

**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:

Chevron Canada Limited (as represented by Altus Group Ltd) COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

T. Hudson, PRESIDING OFFICER

D. Morice, MEMBER

D. Cochrane, 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: 067024802

LOCATION ADDRESS: 500 5 AV SW

HEARING NUMBER: 62961

ASSESSMENT: \$ 72,700,000

This complaint was heard on 7th day of July, 2011 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Board room 11.

Appeared on behalf of the Complainant:

- *G. Kerslake*
- *D. Chabot*

Appeared on behalf of the Respondent:

- *D. Lidgren*

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

There were no procedural or jurisdictional matters raised by the parties.

Property Description:

The subject property is a 23 storey office building in downtown Calgary, known as the Chevron Plaza. Chevron is the owner and occupies most of the 260,860 square feet of office space in the building. There is also a small (5,530 square feet) amount of retail space in the subject. The building includes 74 underground parking stalls and is connected to the downtown Plus 15 system. The current assessment prepared using the capitalized income approach to value is \$72,700,000.

Issues:

The Complainant identified the rental rates for the office space, and the retail space, as the main issues. The assessed office rate is \$22 per square foot, and the assessed retail rate is \$30 per square foot. The requested rates are \$19 for the office, and \$15 for the retail. The Complainant also suggested that the equity of the current assessment value is an issue; because the subject is older in design and finish, and lacks the amenities present in most of the competing buildings located in the same economic zone.

Complainant's Requested Value: \$ 62,180,000

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

ISSUE #1 What rental rate is appropriate to assess the office space in the subject building?

The appropriate rental rate to assess the office space in the subject building is \$22 per square foot.

The Respondent uses a long established hierarchy of economic zones in the downtown, based on location and the potential for office space to generate rental income within each zone. There

are nine zones within the downtown area. The subject property is located in the economic zone with the greatest income generating potential, which is referred to as DT1. The subject property is also identified by the Respondent as an A- quality building, with typical market rent rates of \$22 per square foot.

The Complainant suggested that the subject is not typical of A- quality buildings in the DT1 zone. The potential for the subject to generate office rental income is more in line with A- quality buildings in the DT2 zone; with typical market rent of \$19 per square foot. In support, the Complainant chose four comparables from the DT2 zone, all assessed at \$19 per square foot. In addition, the Complainant argued that due to age, design, and a lack of amenities, the subject is not able to compete with other buildings within the DT1 zone, and therefore the assessment of the subject is inequitable. In order to correct the situation, the Complainant used all of the valuation factors, identified by the Respondent, as typical for to A- quality buildings, in addition to reduced rent rates requested, to calculate the reduced assessment for the subject property.

The actual lease information for the subject property indicated that some of the lease rates are significantly below the assessed rate (\$22 per square foot), for A- quality buildings in the DT1 zone. However, the owner and one tenant (IMV Projects), occupy almost 90% of the available office space in the building. The weighted average of all of the current office lease rates supports the assessed rate. Therefore, the Board is not convinced that the evidence is sufficient to justify a reduction in the assessed rent rate for office space in the subject property.

ISSUE #2 What is the appropriate assessed rental rate for the retail space in the subject building?

The appropriate assessed rental rate for the retail space in the subject property is \$30 per square foot.

The actual retail lease rates in the subject are considerably below market rates for retail space in DT1 A- quality buildings. The Respondent evidence shows that the assessed rate of \$30 per square foot reflects typical market rent for retail space in the DT1 zone. The Complainant evidence is compelling with respect to the significant difference in both the amount and type of retail space available in the subject as compared to competing A- quality buildings in the DT1 zone. However, the requested reduction in the assessed rent rate for the small amount of retail space in the building, does not have sufficient impact on the overall assessment of the subject property to require any change.

Board's Decision: The assessment is confirmed at \$72,700,000

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



T.B. Hudson
Presiding Officer

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

NO.	ITEM
1. C1	Complainant Disclosure
2. C2	Complainant Rebuttal
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.*

Fowler, Marissa L.

From: Fowler, Marissa L. on behalf of Assessment Review Board (ARB)
Sent: 2011 August 02 11:31 AM
To: 'CalgaryTax@altusgroup.com'
Subject: Decision for roll#067024802
Attachments: DOC.pdf

Please find attached a copy of the decision made for roll# 067024802.

Thank you,

Marissa Fowler

Assessment Review Board Clerk
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