this may reflect that the property had previously been underassessed, or that its rating is different from its neighbours. Neither party addressed these issues specifically.

Given that the property had recently been inspected by City assessors and its use and other details had been verified by them, and that no comparable sales or equity assessments had been presented to indicate that the current assessment is incorrect, the Board supports the assessment and the assessment classification as it stands.

Board's Decision:

The assessment of this non-residential commercial retail property is confirmed at \$16,280,000.

DATED AT THE CITY OF CALGARY THIS 19th DAY OF SEPTEMBER 2011.


Lana Yakimchuk
Presiding Officer

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

| NO. | ITEM |
|------------|------------------------|
| 1. C1 | Complainant Disclosure |
| 2. R1 | 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.*