

**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(4), Revised Statutes of Alberta 2000 (the Act).

between:

***NEWWEST ENTERPRISE PROPERTY GROUP., COMPLAINANT,
As represented by Altus Group***

and

The City Of Calgary, RESPONDENT

before:

***Ted Helgeson, PRESIDING OFFICER
Yvette Nesry, MEMBER
Joe Massey, 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: 046045308

LOCATION ADDRESS: 1701 Centre Street N.W.

HEARING NUMBER: 61156

ASSESSMENT: 8,420,000

This complaint was heard on Tuesday, the 28th of June, 2011 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 9.

Appeared on behalf of the Complainant:

- *D. Genereux and G. Worsely*

Appeared on behalf of the Respondent:

- *Magan Lau*

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

No procedural or jurisdiction matters were raised.

Property Description:

The subject property is an office building located in Tuxedo Park at the corner of Centre Street and 16th Avenue N.W. It was constructed in 1982. It is assessed as a "B" class building, with 80 parking stalls.

Issues:

1. Is the assessed rent for the subject property incorrect?
2. Is the vacancy rate for the subject property too low?
3. Are the above-ground parking stalls assessable?
4. Should 951 square feet of office space in the subject property be removed from the assessment?

Complainant's Requested Value: \$6,670,000

The Complainant's Position

The assessed rent for the subject property is incorrect when compared to market leases of other comparable class "B" downtown office buildings. The comparisons indicate that office buildings in the northwest can be expected to rent at about \$12 per square foot. An analysis of 15 leases in the northwest totalling 25,899 square feet indicated a median of \$12 per square foot and a weighted average of \$11.87 per square foot. Clearly, \$12 per square foot is an appropriate rate for the subject property.

An analysis of 32 "B" class buildings shows that "B" class office buildings have vacancy rates of about 9.5%. Vacancy and credit allowances should be no less than 8%. The 951 square feet of

assessed office space should be removed from the assessment because it has not been leased in five years and is shell space. There are only 74, not 80, underground parking stalls on the property, and since the Respondent does not assess surface parking, an adjustment is necessary.

The Respondent's Position

The subject property was assessed fairly. The typical office rental rate of \$14 per square foot is supported by 17 leases of suburban offices in the northwest from July 2009 to July 2010. One of these leases is from the subject property. The 17 leases include some of the leases relied on by the Respondent, but also include leases that were not included in the Complainant's analysis, even though they were from the same buildings as the Complainant's leases. The median of the 17 leases is \$14 per square foot, and the weighted mean is \$15.23 per square foot.

With respect to parking, the Respondent assesses both underground parking and surface stalls that are enclosed or covered. A photograph shows that the surface stalls are enclosed, therefore assessed. As for the vacancy allowance, it was determined based on the results of the Northwest Vacancy Analysis, and a number of third party vacancy reports. When 25 properties that were left out of the Complainant's northwest "B" vacancy study were added in, the mean vacancy rate turned out to be 5.19%. The assessed vacancy allowance is 5.5%.

Regarding the vacant "shell" space, the rent roll shows it is indeed vacant, but it is by no means unusable. An online listing of the vacant space in June of 2010 described it as Suite 601, with "Quick access to Downtown via Centre St. Great Views. Available immediately."

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

The Board found the Respondent's lease comparables persuasive, particularly so since they included certain leases not included in the Complainant's evidence, even though the leases the Complainant did not include were from the same buildings as leases the Complainant did include. Similarly, the Respondent's vacancy analysis of 56 "B" class properties, which included many of the properties from the Complainant's vacancy analysis, amply supported the vacancy rate as assessed.

As for parking, a photograph in the Respondent's brief showed that those parking stalls that were not underground stalls were nevertheless enclosed, hence assessable. The Respondent's evidence regarding the alleged 591 square feet of "shell" space was conclusive. The evidence indicated that it was simply vacant office space.

Board's Decision:

The assessment is confirmed at \$8,420,000.

DATED AT THE CITY OF CALGARY THIS 2 DAY OF August 2011.


Presiding Officer

Exhibits:

C-1: Complainant's written argument.

R-1: Respondent's assessment brief.

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.*