

**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

724115 Alberta Ltd. (as represented by S.Banszky), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before

L. Yakimchuk, PRESIDING OFFICER

J. Mathias, MEMBER

D. Pollard, 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 2012 Assessment Roll as follows:

ROLL NUMBER: 200954469

LOCATION ADDRESS: 201 1100 8 Av SW

HEARING NUMBER: 65483

ASSESSMENT: \$1,070,000

This complaint was heard on July 3, 2012 at the office of the Assessment Review Board located at Floor Number 3, 1212 - 31 Avenue NE, Calgary, Alberta, Boardroom 10.

Appeared on behalf of the Complainant:

- *S. Banszky, 724115 Alberta Ltd.*

Appeared on behalf of the Respondent:

- *H. Neuman, City of Calgary*

Property Description:

[1] 201 1100 8 Av SW is a 3,826 sq ft condominium office in a mixed use apartment/office building constructed in downtown Calgary in about 1984. In 2012 its assessed value was \$1,070,000, and it has been rated as a "B" class property.

Issues:

[2] The assessment is too high. Is the sale on which this assessment is based an appropriate comparison? Should the assessment be based on actual rent rates?

Complainant's Requested Value:

[3] \$695,000

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

Evidence and Arguments

[4] The Complainant, Mr. S. Banszky, argued that the sales comparison of an office property in the same building as the subject office was not necessarily indicative of market value.

[5] The Complainant also argued that the actual rent rate of \$9/sq ft did not support the current assessment. Further, the published lease rates for "C" rated offices (Ref: CBRE, CitiCommercial, C1) in downtown Calgary were in the \$12 - \$13/sq ft range and also could not justify the current assessment.

[6] According to Colliers International Cap Rate Report (Ref: C1) the capitalization rate for office properties in Calgary ranges from 6% to 8.25%. Using the published capitalization and rent rates, the complainant suggested a subject property value in a range from \$417,000 to \$826,000. No supporting calculation was provided in the evidence.

[7] Mr. Banszky said that the assessed value of the subject property has increased by 60% and this is not justified by the Calgary economy.

[8] The Respondent, Mr. H. Neumann, on behalf of City of Calgary, questioned the "C"

classification of the property. The City of Calgary has rated it at "B". He argued that the 8.25% capitalization rate was very high for a downtown "B" class property, and stated that the complainant had not provided evidence to prove this rate.

[9] Further, he stated that the rental rates being used were rates obtained within office towers, not mixed use office condominiums such as the subject property. Further, typical rents for downtown "B" offices, according to industry reports, range from \$15 to \$19/sq ft (Ref. R1, p.10).

[10] Mr. Neumann presented the sale of a similar office in the same building in which the subject property is located. It was reported as a market sale, with a sale price of \$1,200,000 for 4,171 sq ft (\$288/sq ft). This is similar to the assessed value for the subject property.

Board Findings

[11] The Complainant referenced industry market reports and assessment parameters used by the city for downtown office assessments based on the income approach. The subject is an office condominium, which is a separate category of property. The Respondent used a sales approach rather than an income approach, indicating that this is the approach consistently used by the City for office condominiums.

[12] The Complainant's calculations were based on an income approach, without an accompanying analysis of market rates for rent, capitalization and vacancy specific to office condominiums. Instead, he used the rates for downtown office towers, resulting in income calculations of questionable accuracy for the subject property.

[13] The best test of any calculation is market sales. While the Board had evidence of only one sale, it was the only proven market value evidence presented at this appeal hearing.

[14] The Board found that the Complainant's calculations of income were based on rates which were not supported by evidence. The Board accepted the sale of the office in the same building as a comparable property sale.

Board's Decision:

[12] The Board confirms the 2012 assessment of \$1,070,000.

DATED AT THE CITY OF CALGARY THIS 10th DAY OF July 2012.


Lana Yakimchuk
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 MGB Administrative Use Only:

Decision No. 0937-2012-P

Roll No. 092028703

Subject	Type	Issue	Detail	Issue
CARB	Office	Multi-Use	Sales Approach	Approach