

**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

Dorsquare Office Building Ltd. (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: 067139998

LOCATION ADDRESS: 1333 – 8 ST SW

HEARING NUMBER: 66201

ASSESSMENT: \$17,860,000

[1] This complaint was heard by the Composite Assessment Review Board on 19th 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:

- T. Howell

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 class B office building with 99,562 square feet of office space and 1,799 square feet of retail space. It is situated on 8th Avenue in between 13th Street and 12th Street in the Beltline district in the Southwest (SW) quadrant of the City of Calgary. This parcel is subject to Land Use Designation (LUD) of CC-X (City Centre Mixed Use) and is categorized to be in Non-residential Zone (NRZ) of Beltline 4 (BL4) 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 vacancy allowance for parking should be increased to 25% from 2%.
2. The capitalization rate should be increased to 8.25% from 7.75%.

Complainant's requested Value: \$16,400,000

Board's Findings in Respect of Each Issue:

1. Parking Vacancy

[6] The subject property is assessed on the capitalized income method. The subject assessment includes a value for 137 parking stalls with a 2% vacancy allowance.

[7] The Complainant argued the subject property, over the past three years (2009 to 2011), has consistently had more than 20% of its parking stalls vacant. The complainant asserted the vacancy is attributed to the number of people that use the City's public transit system.

[8] The Board finds the Complainant's parking information to be incomplete. Even though the three year vacancy chart is supported by a detailed listing of parking stall renters, there is no information regarding the hourly or daily renters. Also, the Assessment Request for Information (ARFI) disclosed by the Respondent does not show any parking vacancy. The Board notes the ARFI does not request any parking vacancy information, however it shows the number of tenant parking stalls being charged to the lessee (127 stalls) and to the person leasing (12). The Board finds this indicates that these stalls are all rented out.

2. Capitalization Rate

[9] The Complainant provided two sale comparables in support of the requested capitalization rate (cap rate) of 8.25%. The Board finds these comparables are not sufficiently similar to the subject to infer a capitalization rate for the subject. The cap rate for these comparables was determined on the rent rate of \$18 per square foot of building area versus the subject that is assessed at \$13 per square foot. Even though the two comparables are similar to each other in size and class, the Board finds the difference in the rent rate between the comparables and the subject shows that the comparables are significantly superior to the subject. Also, the indicated cap rate for the comparables at 7.82 % and 8.28% indicates an average at 8.05%. The Complainant had no explanation why 8.25% was chosen.

Board's Decision:

The Board confirms the assessment at \$17,860,000.

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.*

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Decision No. 046-1123-2012P			Roll No. 067139998	
<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	Capitalization Rate