



## **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 Artist's Materials 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: 067212399**

**LOCATION ADDRESS: 1516 7 ST SW**

**FILE NUMBER: 74847**

**ASSESSMENT: \$2,570,000**

This complaint was heard on the 12th day of June, 2014 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Board room 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.

**Property Description:**

[2] The subject property is a 0.18 acre parcel of commercial land located at 1516 7 ST SW in the BL6 area of the Beltline community. The land is improved with a mixed use retail/office building, including 4,583 square feet (sf.), of net rentable area.

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

[4] Details of the assessment include 4,583 sf. of "B" class quality main floor retail space at \$35.00 per square foot (psf.). Typical vacancy allowance is 8% for the retail space, resulting in vacant space shortfall expense allowance of \$4,400. A \$1,476 non-recoverable expense allowance is also provided.

[5] The resulting Net Operating Income (NOI) of \$141,697 is capitalized at a rate of 5.50 %, yielding a total assessed value of \$2,576,309 rounded to \$2,570,000.

**Issues:**

**Quality Class and Assessed Rental Rate**

[6] The Complainant pointed to the Property Assessment Detail Report published on the City of Calgary website, which indicates that the subject property is classified as "B" quality, (Exhibit C1 page 6).

[7] The Complainant contends that the assessed rental rate of \$35.00 psf. should be reduced to \$20.00 psf.

**Complainant Requested Value: Revised to \$1,660,000 from \$1,426,000, (rounded).\***

**\*NOTE:** The revised requested value amount was calculated based on a single adjustment to the assessed rent rate suggested by the Complainant, to \$23.00 from \$20.00 psf. All of the other capitalized income value factors used in the current assessment calculation remain unchanged.

**Board's Decision:**

[8] The assessment of the subject property is reduced to **\$1,660,000 (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**

**Quality Class and Assessed Rental Rate**

[12] The Complainant submitted that the subject property assessment is inequitable when compared with similar commercial properties in the area.

[13] The Complainant's original request was to reduce the subject's assessed rent rate to \$20.00 psf. based on its inferior location off 17 AV SW, and the actual lease rates being achieved.

[14] During the course of the hearing the Complainant revised the requested reduction in the assessed rent rate to \$23.00 psf., which is the typical assessed rent rate for "C" quality mixed use retail properties in the BL6 area of the Beltline.

[15] Seven assessment equity comparable properties and the 2012 through 2014 Assessment Request for Information (ARFI) reports for the subject were submitted in support of the request. (Exhibit C1 pages 10-32).

[16] One of the comparable properties is located next door to the subject at 1518 7 ST SW, and is assessed as "C" quality. The Complainant suggested that this fact is the best evidence of the inequity of the subject property's assessment.

### **Respondent**

#### **Quality Class and Assessed Rental Rate**

[17] The Respondent advised that a significant contributing factor in determining retail stratification and quality classification is location.

[18] The Respondent argued that the subject is located in the heart of the 17 AV retail zone, even though it is not located 17 AV SW.

[19] The Respondent supported their argument with photographs, and a brochure which includes the subject property as a participant in the 17 Avenue Retail Entertainment District.

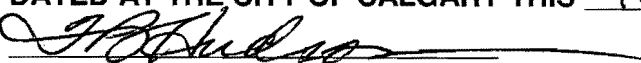
[20] The Respondent also suggested that the only properties submitted by the Complainant as assessment equity comparables that are similar to the subject property, are those located at 724 17 AV SW and 720 17 AV SW, and assessed as "B" class quality retail space at \$35.00 psf.

#### **Board's Reasons for Decision:**

[21] The Complainant provided sufficient evidence based on the actual retail lease rates of \$20 psf. being achieved in the subject, and the current assessment of the next door property, to convince the Board that an adjustment to the quality class to "C" from "B", and the assessed rent rate to \$23.00 from \$35.00 psf. is both fair and equitable.

[22] The Board was not convinced by the Respondent that the location of the subject was equivalent to those properties located on 17 AV SW, and assessed at \$35.00 psf.

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. 74847P-2014</i>			<i>Roll No 067212399</i>	
<u>Subject</u>	<u>Type</u>	<u>Sub-Type</u>	<u>Issue</u>	<u>Sub-Issue</u>
CARB	Retail/Office	Stand Alone	Market Value and Equity	Class and Rent Rate