



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:

Moumos Holdings Ltd. (as represented by Altus Group), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

***Board Chair, J. Zezulka
Board Member, P. Pask
Board Member, J. Lam***

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:	067204206	067226902
LOCATION ADDRESS:	1314 - 17 Avenue SW	1312 - 17 Avenue SW
FILE NUMBER:	76062	76065
ASSESSMENT:	\$3,020,000	\$2,580,000

This complaint was heard on the 15th day of July, 2014 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 1.

Appeared on behalf of the Complainant:

- K. Fong, Agent, Altus Group
- A. Izard, Agent, Altus Group

Appeared on behalf of the Respondent:

- H. Yau, Assessor, City of Calgary

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

[1] At the request of the parties, the complaints for the properties were held simultaneously.

Property Description:

(2) The two properties are adjoining buildings located in the western portion of the Beltline district of SW Calgary. The two properties are described as follows;

<u>Address</u>	<u>Assessed bldg area.</u>	<u>Tenants</u>	<u>Year Built</u>	<u>Quality</u>
File 76062				
1312 - 17 Avenue	5,000 s.f	LP Food Store	1971	C
1312 - 17 Avenue	3,561 s.f.	Olympic Billiards		
File 76065				
1314 - 17 Avenue	3,000 s.f.	Khao San Thai restaurant	1949	B
1314 - 17 Avenue	1,400 s.f.	Gloss salon & Spa		
1314 - 17 Avenue	1,400 s.f.,	retail below grade		

Issues

(3) Both properties are assessed using the income approach. The Complainant does not dispute the method of valuation. However, the City changed the classification of 1314 - 17 Avenue from C class to class B for the 2014 assessment. It is the Complainant's position that both properties are the same, and that the classification of 1314 - 17 Avenue should have remained as a C quality building. That would reduce the income inputs utilized and subsequently reduce the assessment.

Complainant's Requested Value: 1312 - 17 Avenue; \$2,580,000 (the existing assessment)
1314 - 17 Avenue; \$1,940,000

Board's Decision:

- (4) The assessment for roll number 067226902 is confirmed.
The assessment for roll number 067204206 is reduced to \$1,940,000.

Legislative Authority, Requirements and Considerations:

- (5) This Board derives its authority from section 460.1(2) of the Act.
- (6) Section 2 of Alberta Regulation 220/2004, being the Matters Relating to Assessment and Taxation Regulation (MRAT), states as follows;
"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" .
- (7) Section 467(3) of the Act states;
"An assessment review board must not alter any assessment that is fair and equitable, taking into consideration
(c) the assessments of similar property or businesses in the same municipality."
- (8) For purposes of this Complaint, there are no extraneous requirements or factors that require consideration.
- (9) The Board notes that the total assessment for the two properties has increased from \$4,130,000 in 2013, to \$5,600,000 in 2014.

Position/Evidence of the Parties

- (10) Based on the evidence presented, it appears as though both buildings were classified as class C up until the 2013 assessment year. The building at 1314 - 17 Avenue was reclassified for the current year's assessment.
- (11) The reason given for the reclassification was given by the Assessor as a "feeling" derived after a general re-inspection of a number of Beltline properties along 17 Avenue.
- (12) Both parties agreed that the restaurant had extensive interior renovations carried out during the past year or so. These renovations are typical cosmetic upgrades carried out by the tenant.
- (13) The current rents being applied to class B restaurant and retail space in the Beltline were supplied at \$40.00 and \$35.00 per s.f. respectively. For class C space, the typical rents for the same space categories are \$24.00 and \$23.00 per s.f. respectively. The latter are the rates being requested by the Complainant.
- (14) The Assessment Request for Information (ARFI) submitted for the subject property (pages 26 to 28 of C-1) shows that the current rents in the building in question are \$26.00 per s.f. for the Gloss Salon and Spa, and \$24.00 per s.f. for the restaurant. According to the Complainant, those rents are gross rates and include approximately \$12.00 per s.f. in operating costs. That assertion was not disputed by the Respondent. At the same time, the Board finds that the "net" rent levels after operating costs are so low as to cast question on the varacity of

the amounts.

Findings and Reasons for Decision:

(15) The rents being generated by the restaurant and spa in the subject building are more indicative of a C class property rather than a B class building.

(16) As far as the evidence is concerned, nothing physical except for cosmetic renovations in the restaurant has happened in the subject building. There is no evidence of any structural or mechanical changes. The location is still the same. There is no additional parking. Except for the sign on the restaurant, the exterior is unchanged.

(16) The Board is not convinced that a "feeling" derived from an inspection is in itself an adequate reason for changing a building class. The City maintains a list of criteria that supposedly enter into any decision involving a building's classification, or reclassification for assessment purposes. None of those criteria were entered into evidence.

(17) Based on the evidence submitted, the Board confirms the assessment on roll number 067226902, and reduces the assessment on roll number 067204206 to correspond to the typical inputs used by the city for C class retail and restaurant space.

DATED AT THE CITY OF CALGARY THIS 25th **DAY OF** July, 2014.

Presiding Officer



Jerry Zezulka

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.*

CARB Identifier Codes

Decision No. CARB 76062P/2014			Roll No. 201420171	
CARB 76065P/2014				
<u>Subject</u>	<u>Type</u>	<u>Issue</u>	<u>Detail</u>	<u>Issue</u>
CARB	Retail office	Market Value	Income Approach	Classification

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