

**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:

Bighorn Capital Ltd. (as represented by Altus Group), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

***R. Glenn, PRESIDING OFFICER
D. Cochrane, MEMBER
E. Reuther, 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:	068117605
LOCATION ADDRESS:	409 10 Ave SE
HEARING NUMBER:	64011
ASSESSMENT:	\$7,010,000

This complaint was heard on the 24th day of June, 2011 at the offices of the Assessment Review Board located on Floor Number 4, at 1212 – 31 Avenue NE, in Calgary, Alberta, in Boardroom 9.

Appeared on behalf of the Complainant: Giovanni Worsley (Agent), Altus Group Ltd.

Appeared on behalf of the Respondent: Dan Satoor (Assessor), The City of Calgary

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

No issues of procedure or jurisdiction were raised.

Property Description:

The subject is a 2 storey office building, class A2, comprising 28,476 SF, built in 1941, owner occupied, and located just south of downtown. When built, the subject was originally a warehouse

Issues:

Whether the subject building is properly assessed in light of queries regarding: the rental rate, parking and the capitalization rate.

Complainant's Requested Value:

\$ 4,630,000

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

The Complainant argued that:
:

1. The rent rate applied to the subject is above the typical market rent rate observed in similar properties prior to the valuation date
2. The assessment of the parking component is unfair, inequitable, and too high.
3. The rental rate and capitalization rate are both inequitable when compared to the assessment of similar properties in the vicinity.

Regarding rental rate, the Complainant provided 19 leasing comparables with start dates between July 2009 and December 2010 which showed a range of \$25/SF down to \$7.75/SF. For leases starting within the 6 months immediately preceding the valuation date (January 2010 to June 2010), the average and median rental rates were \$18.77 and \$17.00 respectively. Often, the median rate is relied on by the Respondent as the "typical Rate". The Complainant's position is that on July 1st, 2010 the typical market lease rate for the Beltline heritage offices was \$17.00/SF.

Regarding the parking rate, The Complainant argues that on a nearby building, where the

income approach to value is utilized, there are 45 parking stalls, and none of the parking is assessed. They cite other nearby buildings, where the parking is not assessed. Parking is offered to the tenants in the subject building free of charge. There are several public offerings of surface parking in the immediate neighbourhood for \$150/stall/month. The Complainant also notes that the Respondent leases surface parking stalls across the street from the subject for \$145/stall/month. The Complainant simply suggests lowering the parking rate from \$200/stall/month to \$150/stall/month.

Regarding the capitalization rate, the Complainant argues that it has provided 10 comparable assessments of other heritage buildings in the Beltline area currently assessed as office space. These offices were built between 1900 and 1952, and have building areas between 15,108 SF and 137,746 SF. They have many differences, but they all share two things, that is, their assessed rental rates at \$14.00/SF and their assessed capitalization rate at 8.50%.

The Complainant is suggesting that the assessed rental rate should be lowered from \$19.00/SF down to \$14.00/SF and the capitalization rate should be increased from 7.75% to 8.50%.

The Respondents respond to the Complainant's rental rate position by arguing that in the Complainant's lease comparables, they show leases for a mix of building classes which do not justify a reduction in the assessment of the subject property. Further, they say the Complainants equity comparables show that no regard has been given to the classification of the property for assessment purposes.

In addition, the Respondent provided market information which supported the assessed rental rate of \$19.00/SF for class A buildings in the Beltline as of the valuation date. The Respondent provided 6 comparables of very similar buildings where the mean lease rate was \$20.98/SF, and the median was \$19.88/SF.

The Respondents position regarding parking is that they provided both substantial comparables and timely market data for the period prior to the valuation date to substantiate that the assessed rates for parking in the area were not too high, and that the rates were in fact, fair and equitable. The Respondents also argued that some of the Complainants parking information was post facto.

Market information regarding the capitalization rate for the appropriate time frame was put forward by the Respondent. It confirmed that the cap rate for downtown offices for the second quarter of 2010 for A class buildings was in the range of 6.25 to 7.00%, thereby suggesting that the Respondents chosen cap rate was somewhat conservative.

Based on all of the foregoing, the Complainant's argument does not succeed.

Considering rental rate, the Respondents comparables were closer in comparability, and the market data was properly supportive. For parking rate, the Respondents comparables and market data were once again superior. Regarding capitalization rate, the Respondents market data was on point and timely, whereas, the Complainants information while timely, was not class-specific, and therefore not really supportive of the Complainant's argument.

Accordingly, the Board finds that the Respondent provided the most relevant and compelling evidence to show that the assessment in all material aspects is correct and equitable. Therefore, the assessment is confirmed in the amount of \$7,010,000.

Board's Decision:

The subject assessment is confirmed.

DATED AT THE CITY OF CALGARY THIS 13 DAY OF JULY, 2011.


Richard Glenn
Presiding Officer

APPENDIX "A"**DOCUMENTS PRESENTED AT THE HEARING
AND CONSIDERED BY THE BOARD:**

NO.	ITEM
1. C1	Complainant Disclosure
2. R1	Respondent Disclosure
3. C2	Complainant Rebuttal

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.*