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:

KACZ Holdings (as represented by Altus Group LTD.), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

T, Golden, PRESIDING OFFICER
K, Coolidge , MEMBER
A, Huskinson 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:	***113004220***
LOCATION ADDRESS:	***7290 11 ST SE***
FILE NUMBER:	***68463***
ASSESSMENT:	***$4,410,000.00***

This complaint was heard on 4 day of September, 2012 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 12.

Appeared on behalf of the Complainant:

- ***C. Fong***

Appeared on behalf of the Respondent:

- ***H. Yau***

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

The Respondent and Complainant both agreed that the evidence heard by the Board would also apply to files 68033 and 68159 as the situations are very similar.

Property Description:

[1] The subject property is a free standing retail store 20,550 square feet (sq ft) in size and categorized as a Big Box 14,001 sq ft to 40,000 sq ft. The retail use is located on 1 acre of land and was constructed in 1990. This structure is in an area of warehouses the have been converted to larger retail outlets consequently they exhibit a high site coverage and restricted parking for a retail use. An assessment was prepared using a rental rate of $17.00 per sq ft. In addition to the retail area a further 2425 sq ft of office space is assessed at a rental rate $ 15.00 per sq ft.

Issues:

[2] 1) Is the rental rate of $17.00 per sq ft for the retail area the appropriate rate to be used in the income approach?

[3] 2) Is the rental rate of $15.00 per sq ft for the office area the appropriate rate to be used in the income approach?

Complainant's Requested Value: $3,260,000.00

Board's Decision in Respect of Each Matter or Issue

[4] 1) $17.00 is not the appropriate rate to be used in the income approach, rather the requested rate of $12.50 should be used.

[5] The Complainant described the subject property as a converted warehouse building. As a warehouse structure the parking requirement was lower than would be required for a retail use. The lower parking requirement in part allowed more of the site to be used for a larger improvement on the lot and higher site coverage. When the building converted to a retail operation the parking provided became less than the land use bylaw requirement for retail uses

and therefore less parking is provided than is typical for big box retail sites. It is the Complainant's position that the lack of parking and land use bylaw restrictions place a downward pressure on the market value.

[6] In support of the requested value the Complainant presented 6 comparable market leases that have a mean lease value of $12.45 per sq ft. An additional comparable market lease had a post facto lease date and was not considered by the Board.

[7] The Respondent questioned the comparables presented by the Complainant noting that none of the comparables are "B" quality as is the subject. In support of the City lease rate the entire list of leases used to prepare the big box 14,000 sq ft to 40,000 sq ft lease rate of $17.00 was presented to the board. This list of 28 leases has a median of $17.00 per sq ft.

[8] In reviewing the list of the Respondent's market lease rates the Board noted a comparable at 7301 11 ST SW which is in close proximity to the subject. The Board found that the comparable exhibited superior characteristics including a more recent year of construction. Further many of the other leases presented were in superior locations to the subject property. These findings call into question the applied rate of $17.00 per sq ft. In determining a more appropriate rate the Board then reviewed the comparables provided by the Complainant. The comparable property at 1107 33 ST NE shown on pg. 72 of the Exhibit C-1 added further support to the requested value. Although larger than the subject it is a poorer quality which is reflected in an $11.00 per sq ft rental value

[9] The Board finds that the comparables provided by the complainant were most similar to the subject property based on location and condition of the improvements. The revised assessment is based on a lease rate of $12.50 per sq ft.

[10] 2) The rental rate of $15.00 per sq ft for the office area is the appropriate rate to be used in the income approach.

[11] The Complainant explained that the 2425 sq ft of assessable office area was second floor space. Seven second story office space lease rate comparables were presented to the Board in support of the request of a $12.00 per sq ft lease rate to be used in the income calculation.

[12] Six equity comparables were presented by the Respondent supporting the lease rate that in their opinion were more representative of subject office space.

[13] The Complainant's comparables were all part of mall complexes and not similar to the subject. Although there is a question of how strong the Respondent's comparables were they were the most compelling evidence before the Board and the Board finds that an adjustment to the assessment on the basis of the office rental rate is not necessary.

Board's Decision:

[14] The assessment is revised to $3,340,000.00.

DATED AT THE CITY OF CALGARY THIS 28th DAY OF September 2012.

Tom Holden

Presiding Officer

APPENDIX "A"

DOCUMENTS PRESENTED AT THE HEARING AND CONSIDERED BY THE BOARD:

NO.	ITEM
1. C1a,C1b,C1c,	Complainant Disclosure in three parts
2. C-2	Complainant's Requested 2012 Assessment Summary
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.

Appeal Type	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	Retail	Big box	Income	Market lease