



## **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:

***William-Arnold Holdings Ltd., (as represented by Assessment Advisory Group Inc.),  
COMPLAINANT***

and

***The City Of Calgary, RESPONDENT***

before:

***Board Chair, T. Hudson PRESIDING OFFICER  
BOARD MEMBER, B. Bickford  
BOARD MEMBER, P. Loh***

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: 067188003**

**LOCATION ADDRESS: 818 16 AV SW**

**FILE NUMBER: 74809**

**ASSESSMENT: \$2,800,000**

This complaint was heard on the 11th day of June, 2014 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:

- *Mr. S. Cobb, Agent, Assessment Advisory Group Inc.*

Appeared on behalf of the Respondent:

- *Mr. C. Fox, Assessor, City of Calgary*
- *Mr. K. Mulenga, Assessor, City of Calgary*

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

[1] There were no procedural or jurisdictional matters in dispute between the Parties.

[2] The Parties requested and the Board agreed to reference the evidence and argument submitted during the course of the hearing with respect to Complaint File # 74808, in deciding the outcome for this Complaint (i.e. #74809).

**Property Description:**

[3] The subject property is a 0.10 acre parcel of commercial land located at 818 16 AV SW in the BL6 area of the Beltline community. The land is improved with a restaurant, including 3,539 square feet (sf.), of net rentable area.

[4] The property is currently assessed based on capitalized income.

[5] Details of the assessment include "A2" class quality restaurant space at \$49.00 per square foot (psf.). Typical vacancy allowance is 8%, resulting in a vacant space shortfall expense allowance of \$3,397. A \$1,595 non-recoverable expense allowance is also provided.

[6] The resulting Net Operating Income (NOI) of \$154,545 is capitalized at a rate of 5.50 %, yielding a total assessed value of \$2,809,909 rounded to \$2,800,000.

**Issue:**

**Assessed Rental Rate**

[7] The Complainant contends that the "A2" quality restaurant space rental rate of \$49.00 psf. should be reduced to a rate of \$40.50 psf.

**Complainant Requested Value: \$2,310,000(rounded).**

**Board's Decision:**

[8] The assessment of the subject property is confirmed at **\$2,800,000(rounded)**.

**Legislative Authority, Requirements and Considerations:**

[9] 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).*

[10] 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.*

[11] 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:

*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.*

**Position of the Parties**

**Complainant**

[12] The Complainant submitted that the subject property assessment is inequitable compared with similar properties in the area. The assessment of the property at 835 17<sup>th</sup> AV SW was submitted in support of the request to reduce the assessed rent rate for the subject's restaurant space to \$40.50 psf. (Exhibit C1 pages 63-66).

[13] The reduced rate is justified because of relatively large size the subject property, and the inferior location on 16<sup>th</sup> AV SW.

[14] The 2013 assessed rental rate for this same space was \$32.00 psf. Therefore, the 2014 assessment is 58% higher than the 2013 assessment.

[15] The 2011 ARFI submitted by the property owner indicates that the subject property was leased in September of 2011 for a ten year term by the current restaurant, at a rent rate of \$36.00 psf. (Exhibit C1 Page 29). The balance of the ARFI evidence reports that the lease includes an annual step up increase of \$1.00 psf., at least through 2014. (Exhibit C1 page 21).

**Respondent**

[16] The Respondent confirmed that the subject property was classified and assessed in 2013 as an "A2" quality retail space at a typical rent rate of \$32.00 psf. This was an error, and it has been corrected for 2014.

[17] The Respondent advised that the subject is now classified and assessed as an "A2" quality restaurant at a typical rent rate of \$49 psf.

[18] The Respondent submitted the 2014 AA-A2 Beltline Restaurant/Fastfood Lease Analysis: BL6-BL7-FS1 (<6,000 sf.), in support of the \$49.00 psf. assessed rate.

[19] The subject and fifteen other restaurant leases are included in the analysis. The actual lease rates range from a low of \$35.00 psf. to a high of \$67.00. The assessed rate represents the median of the range.

[20] Both the subject and the comparable property identified by the Complainant have been equitably assessed at \$49.00 psf. for restaurant space.

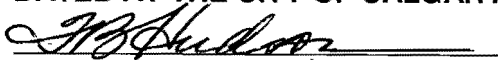
**Board's Reasons for Decision:**

[21] The Complainant did not provide sufficient evidence to support the requested reduction to the assessed rent rate for the restaurant space in the subject property.

[22] The current lease rate of \$38.00 psf. in the subject reflects the low end of the range of the fifteen restaurant lease rates analyzed by the Respondent for 2014. The subject lease is the largest in size, and one of three that are not located on 17<sup>th</sup> AV SW, which may be contributing factors.

[23] However, there is not sufficient market evidence to prove that the current assessed value of the subject property is incorrect, and/or inequitable.

DATED AT THE CITY OF CALGARY THIS 9<sup>th</sup> DAY OF July 2014.



T. B. Hudson

Presiding Officer

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

<b>NO.</b>	<b>ITEM</b>
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 MGB Administrative Use Only**

<i>Decision No. 74809P-2014</i>			<i>Roll No 067188003</i>	
<u>Subject</u>	<u>Type</u>	<u>Sub-Type</u>	<u>Issue</u>	<u>Sub-Issue</u>
CARB	Retail	Stand Alone Restaurant	Market Value and Equity	Class, Rent