



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:

CONDON PROPERTIES LTD., COMPLAINANT
(as represented by Assessment Advisory Group Inc.)

and

The City Of Calgary, RESPONDENT

before:

BOARD CHAIR: P. COLGATE
BOARD MEMBER: Y. NESRY
BOARD MEMBER: D. MORICE

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 2013 Assessment Roll as follows:

ROLL NUMBER: 066079906

LOCATION ADDRESS: 1609 14 STREET SW

FILE NUMBER: 71800

ASSESSMENT: \$3,020,000.00

This complaint was heard on 8th day of August, 2013 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, in Boardroom 2.

Appeared on behalf of the Complainant:

- *Doug Bowman, Assessment Advisory Group Inc.*

Appeared on behalf of the Respondent:

- *Kelly Gardiner, City of Calgary*

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

[1] The Board derives its authority to make this decision under Part 11 of the Municipal Government Act (the "Act"). The parties had no objections to the panel representing the Board as constituted to hear the matter.

Preliminary Matter:

[2] No preliminary matters were raised. Board proceeded with the merit hearing.

Property Description:

[3] The subject property, a 1965, C Quality office building, is located at 1609 14 Street SW in the community of Sunalta. The structure, situated on a 0.3 acre parcel, has an assessable area of 20,937 square feet, distributed as office retail space of 7,378 square feet, office space below grade of 1,012 square feet, office space southwest of 9,581 square feet and office storage space of 2,966 square feet. The property is assessed using the Income Approach to Valuation.

Issues:

[4] The Complainant stated there was one issue in the complaint:

1. Market rents should be reflective of the actual rental rates for the property.

Complainant's Requested Value: \$2,370,000.00

Board's Decision:

[5] Based on the Board's decision for the issue stated, the Board found insufficient evidence to support the changes requested by the Complainant.

[6] The Board confirms the assessment at **\$3,020,000.00**

Legislative Authority, Requirements and Considerations:

[7] In the interest of brevity, the Board will restrict its comments to those items the Board found relevant to the matters at hand. Furthermore, the Board's findings and decision reflect on the evidence presented and examined by the parties before the Board at the time of the hearing.

[8] Both the Complainant and the Respondent submitted background material in the form of aerial photographs, ground level photographs, site maps and City of Calgary Assessment Summary Reports and Income Approach Valuation Reports.

Position of the Parties

Issue: Rental Rates for the Property.

Complainant's Position:

[9] The Complainant argued the typical rental rates were higher than the actual rental rates in the subject property.

[10] The Complainant submitted the leases were gross leases. The Complainant stated in the submission that "Condon Properties does not charge an additional operating costs fee, so it is difficult to compare the gross rents reported with the rents assessed". The Complainant, in the submission, stated it had "averaged actual rents to achieve the values shown". (C1, Pg. 10)

[11] The Complainant submitted a rental table for the tenants occupying the structure, showing suite number, leased area, type of lease (gross, month-to-month) and annual rental rate per square foot. (C1, Pg. 11)

[12] The Complainant's analysis founded the requested rental rates:

Space Type	Rate Requested per Square Foot
SW Office - Retail	\$14.00
SW Office – Below Grade	\$4.65
SW Office	\$12.00
Office Storage	\$3.00

(C1, Pg. 10)

[13] The Complainant submitted a revised income approach, using the requested rental rates, to calculate a new assessment of \$2,373,885.00, truncated to \$2,370,000.00. (C1, Pg. 12)

Respondent's Position:

[14] The Respondent submitted the Assessment Request for Information (ARFI) for the subject property, which supported the gross lease rates as submitted by the Complainant. The Respondent noted the owner provided no operating cost information. (R1, Pg. 17-25)

[15] The Respondent submitted a table of the Beltline typical rental rates as determined through the analysis of the information, from the owners and managers, as provided on the ARFI returns:

