

**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:

Balboa Land Investments Inc., *COMPLAINANT (as represented by Altus Group Limited)*

and

The City of Calgary, RESPONDENT

before:

J. Dawson, PRESIDING OFFICER

R. Roy, MEMBER

R. Deschaine, 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:	068082908
LOCATION ADDRESS:	102 – 8 Avenue SW
HEARING NUMBER:	63265
ASSESSMENT:	\$7,930,000

This complaint was heard on the 31st day of August, 2011 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:

- *S. Sweeney-Cooper* *Agent, Altus Group Limited*

Appeared on behalf of the Respondent:

- *E. Borisenko* Assessor, The City of Calgary

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

No objections on procedure or jurisdiction were raised.

Property Description:

The subject property is located in the downtown along Stephen Avenue Mall. The land consists of 13,179 square feet of assessable land and a two-storey, single-tenanted building with 31,442 square feet of a B- quality deemed built in 1971 with original construction around 1890 with a major renovation occurring in 2006. There are no parking spaces on-site. The Income Approach was utilized by the Respondent calculating; a Net Operating Income of \$577,809 using a *capitalization rate* of 7.0%, a 10.0% vacancy rate for above main floor and below main floor office space, a 5.0% vacancy rate for main floor office space, a 8% vacancy rate for storage space, *market rental rate* of \$15.00 per square foot for above main floor and below main floor office space, *market rental rate* of \$33.00 per square foot for main floor office space, and a *market rental rate* of \$6.00 per square foot for storage space. The result is a total current truncated assessment of \$7,930,000.

Issues:

The Complainant identified two matters in section 4 on the complaint form; 1) an assessment, and 2) an assessment class, as being incorrect. After reviewing the complaint form the Complainant confirmed there was the single matter of an assessment amount to be dealt with during this hearing. These are the relevant reasons for appeal found in the Complainant's summary of testimonial evidence;

- i. use of main floor as office space versus retail space, and
- ii. main floor *market rental rate* for office space.

Complainant's Requested Value: \$6,340,000 (complaint form)
\$5,230,000 (disclosure document and hearing)

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

Does the assessment of the subject property recognize the main floor use as office space and the correct rental rate as asserted by the Complainant?

The Board finds the assessment of the subject property is at market value and is correct, fair and equitable.

What seems to be the key issue in this hearing is; what is the use of the main floor space, and what is the correct *market rental rate* for the main floor office space?

The Complainant maintains that the main floor space of 11,292 square feet is office use versus the retail use as shown on the Respondent's Income Approach Valuation summary. The Respondent indicated the labels on the summary can be anything; retail, office space, etc. and what is important is the market value of the main floor space along Stephen Avenue Mall. The Respondent agreed to re-label the main floor space to office space but asserted the assessment is still correct. The Complainant indicated that the main floor space is no more valuable to the owner than the above and below main floor space which has been assessed at \$15 per square foot. The Respondent countered that along Stephen Avenue Mall main floor space is of a greater demand and their analysis supports the \$33 per square foot assessment. The Board found that the evidence supported a main floor *market rental rate* of \$33 per square foot regardless of the label attached.

Board's Decision:

After considering all the evidence and argument before the board, the complaint is denied, and the assessment is confirmed at \$7,930,000.

DATED AT THE CITY OF CALGARY THIS 29th DAY OF September 2011.


J. Dawson
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.*

Municipal Government Board use only: Decision Identifier Codes				
Appeal Type	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	Office	High Rise	Income Approach	Vacancy