

**CALGARY
COMPOSITE 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

Ad Sparrow Holding Corporation (as represented by Colliers International Realty Advisors Inc.), COMPLAINANT

And

The City Of Calgary, RESPONDENT

Before:

***M. Chilibeck, PRESIDING OFFICER
R. Deschaine, MEMBER
A. Wong, 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: 067098509

LOCATION ADDRESS: 628 – 12 AV SW

HEARING NUMBER: 66200

ASSESSMENT: \$9,450,000

[1] This complaint was heard by the Composite Assessment Review Board on 18th day of July, 2012 in Boardroom 11 on Floor Number 3 at the office of the Assessment Review Board located at 1212 – 31 Avenue NE, Calgary, Alberta.

Appeared on behalf of the Complainant:

- C. Hartley

Appeared on behalf of the Respondent:

- L. Wong

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

[2] Neither party raised any objections to a member of the Board hearing the subject complaint.

[3] There were no preliminary matters raised by either party.

Property Description:

[4] The subject property is a high rise commercial office building located in the Beltline district on 12th Avenue in between Fifth Street and Sixth Street in the Southwest (SW) quadrant of The City of Calgary. The parcel is subject to Land Use Designation of CC-X (City Centre Mixed Use) and is categorized to be in Non-residential Zone (NRZ) of Beltline 3 (BL3) for assessment purposes.

Issues:

[5] The Complainant identified the matter of an assessment amount on the Assessment Review Board Complaint and attached a list outlining several reasons for the complaint. At the hearing the Complainant identified the issues as follows:

1. The assessed net rentable area should be corrected from 56,221 square feet to 38,818 square feet.
2. The vacancy rate for the office area should be increased from 10% to 25% to recognize chronic vacancy.

Complainant's Requested Value: \$5,280,000

Board's Findings in Respect of Each Issue:

Net Rentable Area

[6] The subject assessment is based on the subject property having a net rentable area of 56,221 square feet.

[7] The Complainant provided eight rent rolls for the subject property for the period January, 2009 to July, 2011 to support his claim that the net rentable for the subject is 38,818 square feet, the same as in previous assessment years. The Respondent advised that the assessment reflects the area reported by the property manager in the 2011 Assessment Request for

Information (ARFI).

[8] The Board was advised by the Complainant that the area reported on the ARFI was in error wherein one floor of the building was counted as two floors and the rent rolls provided clearly show the total rentable area to be 38,818 square feet.

[9] The Board finds the rent rolls to show the correct net rentable area and accepts the Complainant's explanation regarding the error reported in the ARFI. The photograph of the exterior of the subject shows the building to have four floors above grade and the first floor to be below grade. The configuration of each of the top three floors appear to be the same. This matches the information shown on the rent roll.

Office Vacancy Rate

[10] The subject assessment is calculated with a 10% vacancy factor whereas the Complainant is requesting the factor to be 25%.

[11] The Complainant provided a chart showing the amount of vacant space in the subject for the period of January 1, 2009 to July 21, 2011 that ranged from 5.55% to 32.55% respectively and argued that the subject suffers from chronic vacancy and asserted that the assessment should reflect a vacancy factor of 25%, an increase of 15% over the assessed typical vacancy factor.

[12] The Respondent contended that the typical vacancy rate should apply to the subject as the Complainant has not shown why the subject vacancy is atypical.

[13] The Board finds the Complainant's vacancy chart shows a notable vacancy increase in August, 2009 and continued to July, 2011, a period of two years. The Board believes that a history of three full years of chronic vacancy is necessary to support a claim for chronic vacancy. The Complainant did not provide any vacancy information of other similar properties in the immediate area of the subject or any evidence why the subject vacancy is atypical. Also no marketing evidence was provided for the subject to show what attempts were being made to lease the subject vacant space and the related terms.

Board's Decision:

[14] The Board changes the assessment at \$7,100,000.

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



M. Chilibeck
Presiding Officer

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

NO.	ITEM
1. C1	Complainant's Disclosure
2. R1	Respondent's 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. 046-1121-2012-P			Roll No. 067098509	
<u>Complaint Type</u>	<u>Property Type</u>	<u>Property Sub-Type</u>	<u>Issue</u>	<u>Sub-Issue</u>
CARB	Office	High Rise	Income Approach	-Leasable area -Vacancy