SPACE TYPE	PERIOD OF ANALYSIS	STATISTICAL ANALYSIS	RATE PER SQUARE FOOT
BELTLINE C CLASS OFFICE	TOTAL 2011 & 2012	MEDIAN	\$14.06
		MEAN	\$14.57
		WEIGHTED AVERAGE	\$14.40
	LAST 3 MONTHS BEFORE VALUATION DATE	MEDIAN	\$14.25
		MEAN	\$15.21
		WEIGHTED AVERAGE	\$14.94
	CITY RENTAL RATE		\$14.00
BELTLINE OFFICE – BELOW GRADE	2010-2012	MEDIAN	\$8.00
		MEAN	\$8.44
		WEIGHTED MEAN	\$8.50
	CITY RENTAL RATE		\$8.00
BELTLINE RETAIL – CRU 1-5		MEDIAN	\$17.00
		MEAN	\$19.57
		WEIGHTED MEAN	\$21.19
	CITY RENTAL RATE		\$17.00

(R1, Pg. 28-31)

[16] The Respondent argued that based on the lack of supporting evidence for the requested rental rates and the operating costs the Complainant had not met the burden of proof to establish its case.

Board's Reasons for Decision:

[17] The Board was unable to duplicate all the requested rental rates provided by the Complainant. Using the averaging of the leases as submitted by the Complainant as the basis for the requested rental rates, the Board calculated the following for the space types:

Space Type	Rate Requested by Complainant per Square Foot	Averages of the Leases submitted by the Complainant	Current City of Calgary Rental Rates
SW Office - Retail	\$14.00	\$18.72	\$17.00
SW Office – Below Grade	\$4.65	\$11.83	\$8.00
SW Office	\$12.00	\$13.07	\$14.00
Office Storage	\$3.00	\$6.53	\$3.00

[18] The Board was provided with no calculations to support the Complainant's requested rental rates. In testimony, the Complainant suggested an allowance for operating costs may be considered, but no evidence was presented for the Board's consideration.

[19] The Board found the Complainant failed to provide market or equity comparables to

challenge the typical rental rates, applied by the City of Calgary, as incorrect for the Beltline 5 market area. During the hearing the Complainant raised no challenge to the City of Calgary evidence or the determination of the applied rental rates.

[20] The mandate for the determination of assessments, as set out by the Municipal Government Act and its regulations, states:

ALBERTA REGULATION 220/2004
Municipal Government Act
MATTERS RELATING TO ASSESSMENT AND TAXATION REGULATION

Part 1
Standards of Assessment
Mass appraisal

- 2** An assessment of property based on market value
- (a) must be prepared using mass appraisal,
 - (b) must be an estimate of the value of the fee simple estate in the property, and
 - (c) must reflect typical market conditions for properties similar to that property.

[21] The Complainant presented no evidence, either market or equity comparables, to show this property was not a typical C quality office building with a retail component. No evidence was submitted to show the building would not achieve the typical rents. In fact, the Complainant testified the owner choose to operate on month-by-month rentals with gross leases. No evidence was submitted to show why the lease rates were charged by the owner.

[22] The Board found the Complainant failed to provide any evidence to support the requested rental rates.

[23] For the reasons cited, the Decision of the Board was to confirm the assessment at **\$3,020,000.00**

DATED AT THE CITY OF CALGARY THIS 15 DAY OF August 2013.



PHILIP COLGATE
Presiding Officer

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

NO.	ITEM
1. C1	Complainant Submission
2. R1	Respondent Submission

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.*

FOR ADMINISTRATIVE USE

Subject	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	Retail	Strip Plaza	Income Approach	Market Rent

LEGISLATIVE REQUIREMENTS**MUNICIPAL GOVERNMENT ACT****Chapter M-26**

1(1)(n) "market value" means the amount that a property, as defined in section 284(1)(r), might be expected to realize if it is sold on the open market by a willing seller to a willing buyer;

Division 1**Preparation of Assessments****Preparing annual assessments**

285 Each municipality must prepare annually an assessment for each property in the municipality, except linear property and the property listed in section 298. RSA 2000 cM-26 s285;2002 c19 s2

289(2) Each assessment must reflect (a) the characteristics and physical condition of the property on December 31 of the year prior to the year in which a tax is imposed under Part 10 in respect of the property,

ALBERTA REGULATION 220/2004**Municipal Government Act****MATTERS RELATING TO ASSESSMENT AND TAXATION REGULATION**

1(f) "assessment year" means the year prior to the taxation year;

Part 1**Standards of Assessment****Mass appraisal**

2 An assessment of property based on market value

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- (c) must reflect typical market conditions for properties similar to that property.

Valuation date

3 Any assessment prepared in accordance with the Act must be an estimate of the value of a property on July 1 of the assessment year.