

**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(4).

between:

Colliers International Reality Advisors, COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

***Board Chair, J.P. Acker
Board Member 1, J. O'Hearn
Board Member 2, T. Usselman***

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

ROLL NUMBER: 200847309

LOCATION ADDRESS: 209 40 Sunpark Plaza S.E.

HEARING NUMBER: 57531

ASSESSMENT: \$ 18,000,000

This complaint was heard on the 29th day of September, 2010 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 2.

Appeared on behalf of the Complainant:

- *David Porteous*

Appeared on behalf of the Respondent:

- *Robert Ford*

Property Description:

The subject property is a single unit condominium low rise suburban office building comprised of 23 building spaces distributed throughout the structure located at 209 40 Sunpark Plaza S.E. Parking is provided through a combination of 66 surface and 110 underground stalls of which 92 derive income from parking leases to the tenants.

Issues:

Property is incorrectly assessed based on a direct sales comparison approach yielding an assessed value of \$325/sq ft. Complainant suggests that an income approach is more appropriate and indicates a value of \$232.50/sq ft.

Complainant's Requested Value: \$ 12,890,000

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

The single issue before the Board is the assessment approach to value indicating a significant difference between that applied by the assessor and the value indicated by using a standard low rise suburban office income approach using the coefficients applied elsewhere in the mass appraisal model.

The Complainant applied an income approach on 55,474 sq ft of net rentable area – this figure derived from the rent rolls – using a \$21.00/sq ft rental rate, a 9.5% vacancy rate, operational costs of \$12.50/sq ft, 2% allowance for non recoverables and a capitalization rate of 7.5%. This produced his requested value of \$12,890,000.

The assessed value of the subject had increased from \$11,910,000 in 2009 to \$18,000,000 in 2010. No reason for this escalation in value was provided by either party.

The Respondent provided two direct sale comparables of condominiumized buildings to which he applied an income approach using the same coefficients. The values returned were significantly below the time adjusted sale price which indicate that condominium office buildings are valued differently in the marketplace than the normal suburban low-rise office building. He further noted that an income approach must capture all realty income streams and that the Complainant had not included parking revenue in his calculations.

Finally, the Respondent noted the Complainant's evidence included the Land Title Certificate for the subject indicating that it had sold for \$16,200,000 in May of 2006 with an owner's declaration of value at \$18,000,000.

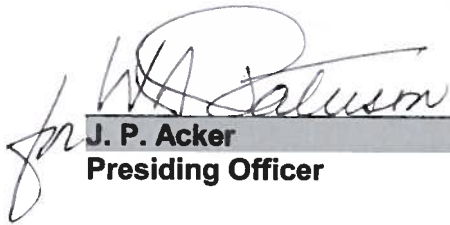
The Board considered the evidence and argument of the parties and found that the Complainant's income approach calculation was incomplete as the parking revenue was not included. Further, the suburban office building should be directly applicable to a condominium suburban office building. The Respondent's evidence and testimony indicated that there is a distinct market stratification which applies to each of these types of development.

Finally, the evidence of the sale of the subject indicates that its value in 2006 was between \$16,200,000 and \$18,000,000 and this tends to support the 2010 assessed value of \$18,000,000.

Board's Decision:

The assessment is confirmed at \$18,000,000.

DATED AT THE CITY OF CALGARY THIS 6 DAY OF October 2010.


J. P. Acker
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

(b) *any other persons as the judge directs.*