

**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:

Mount Royal Properties Ltd., (as represented by Altus Group), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

C. McEwen, PRESIDING OFFICER

J. Rankin, MEMBER

J. Pratt, 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 2011 Assessment Roll as follows:

ROLL NUMBER: 067188201

LOCATION ADDRESS: 880 16 AVE SW

HEARING NUMBER: 63463

ASSESSMENT: \$19,720,000

This complaint was heard on the 28th day of September, 2011 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, AB, Boardroom 11.

Appeared on behalf of the Complainant:

- G. Kerslake

Appeared on behalf of the Respondent:

- J. Toogood

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

There were no procedural or jurisdictional matters raised by either party.

Property Description:

The subject property, known as Mount Royal Village, is a 94,026 square foot, six storey retail/office building located in the Beltline district of SW Calgary. The subject improvement, constructed in 1978, is classified as A2 for assessment purposes and is assessed using the Income Approach to Value.

Issues:

Is the subject property assessed higher than market value and is the assessment, therefore, inequitable to comparable properties? Specifically,

- Is the subject property classified correctly for assessment purposes?
- Is the area apportionment between retail and office correct?
- Is the assessed rental rate for office and retail correct?
- Is the assessed vacancy allowance for office and retail correct?
- Is the assessed capitalization rate for office and retail correct?

Complainant's Requested Value:

\$12,920,000

Board's Findings and Reasons in Respect of Each Matter or Issue:

The Board confirms the subject assessment for the following reasons:

- The Complainant argued that 5,329 square feet of vacant space on the main floor should be assessed as office space. The Complainant provided a floor plan of the subject property's main floor (C1, page 18) to demonstrate the less than desirable location of this space relative to the remainder of the subject's main floor space which, for the most part, faces onto either 8th STREET SW or 16th AVENUE SW. The vacant space, by comparison, looks over the back alley onto the brick facade of the adjacent building. The Complainant argued that the vacant space had a history of chronic vacancy because of location and would be more suitably classified as office

space. The last tenant, now vacated, is the owner of the subject property, and used the space for office and sales/marketing purposes. Further, the Complainant provided **CARB 1830/2010-P** (C1, pages 37-41), a decision which found the vacant space to be more appropriately classified as office space:

With respect to the main floor space occupied by the real estate company ("Procura"), the Board finds that, as of December 31st, 2009, the characteristics, physical condition, and actual use of the space were office space and its prospects, in light of a history of unsuccessful retail attempts, would likely remain as office space and therefore the correct assessment of the space is as office, not retail.

The Respondent argued that, **regardless of use**, the city classifies the subject's main floor space as retail for assessment purposes. The Respondent further explained that whether such space is used for retail or office, the assessment model assesses all such space as retail.

As the Complainant did not either challenge the Respondent's assessment methodology or provide any evidence of comparable main floor spaces classified and assessed as anything other than retail, the Board accepts that the vacant space located on the main floor of the subject property is correctly classified and assessed as retail.

- The remaining issues are related to the equity argument advanced by the Complainant. The Complainant provided a Similar and Comparable Building Analysis chart that compared the subject property to five Beltline properties of similar size, age and location. The Complainant argued that although the six buildings were comparable, the subject property was assessed using different rent, vacancy and capitalization rates than the five comparables. The Complainant requested that equity be restored between these buildings by applying the comparable rates to the subject property. The Complainant further argued that **CARB 1830/2010-P** found the assessment of the subject property inequitable to the same comparables and restored equity by applying the comparable rates to the subject assessment. The Complainant asked the Board to do the same.

The Respondent argued that the characteristics of the Complainant's comparables, although sharing some similarities with the subject property, differed from the subject in two material ways: quality and predominant use. The Respondent provided Assessment Summary Reports for the subject and Complainant's comparables (R1, pages 17, 49, 53, 57, 61 and 64) which indicated that whereas the subject property was classified as A2 for assessment purposes, the comparables had a B quality rating. In addition, because the basement, main floor and second floor were classified as retail and represented ~70% of the subject's assessable area (R1, page 28), there was also a difference in the predominant use classification between the properties. The subject was classified and assessed as retail/office whereas all of the comparables, because the majority of their assessable area was leased as office space, were classified as office/retail. The Respondent explained that the difference in predominant use between the subject and comparable properties made a significant difference in the resulting assessments as a different assessment model was used to assess them.

The Respondent also argued that the difference in quality characteristics between the subject and Complainant's comparables rendered the comparables too dissimilar to the subject for valid comparison purposes.

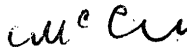
- The Board notes that while **CARB 1830/2010-P** found the subject property to be a B quality building for assessment purposes, there is no evidence before it to arrive at a similar conclusion. The Board also notes that **CARB 1830/2010-P** makes no reference to predominant use.

In summary, the Board accepts the Respondent's argument regarding the dissimilarity of the Complainant's comparable properties to the subject. There is no evidence before the Board challenging either the quality characteristics of the buildings or the predominant use classifications that drive the resulting assessments. Without such evidence, the Board finds the subject assessment fair and equitable.

Board's Decision:

The subject assessment is confirmed at \$19,720,000.

DATED AT THE CITY OF CALGARY THIS 17th DAY OF OCTOBER 2011.



C. McEwen
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

Subject	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	Retail/Office	Low Rise	Income Approach	Improvement Calculation