

**COMPOSITE  
ASSESSMENT REVIEW BOARD  
DECISION WITH REASONS**

In the matter of the complaint against the property assessment as provided by the *Municipal Government Act*, (MGA) Chapter M-26, Section 460, Revised Statutes of Alberta 2000 (the Act).

**between:**

***The John Volken Foundation (as represented by Altus Group Ltd.), COMPLAINANT***

**and**

***The City Of Calgary, RESPONDENT***

**before:**

***C. J. Griffin, PRESIDING OFFICER***

***R. Deschaine, MEMBER***

***R. Roy, MEMBER***

This is a complaint to the *Composite Assessment Review Board* (CARB) 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:** 113004725

**LOCATION ADDRESS:** 7180 – 12 Street SE

**HEARING NUMBER:** 64413

**ASSESSMENT:** \$6,790,000.

This complaint was heard on 4<sup>th</sup> day of October, 2011 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 2.

Appeared on behalf of the Complainant:

- B. Neeson

Appeared on behalf of the Respondent:

- W. Ehler

**Property Description:**

According to the Assessment Summary Report (Exhibit C-1 pg. 14) the subject property is a free standing 30,726 Sq. Ft., owner occupied retail building that is assessed as being a 'B' Class Retail/Store – Big Box Store. The building, which was constructed in 1992, sits on a 1.38 acre site.

The property has been assessed through application of the Income Approach to Value (Exhibit C-1 pgs. 15 & 16) with a main floor rental rate of \$17/Sq. Ft. being applied. A vacancy rate of 1% is applied. Operating costs are allocated at \$7/Sq. Ft. and a non-recoverable allowance of 1% is also used. The Assessor has applied a capitalization rate of 7.50%.

**Issues:**

While there are a number of interrelated issues put forth on the Assessment Review Board Complaint form, the Complainant indicated at the Hearing that the issue to be considered by the CARB is reduced to:

1. The assessment of the subject property is not fair and equitable considering the assessed value and assessment classification of similar properties.

**Complainant's Requested Value:** \$4,780,000.

**Party Positions:****Complainant's Position**

The Complainant contends that the subject property is, for assessment purposes, a free standing retail/warehouse property; however, the Assessor has done away with that classification for this assessment year and has re-classified the property as being a "B" Class Jr. Big Box store. In the judgment of the Complainant the classification is incorrect and it should be classed as a "C" Class Jr. Big Box. If the property were to be re-classified as suggested by the Complainant the resulting in-puts for that classification, notably the \$12/Sq. Ft. assessed rental rate, would reduce the assessed value of the property to that requested by the Complainant. The Complainant made note of the fact that the subject property is utilized as a retail outlet for *United Furniture Warehouse*, a company well known for their "*No Frills, No Gimmicks*" and whose retailing philosophy centres around unadorned retail outlets in keeping with the aforementioned "No Frills" mantra.

In support of their contention the Complainant introduced (Exhibit C-1 pgs 20 – 27) photographs of the subject property, both exterior and interior, clearly showing essentially no interior finish, other than painted concrete floors and not even any windows in the exterior walls. The Complainant also provided (Exhibit C-1 pgs. 39 – 57) photographs and the Assessment Summary Reports for nine (9) properties all of which are deemed similar, in one way or another, to the subject and all of which have been classified with either a "C" or "C+" rating which is a lower classification than has been applied to the subject. The year of construction (YOC) for these properties varied from 1962 to 2003. Additionally, the Complainant brought forward (Exhibit C-1 pg. 36) eight (8) lease comparables in support of their requested \$12/Sq. Ft. rate. These comparables, which are located in every quadrant of the city, equate to spaces ranging from 14,560 Sq. Ft. to 37,920 Sq. Ft. with lease start dates between March 2007 and February 2010. The reported lease rates range from \$10.50/Sq. Ft. to \$14/Sq. Ft. and indicate a median

of \$13.25/Sq. Ft. The Complainant also introduced (Exhibit C-1 pg. 37) thirteen (13) equity comparables with assessed rental rates of \$12/Sq. Ft. These comparables are located in various parts of the city and the space in question ranges from 14,500 Sq. Ft. to 37,920 Sq. Ft. The Complainant suggested to the CARB that none of these properties would be finished to any lesser state than the subject property.

### **Respondent's Position**

The Assessor introduced (Exhibit R-1 pg. 38) eight (8) lease comparables which indicated a median of \$13.25/Sq. Ft. Additionally the Respondent introduced (Exhibit R-1 pg. 39) twelve (12) equity comparables, from various parts of the city, all of which have been assessed using a \$12/Sq. Ft. lease rate. The Respondent further introduced (Exhibit R-1 pgs. 46 – 51) a copy of a CARB Decision (2166-2011-P) which deals with an appeal of the assessment of a property located at 6999 -11 Street SE and which was, it was suggested, based upon similar evidence to that presented for this Hearing. In that Hearing the CARB upheld the assessed rental rate of \$17/Sq. Ft. for that "B" Class Jr. Big Box store. Additional lease comparables for the Jr. Big Box category (14,001 – 50,000 Sq. Ft.) were presented by the Respondent (Exhibit R-1 pg. 60) showing lease rates ranging from \$12.50/Sq. Ft. to \$30.91/Sq. Ft. and indicating a median of \$17/Sq. Ft. As further support for their position the Respondent also produced (Exhibit R-1 pgs. 61 & 62) some sixty-two (62) examples of Jr. Big Box stores that have been assessed using a rental rate of \$17/Sq. Ft.

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

The assessment is **reduced** to: **\$4,780,000.**

### **Decision Reasons:**

The CARB is of the judgment that, in this case, a picture is worth a thousand words. The photographs of the subject property (Exhibit C-1 pgs. 20 – 27) clearly show the lack of interior finish and, as previously stated, not even any windows in the exterior walls. It is obvious to the CARB, based on these photographs that this property has been classified incorrectly. Additionally, the CARB derived further support for reducing the classification, and thus the assessed rental rate, of the subject property by the Respondent's own evidence (Exhibit R-1 pgs. 38 & 39) which fully supports the Complainant's requested \$12/Sq. Ft. assessed rental rate.

DATED AT THE CITY OF CALGARY THIS 17 DAY OF October 2011.

  
C. J. Griffin,  
Presiding Officer

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

<b>NO.</b>	<b>ITEM</b>
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.*