



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: 067212209

LOCATION ADDRESS: 1518 7 ST SW

FILE NUMBER: 74848

ASSESSMENT: \$1,960,000

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.

[2] Both parties requested and the Board agreed to reference the evidence and argument submitted with respect to complaint files #74847 and file #74808 in considering a decision on this complaint, (i.e. file #74848).

Property Description:

[3] The subject property is a 0.09 acre parcel of commercial land located at 1518 7 ST SW in the BL6 area of the Beltline community. The land is improved with a two storey mixed use retail/office building, including 9,337 square feet (sf.), of net rentable area.

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

[5] Details of the assessment include 2,849 sf. of "C" class quality main floor retail space at \$23.00 per square foot (psf.), 3,639 sf. of office space at \$15.00 psf., and 2,849 sf. of storage at \$5.50 psf. Typical vacancy allowance is 8% for the retail and storage space, and 17% for the office space resulting in a vacant space shortfall expense allowance of \$10,973. A \$1,200 non-recoverable expense allowance is also provided.

[6] The resulting Net Operating Income (NOI) of \$107,834 is capitalized at a rate of 5.50 %, yielding a total assessed value of \$1,960,618 rounded to \$1,960,000.

Issues:

Assessed Rental Rates

[7] The Complainant contends that the assessed retail rental rate of \$23.00 psf. should be reduced to \$20.00 psf., and the assessed office rental rate of \$15.00 psf. should be reduced to \$11.00 psf.

Complainant Requested Value: \$1,700,000(rounded).

Board's Decision:

[8] The assessment of the subject property is confirmed at **\$1,960,000 (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 neither fair or equitable when compared with other "C" quality commercial properties in superior locations in the area.

[13] The Complainant's request is to reduce the subject's assessed retail rent rate to \$20.00 psf. and assessed office rent rate to \$11.00 psf., based on its inferior location off 17 AV SW, and the actual lease rates being achieved.

[14] Four 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 13-35).

Respondent

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

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

[17] 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.

[18] The Respondent also noted that the Complainant had submitted only the actual rental rates from the subject, with no other market evidence to support the requested rental rate reductions for either the retail or office space in the subject.


[19] The Respondent did submit market evidence in support of the current assessed rental rates for both "B" and "C" class offices, and "C" class retail space, in the BL6-7, and FS1 sub-markets, (Exhibit R1, pages 38, 39, and 41).

Board's Reasons for Decision:

[20] The Complainant provided the actual rental rates for the subject property, but no additional market evidence in support of the reduced assessed rental rates requested.

[21] The Respondent provided sufficient market evidence to convince the Board that the subject property's assessed rental rates, and the current assessment are fair and equitable.

DATED AT THE CITY OF CALGARY THIS 9th DAY OF July 2014.



T. B. Hudson

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.*

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<i>Decision No. 74848P-2014</i>			<i>Roll No 067212209</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	Rent Rates