



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:

***1510 Kensington Rd. Management Ltd. (as represented by Altus Group Limited),
COMPLAINANT***

and

The City Of Calgary, RESPONDENT

before:

***M. Axworthy, PRESIDING OFFICER
B. Bickford, BOARD MEMBER
P. McKenna, 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 2014 Assessment Roll as follows:

ROLL NUMBER: 059159905

LOCATION ADDRESS: 1510 Kensington RD NW

FILE NUMBER: 74411

ASSESSMENT: \$1,870,000

This complaint was heard on 5 day of August, 2014 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:

- *K. Fong, Agent*

Appeared on behalf of the Respondent:

- *S. Bazin, Assessor*
- *T. Neal, Assessor*

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

- [1] No procedural or jurisdictional matters were raised.

Property Description:

- [2] The subject property is an 8,486 square foot (SF), two storey suburban office building with 4,243 SF of retail space and 4,243 SF of office space, located in the community of Hillhurst. The subject was constructed in 1922 and substantially renovated in 1952 and is classified as "B" quality, with a Subproperty use code of CS0302 Suburban Offices. It is assessed using the Income Approach to value with rental rates of \$16.00 and \$19.00 per SF, a vacancy rate of 6.00% and a cap rate of 7.00%.

Issue:

- [3] While a number of issues were identified on the Complaint Form, the only issue argued at the hearing was that the office space should be assessed at the Below Grade rate of \$10.00 per SF.

Complainant's Requested Value: \$1,530,000

Board's Decision:

- [4] The Board confirmed the assessment.

Legislative Authority, Requirements and Considerations:

- [5] Under the Act Section 460.1(2) and 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

460.1 (1)(a).

[6] The Board will limit its comments to the relevant facts pertaining to this case and materials which led to the decision.

Position of the Parties

Complainant's Position:

[7] The Complainant provided photographs of the subject indicating that the office space is below grade and should be assessed at the Below Grade rate of \$10.00 per SF [C1. P18, 19].

[8] The Complainant provided a copy of the 2012 ARFI indicating that the net rents for the below grade space in the subject ranged from \$3.50- \$7.50 per SF [C1. P, 26] and advised the Board that it did not have a copy of the 2013 ARFI.

[9] The Complainant provided copies of the Income Approach to Valuation for two comparable properties in the Kensington area with below grade space, stating that portions of the comparables were assessed at the below grade rate of \$10.00 per SF.

[10] The Complainant acknowledged that there had been a sale of the subject property in 2013 but that the purchase price included different income from the assessment as the revenue from parking was not included and therefore the ASR calculated by the Respondent was incorrect.

Respondent's Position:

[11] The Respondent stated that the office space is partially below grade, with large windows and should not receive the below grade rate.

[12] The Respondent stated that at the time of sale, a new ARFI was requested but that it had not been received.

[13] The Respondent provided a photograph of one of the comparables used by the Complainant (1127 Kensington RD NW) noting that the space was completely below grade and had very small windows [C1, p. 32]

[14] The Respondent provided a copy of a RealNet report showing that the property had sold in May of 2013 for \$2,250,000, above the assessed value of \$1,870,000.

[15] The Respondent indicated that the assessed value of \$1,870,000 had an ASR of .83 and the Complainant's requested assessment had an ASR of .68 which would grossly undervalue the property.

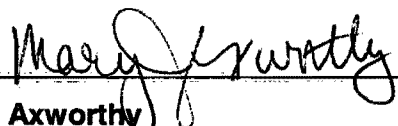
[16] In response to questioning about the issue of the income from parking, the Respondent stated that the Assessment Business Unit (ABU) did not include the income from surface parking in determining assessed values for suburban offices.

Board's Reasons for Decision:

[17] The Board finds that while the office space is "below grade", the recent sale of the subject property in May of 2013 for \$2,250,000. supports the current assessment of \$1,870,000.

[18] The assessment is confirmed at \$1,870,000.

DATED AT THE CITY OF CALGARY THIS 18 DAY OF August 2014.


M. Axworthy
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.*

For Administrative Use Only

Municipal Government Board use only: Decision Identifier Codes				
Appeal Type	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	Office	Suburban office	Rental rate	Office below grade