



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:

***The Building Bloc Inc., as represented by the Assessment Advisory Group Inc. (AAG),
COMPLAINANT***

and

The City Of Calgary, RESPONDENT

before:

**T. B. Hudson, PRESIDING OFFICER
I. Fraser, BOARD MEMBER
R. Roy, 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: 067093005

LOCATION ADDRESS: 722 11 AV SW

FILE NUMBER: 73451

ASSESSMENT: \$5,840,000

This complaint was heard on the 10th day of October, 2013 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 9.

Appeared on behalf of the Complainant:

- D. Bowman

Appeared on behalf of the Respondent:

- K. Haut
- L. Wong

Procedural or Jurisdictional Matters:

[1] There were no procedural or jurisdictional matters raised by the Parties.

Property Description

[2] The subject property is a 0.30 acre parcel of land, and is improved with a low rise commercial B class office building constructed in the Beltline in 1914. The building includes 6,042 square feet (sf), of main floor retail space, and 10,472 sf of main floor office space. The building also includes 5,170 sf of retail space below grade, 614 sf of office space below grade, and 174 sf of storage.

[3] The property is assessed based on the capitalized income approach to a total of \$5,840,000.

Issues:

[4] The Complainant identified the assessed vacancy rate (i.e. 9.5%), the assessed capitalization (cap) rate (i.e. 5.25%), and the allocation of assessed space as the issues.

Complainant's Requested Value: \$4,800,000.

[5] Legislative Authority, Requirements and Considerations[4] The Composite Assessment Review Board(CARB), derives its authority from Part 11 of the Municipal Government Act (MGA) RSA 2000:

Section 460.1(2): Subject to section 460(11), a composite assessment review board has jurisdiction to hear complaints about any matter referred to in section 460(5) that is shown on an assessment notice for property other than property described in subsection (1)(a).

[6] For purposes of the hearing, the CARB will consider MGA Section 293(1):

In preparing the assessment, the assessor must, in a fair and equitable, manner,

- (a) apply the valuation and other standards set out in the regulations, and*
- (b) follow the procedures set out in the regulations.*

[7] The Matters Relating to Assessment and Taxation Regulation (MRAT) is the regulation referred to in MGA section 293(1)(b). The CARB consideration will be guided by MRAT Part 1 Standards of Assessment, Mass appraisal section 2:

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*

Complainant's Position

[8] The Complainant submitted CARB 70517/P-2013, (Exhibit C1 pages 31-38), an assessment complaint decision on a similar property located close to the subject in the Beltline, at 550 11 AV SW.

[9] The decision increased the vacancy rate valuation factor for the office space to 11% from 9.5%; and also increased the cap rate from 5.25 % to 6.25%. for the similar property.

[10] The Complainant also submitted a capitalized income approach calculation (Exhibit C1 page 28), that incorporates the requested changes to vacancy and cap rate, and also included changes to the assessed space allocation, based on the rent roll (Exhibit C1 pages 30 and 31) for the subject property. The calculation resulted in the requested reduction in the assessment to \$4,800,000 (rounded).

[11] The Complainant advised their changes to assessed space allocation are under review by the Respondent, but the results are not yet known.

Respondent's Position

[12] The Respondent advised that they had completed the review of the assessed space allocation for the subject property, and were prepared to recommend corrections as follows:

- Reduce retail space below grade to 4,681 sf, from 5,170 sf
- Reduce office space below grade to 0 sf, from 614 sf
- Increase storage space to 1,277 sf from 174 sf

[13] The Respondent further advised that based on just the corrections to the assessed space allocation, they were prepared to recommend a reduction in the assessment of the subject property to \$5,720,000 (rounded).

[14] The Respondent argued that the Complainant had failed to submit any market evidence to support their requested changes to the vacancy rate or cap rate applied in the assessment of the subject property.

[15] Following questioning by the Board, the Complainant agreed to accept the Respondent's recommended reduction in the assessment, and to withdraw their requested changes to the vacancy rate and cap rate.

Board Decision

[16] The assessment of the subject property is reduced to \$5,720,000 based on the mutual consent of the Parties.

DATED AT THE CITY OF CALGARY THIS 5th DAY OF November 2013.



T. B. Hudson

Presiding Officer

**DOCUMENTS PRESENTED AT THE HEARING
AND CONSIDERED BY THE BOARD:**

1. C1 Complainant Disclosure
2. R1 Respondent Disclosure

Any of the following may appeal the decision of an assessment review board:

- 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*

- For MGB Administrative Use Only**

Decision No. 73451P-2013		Roll No.067093005		
<u>Subject</u>	<u>Type</u>	<u>Sub-Type</u>	<u>Issues</u>	<u>Sub-Issues</u>
CARB	Commercial	Retail/office	Market value/ equity	Vacancy, Cap and Space Allocation