



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:

MONA LISA ARTISTS' MATERIALS LTD.

Complainant

and

THE CITY OF CALGARY

Respondent

before:

**T. Shandro, PRESIDING OFFICER
M. E. Bruton, BOARD MEMBER
I. Fraser, BOARD 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 2013 Assessment Roll as follows:

ROLL NUMBER:	067212399
LOCATION ADDRESS:	1516 – 7 Street SW, Calgary, Alberta
FILE NUMBER:	71960
ASSESSMENT:	\$2,240,000

This complaint was heard on the 15th day of July, 2013 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 10.

Appeared on behalf of the Complainant:

- D. Bowman, Agent, Assessment Advisory Group Inc.

Appeared on behalf of the Respondent:

- D. Lidgren, Assessor, The City of Calgary
- C. Chichak, Assessor, The City of Calgary

Procedural or Jurisdictional Matters

- [1] There were no procedural or jurisdictional matters to be decided.

Property Description

[2] The property which is the subject of the complaint is a Retail Mixed Use building constructed in 1987 and located at 1516 – 7 Street SW in the Beltline District. It is assessed as having 4,583 square feet ("SF"), on a parcel size of 7,880 SF. For assessment purposes it has been classified by the Respondent as a "B" quality. The exterior signage indicates that there is one tenant for the subject property, but the Complainant could not provide particulars.

[3] The property is located on the east-side of the street in the 1500 block on 7 Street SW. Because 16 Avenue and 17 Avenue SW are not parallel, that places the subject property within a block of 17 Avenue SW.

Issues

[4] In Section 4 of the Assessment Review Board Complaint form, filed March 4, 2013 (the "Complaint Form"), the following were marked:

- 1) Box 3, "an assessment amount"; and
- 2) Box 5, "an assessment subclass".

[5] At the hearing the Complainant advised that the latter was marked incorrectly and that this was not an issue for the Board to consider and withdrew any matter related to Box 5.

[6] In Exhibit C-1, the Complainant raised the following issue:

1. Is the quality of the subject property equitably assessed as B, and, if not, should the market rental rate used in the Income Approach be adjusted?

Complainant's Requested Value

[7] In the Complaint Form the Complainant requested the assessment be reduced to

\$1,250,000. At the hearing the Complainant amended the requested value to \$1,540,000.

Complainant's Position

[8] The Complainant submitted that the subject property was incorrectly assessed as being a "B" quality. The Complainant requested that the subject property be determined to have a "C" quality and submitted that the rental rate for the purpose of assessment decrease from \$30.00/SF to \$21.00/SF.

[9] The Complainant provided three equity comparables of buildings on 17 Avenue SW with a "C" quality and submitted that the subject property is similar enough to those properties that the assessment of the subject property should be amended accordingly.

[10] The Complainant further argued that the assessment which is the subject of this complaint is an increase of 117% "over 2012". It was disclosed at the hearing that the reason for the increase is related to the fact the assessment for the subject property was reduced last year by the Board. The decision of the Board was not provided by the Complainant.

[11] Upon questioning the Respondent, the Complainant submitted that the assessed quality and rental rate of the subject property should be decreased because the location of the subject property is not on 17 Avenue SW. The location, the Complainant submitted, is adequate but not comparable to the Respondent's comparables.

[12] The Complainant submitted that the area off of 17 Avenue SW on 7 Street SW suffers from a lack of clientele.

Respondent's Position

[13] The Respondent provided two lists of properties:

- 1) A list of three equity comparables located on 17 Avenue SW, all of which are assessed at \$30.00/SF [Exhibit R-1, pp. 7 and 8]; and
- 2) A list of four lease comparables of properties located on 17 Avenue SW, with a range of \$27.00/SF to \$39.00/SF, a mean rate of \$31.70/SF and a median rate of \$30.00/SF [R-1, p. 15].

[14] Upon questioning the Complainant, the Respondent noted that the comparables provided by the Complainant use a different capitalization rate than the subject property.

[15] The Respondent submitted that this demonstrated that the assessment of the subject property was fair and equitable.

Board's Reasons for Decision

[16] The Complainant provided no market evidence or lease analysis. There is also no evidence to confirm the assessment of the quality of the comparable properties. The Board has no information before it regarding whether these alleged comparables are representative of the market.

[17] The Complainant also provided no information regarding the current lease except to state that, in the Complainant's opinion, "it is unlikely a tenant would renew a lease in this building" for \$30.00/SF.

[18] The Board further notes that all of the Complainant's comparables are located on 17 Avenue SW, despite the Complainant's claim that the subject property's assessment should be decreased because the location of the subject property is not on 17 Avenue SW

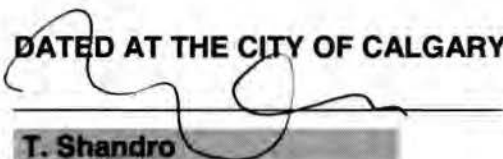
[19] As above, the Complainant submitted that the area off of 17 Avenue SW on 7 Street SW suffers from a lack of clientele. The Complainant however did not submit evidence to substantiate this assertion.

[20] When considering the information before the Board, more deference must be given to the comparables provided by the Respondent. The Complainant's comparables are distinguishable enough to have a different capitalization rate.

[21] The Complainant's evidence must also be weighed against a number of concerns the Board had with the Complainant's presentation and materials. It is one thing to not provide a rental analysis, but the Complainant also failed to provide any information regarding the current lease with the tenant. Nor was last year's decision of the Board provided.

[22] For these reasons, the Board is persuaded by the equity comparables and lease comparables presented by the Respondent. The Board therefore confirms the assessment of the subject property at \$2,240,000.

DATED AT THE CITY OF CALGARY THIS 16th DAY OF August 2013.


T. Shandro

Presiding Officer

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

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

At the hearing, the Complainant provided the Board and the Respondent with colour copies of some of the pages within C-1. The Respondent agreed that this was not new information and these documents were considered by the Board as a part of C-1.

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 Purposes Only

Property Type	Property Sub-Type	Issue	Sub-Issue
Retail	Stand alone	Income approach	Rental rate