

**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

Peregrin Property Services (as represented by M. Uhryn, MNP LLP), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before

L. Yakimchuk, PRESIDING OFFICER

D. Pollard, MEMBER

J. Mathias, 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: 068075506

LOCATION ADDRESS: 101 6 Av SW

HEARING NUMBER: 65812

ASSESSMENT: \$55,830,000

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:

- *M. Uhryn, MNP LLP*

-

Appeared on behalf of the Respondent:

- *H. Neumann, City of Calgary*

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Preliminary Matter:

[1] Prior to presentation of evidence, the Respondent, Mr. H. Neumann, City of Calgary, announced that the City conceded that the Complainant was correct in his claim that the area of the property in question was incorrect on the assessment form. The City offered to reduce the assessed area from 241,178 square feet (sf) to 238,893 sf, thereby adjusting the assessment from \$55,830,000 to \$55,310,000.

[2] The Complainant, Mr. Uhryn, MNP LLP, accepted the change but elected to continue with the other issues as indicated in the disclosure.

Property Description:

[3] Hanover Place, located at 101-6 Av SW is a 238,893 (originally assessed at 241,178) sf office tower constructed in downtown Calgary in 1980.

Issues:

[4] The subject property assessment is too high.

- Is the assessed area correct? (Corrected in preliminary matter.)
- Is the "B" classification correct?
- Does the rent rate reflect typical rents for this type of building?
- Does the capitalization rate reflect typical rates for this type of building?

Complainant's Requested Value:

[5] Several options for change were presented in the disclosure, with the accompanying assessment changes. The Complainant stated that **\$40,030,000** was the desired outcome.

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

Evidence and Arguments

[6] The Complainant, Mr. M. Uhryn, argued that the Hanover Building is most accurately classified at "B-" due to its physical characteristics, which are comparable to other "B-" buildings. He presented some sales of properties within several blocks from the Hanover Building which

were classified at "B-" and assessed at higher capitalization rates. Of these, he selected United Place at 808 - 4 Av SW as the most comparable to Hanover Place (ref: p.133 C1).

[7] Further, he presented "B-" quality equity comparables. (ref: p.158 C1)

[8] Using a capitalization rate of 9% (7.5% on assessment) and a rent rate of \$16.50 for "B-" classification, Mr. Uhryn calculated that the appropriate assessment should be \$40,030,000.

[9] The Respondent, Mr. H. Neumann, City of Calgary Assessor, presented the ARFI with the actual rent performance for the subject property (ref: p.35 R1), which showed a weighted average rent of \$20.69/sf. He also presented the rent performance for the comparable buildings presented by the Complainant, which were in the \$16.00 range.

[10] Mr. Neumann pointed out that the comparable buildings suggested by the Complainant were some distance away from the Hanover Building, which is directly across from the newly constructed Bow building and in a highly desirable location. He informed the Board that classification parameters include age, size, floor plate, location, amenities, upgrades and other characteristics. Assessments are reviewed annually, and inspections are made at least every five years as well as when sales are reported. Permits for upgrades are also reviewed in the process of classification. The rent rates which the Hanover Building achieves confirm that the classification of "B" is appropriate for the subject building.

[11] Mr. Neumann also suggested that United Place is not comparable to the subject property because it has mixed uses that include residential apartments which are difficult to separate from the total value. He presented several sales of office towers similar to the subject which indicated that the 7.5% capitalization rate used by the city to assess the income of the subject property is fair or high.

Board Findings

[12] The Board accepts that the area of the building is 238,893 sf, as recommended by the Complainant and the Respondent. The Board also accepts the resulting adjusted value.

[13] Given the rent performance presented on the ARFI for the subject property, the rent rates are in keeping with "B" buildings. Further, the comparables presented by the Respondent are more similar to the subject than those presented by the Complainant.

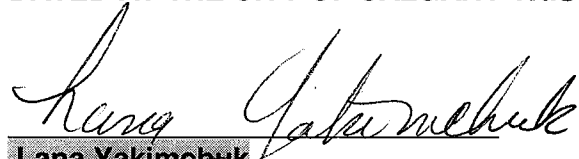
[14] The proposed comparables presented by the Complainant vary in terms of location, age and/or size from the subject building. For these reasons, these proposed comparables do not prove the classification of the subject should be changed from "B" to "C". Given that the subject property is a "B" class building, in the interest of equity the accompanying mass assessment rates apply.

[15] The Board finds that the Hanover Building is a "B" class building, and that the Market Net Rental Rate of \$19.00 and capitalization rate of 7.5% accurately reflect the income of this building.

Board's Decision:

[16] The Board confirms the corrected assessment of \$55,310,000.

DATED AT THE CITY OF CALGARY THIS 1 DAY OF August 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. 1024-2012-P

Roll No. 092028703

Subject	Type	Issue	Detail	Issue
CARB	Office	Downtown	Income Approach	Rates, Class