

**CALGARY
ASSESSMENT REVIEW BOARD
DECISION WITH REASONS**

In the matter of the complaint against the Property/Business assessment as provided by the *Municipal Government Act*, Chapter M-26.1, Section 460(4).

between:

Altus Group Ltd. COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

***Board Chair, T Golden
Board Member R Deschaine
Board Member R Glenn***

This is a complaint to the Calgary Assessment Review Board in respect of Property/Business assessment prepared by the Assessor of The City of Calgary and entered in the 2010 Assessment Roll as follows:

ROLL NUMBER:	046199006
LOCATION ADDRESS:	510 16 Ave NE
HEARING NUMBER:	59760
ASSESSMENT:	\$7,390,000.00

This complaint was heard on 23 day of July, 2010 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 12.

Appeared on behalf of the Complainant:

- D. Chabot

Appeared on behalf of the Respondent:

- K. Moore

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

There were no preliminary issues in this case.

Property Description:

The subject property is an owner occupied suburban office class B building used for a full service bank and office purposes. It is 42,935 sq ft. of rentable space on .99 acres of land. An area of 15,092 sq ft. is assessed as bank and 14,662 sq ft. are assessed as office. The structure is located on 16th Ave. NE. presenting both good visibility and access. A parking lot of 25 stalls is located on site. An income approach was used to estimate value.

Issues: The assessment

- 1) Is the cap rate used by the City appropriate to the subject?
- 2) Is the area assessed as bank correct?
- 3) Is the subject property in the proper assessment market area?
- 4) Should the rental rate be reduced from \$17.00 to \$14.00 based on equity?
- 5) Should the rental rate used by the City be increased to 15% from 6% based on equity?

Complainant's Requested Value:

\$4,550,000.00

Board's Decision in Respect of Each Matter or Issue:

- 1) Cap rate

The 8% cap rate is confirmed.

The complainant suggested that the cap rate was inappropriate but with reference to other ARB decisions regarding typical cap rates agreed not to argue the rate of 8%. A recalculation of the requested value to reflect the 8% cap rate was presented to be \$5,120,000.00.

- 2) Area assessed as bank area

No direct discussion of the appropriate bank area occurred before the Board and therefore the bank area is confirmed.

3) Assessment Market area

The inclusion of this property in the NW model area is accepted by the ARB.

The complainant argued that the subject property had a NE address and was located east of Centre Street the traditional boundary for the NE quadrant of the City. A third party agency CBRE was shown to divide the City in such a way.

In response the City stated that suburban offices along 16th Ave west of the Deerfoot Trail were included in the NW model regardless of the address showing a NE location. Address quadrants do not always indicate an assessment area. Suburban offices such as the subject reflect more similarity to NW comparable properties. The ARB was of the opinion that the City had conducted a more in depth review of the market areas and had in this case the ability to determine the most appropriate boundaries to analyse property value estimates. It is understood that this position impacts the weight give to the various comparables used in arguing the issues.

4) Rental rate

The rental rate is confirmed at \$17.00 sq ft.

The complainant provided 4 equity comparables to demonstrate that other similar properties were assessed using rental rates of between \$11.00 and \$14.00. Of the comparables provided two are located east of Deerfoot trail, one is in the Greenvue industrial area. The remaining property is on Edmonton trail some distance from 16th Ave and more than 22,000 sq ft smaller. These comparables were not considered as strong as the Cities evidence.

An analysis of B class buildings and rental rates for the NW excluding several higher rent areas of the NW demonstrated a median rental rate of \$18.00. The rental rate of \$18.00 shown by the City tended to support the rental rate used although for smaller area buildings. The City also provided equity comparables that supported the equity of the typical rental rate with 4 properties on or near 16th Ave, all assessed using \$17.00. In itself the comparables may not prove equity as the sizes do vary however the board notes the average assessment per sq ft is \$189.00 compared to \$217.00 for the subject which tends to support the assessment. In terms of location these comparables were considered to be better indicators of equity.

5) Vacancy rate

The vacancy rate of 6% is confirmed.


In addition to the same comparables used to argue the rental rate the complainant also used third party reported vacancy rates to support the position that 9% was more appropriate.

A NW Calgary suburban office study was presented illustrating a 3.61% mean vacancy. The study used 63 properties of a total of 92 accounts available in the NW. Additional evidence from third party sources also tended to support the vacancy rate of 6%

Board's Decision:

The assessment is confirmed at \$7,390,000.00

DATED AT THE CITY OF CALGARY THIS 4th DAY OF August 2010.



Presiding Officer

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.*