

**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:

Linnell Taylor & Associates, COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

D. Trueman, PRESIDING OFFICER

R. Roy, MEMBER

B. Jerchel, 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(s): 201258316(exempt), and 044072502

LOCATION ADDRESS: 1837 20th Ave. NW.

HEARING NUMBER: 62585, 62584

ASSESSMENT: \$647,000, \$455,500

This complaint was heard on 28th day of June, 2011 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 11.

Appeared on behalf of the Complainant:

- *Joel Mayer*

Appeared on behalf of the Respondent:

- *Tina Neal*

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

There were no preliminary matters prior to this hearing.

Property Description:

The subject property consists of an office/retail building located in the North Central neighbourhood of Capitol Hill. The subject property contains 3970 ft.² in total and in 2002 was demised into 1640 ft.² of retail area and 2330 ft.² of office area. It was constructed in 1960, is of single-story design and has a quality rating of B for assessment purposes.

The office area is currently leased to a tenant who qualifies for "exempt" tax status.

Issues:

In order to decide this complaint the board must determine whether or not the subject property is properly classified as B quality or is it rather most comparable to C quality improvements.

Complainant's Requested Value: \$663,000 for both tax roll accounts. This is based on \$167 a square foot or \$389,110 for roll number 201258316 and \$273,880 for roll number 044072502..

Complainant's position:

The complainant argued that the subject property was located in an "inner-city neighbourhood" and that there is an abundance of similar older properties, which do not enjoy high profile location and appearance characteristics, and which are assessed by the city with a C quality rating. He said that such properties with office classifications are assessed in a range of from between roughly \$114 a square foot to roughly \$141 a square foot and such properties with retail classifications are assessed between \$92 a square foot and \$182 a square foot while his subject property is assessed at \$277 a square foot. He went on to say that there is an excellent comparable located at 209 19 St. NW, which is classified as retail - office and which has an assessment of \$167.07 per Sq. foot. He said that he thought reasonably this should form the basis for his subject assessment.

Respondent's position:

The respondent pointed out that the majority of the complainant's comparables contained

leasable area which was below grade, thus seriously discounting the blended rental rate achievable. In particular the complainant's best comparable cited in photograph on page 10 of exhibit C1 demonstrated such below grade area, nor did this comparable demonstrate the superiority of a corner location such as the subject. The respondent pointed to the City's income approach valuation on page 17 and 18 of their exhibit R-1 and in particular mentioned that the market net rental rate of \$23 per Sq. foot was used for all similar B class properties.

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

On questioning the Board learned that the parties agreed that the level at which a rental property can earn net rent was a good indicator of its quality and condition. On further questioning the parties were able to provide the panel with the information that the office tenant was paying a net rental rate of \$26 Dollars per Sq. foot on a lease which started in March of 2008. The retail tenant was paying a net rental rate of \$14.63 a square foot on a lease which started in January of 2005. The weighted average rent for the subject property was thus determined to be nearly \$21.30 per Sq. foot. Since the assessor was using \$23 per Sq. foot in her calculation and since the current leases were of a clearly dated nature the Board was not persuaded by the Complainant's argument that the subject property was of a quality which was less than that of other B quality properties.

Board's Decision:

The assessment for roll number 201258316 is confirmed at \$647,000 and the assessment for roll number 044072502 is confirmed at \$455,500.

DATED AT THE CITY OF CALGARY THIS 20 DAY OF July, 2011.


D. Trueman
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.*