

**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:

Core Ventures Inc. c/o Strategic Realty management Corp. (as represented by Altus Group Ltd), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

***F.W. Wesseling, PRESIDING OFFICER
R. Deschaine, MEMBER
R. Kodak, 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: 080007206

LOCATION ADDRESS: 1019 17 Ave SW

FILE NUMBER: 67050

ASSESSMENT: \$2,980,000.

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

Appeared on behalf of the Complainant:

- *D. Genereux*

Appeared on behalf of the Respondent:

- *L. Wong*

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

[1] No specific jurisdictional or procedural matters were raised during the course of the hearing, and the CARB proceeded to hear the merits of the complaint

Property Description:

[2] The property is located in lower Mount Royal area and is known as Shelbourne Place. The site contains 10,916 square feet on which a 2 storey building is located of 9,762 square feet. The building was constructed in 1947 and categorized class A2 retail mixed for assessment purposes. Under the City of Calgary Land Use Bylaw the property is designated "Commercial-Corridor 1".

Issues:

The Complainant raised the following matter in Section 4 of the Assessment Complaint form: Assessment amount.

Presentation of the Complainant and Respondent were limited to:

- Assessment market value is overstated in relation to comparable properties.
- Rental Rate
- Capitalization Rate.

Complainant's Requested Value: \$1,800,000.

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

[3] Complainant's Position: The issues raised with regard to the assessment are twofold. Firstly, the complainant wishes to make a case that the capitalization (cap.) rate applied in determining the assessment should be raised to 8.25% from 7.75%. The second issue is that the market net rental rate for the retail space in the building should be reduced from \$36 per square foot to \$21 per square foot.

[4] The basis for the Complainant's request for the cap rate increase is building classification. It is suggested that a more appropriate building classification for the subject property is class C with an added risk factor of 0.50% due to the age of the building. An

analysis was provided reviewing the hierarchical approach to the cap rates in the Downtown and the Beltline. No market or sales data was provided to support the cap rate change.

[5] In support of the change to the market net rental rate for the retail space in the subject property, three retail rental rate comparables were provided. These properties were all a class B category and were assessed at rental rate of \$21.

[6] Respondent's Position: A general background on the subject site was provided in terms of its orientation to 17th Avenue, mixed use component and its quality. An Assessment Request for Information (ARFI) dated May 11 2011 was provided, outlining current rental rates in place for the leases in the building.

[7] A review of the comparable retail rates provided by the Complainant, took the position that the 3 comparables are not very good equity comparables as they are not retail in nature and are not located along 17th Ave.

[8] With regard to the cap rate change requested by the Complainant it was outlined that the change requested was not based on market evidence or analysis.

[9] In Rebuttal the Complainant addressed the assessment practice of classifying property based on its actual rental rate.

Board's Decision:

[10] Upon reviewing the verbal and written evidence provided by the parties, the Board found that the Complainant failed to demonstrate that the assessment was in excess of market value. **The Board confirms the assessment at \$2,980,000.**

[11] Reasons:

- a. The Board found that to change an input to the income approach, an analysis should be presented. No such evidence was provided for the Board's consideration.
- b. The capitalization rate analysis presented by the Complainant was not comprehensive and lacked appropriate sales data.
- c. The Board found that the evidence provided to support retail rental rate change was not credible and comparable to the subject property.

DATED AT THE CITY OF CALGARY THIS 29th DAY OF August, 2012.


F Wesseling

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

NO.	ITEM
1. C1	Complainant Written Argument
2. C2	Rebuttal
3. R1	Assessment Brief
	Complainant Disclosure
	Complainant Disclosure
	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.*

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<i>Decision No.</i>		<i>Roll No.</i>		
<u>Subject</u>	<u>Type</u>	<u>Issue</u>	<u>Detail</u>	<u>Issue</u>
CARB	Office Building	Income Approach	Office Rental rate and Capitalization Rate	Equity and classification