

**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:

Sable Developments-Kensington Gate Corp.
(as represented by Assessment Advisory Group Inc.), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

J. Acker, PRESIDING OFFICER
Y. Nesry, 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 2012 Assessment Roll as follows:

ROLL NUMBER:	067859926
LOCATION ADDRESS:	101 10 Street NW
HEARING NUMBER:	67550
ASSESSMENT:	\$ 13,610,000

This complaint was heard on 3rd day of August 2012 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 6.

Appeared on behalf of the Complainant:

- T. Youn, *Assessment Advisory Group Inc.*
- D. Bowman, *Assessment Advisory Group Inc.*

Appeared on behalf of the Respondent:

- B. Tang, City of Calgary

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

1. No procedural or jurisdictional matters were raised by either of the parties.

Property Description:

2. The subject property is a commercial, retail/office mixed use property of 38,613 sq. ft. of leasable space constructed on a parcel size of 43,161 sq. ft. The improvement, constructed in 1990, contains 26,889 sq. ft. of retail space and 11,721sq. ft. of second floor office space.

Issues:

3. The rental rate applied to the office portion of the property for an income approach to value is incorrect at \$21/sq. ft.
4. The vacancy allowance of 3.5% applied to the subject office space does not reflect the actual performance of the property which exhibits an 8% vacancy.

Complainant's Requested Value: **\$ 12,360,000**

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

5. In support of the Complainant's request for a reduced assessed value of \$18/sq. ft. on the office portion of the subject, he provided four comparable property business assessments indicating values of \$16-18/sq. ft. and three assessment equity comparables. No detail or lease information on any of the equity comparables was advanced. The Complainant argued that the assessment on the subject has increased by 26% over the last assessment cycle.
6. The Respondent provided detail on the approach taken by the assessor in using the income approach to value using typical values for the subject property's market area. Since the parties had agreed on all factors used except for the office rental rate and the vacancy rate applied, the typical values applied by the assessor using mass appraisal were \$21/sq. ft. for the office space component and a 3.5% vacancy rate.
7. The Respondent provided rebuttal to the equity comparables advanced by the Complainant regarding the rental rates applied and the resulting overall assessment. Business assessments are not similar as these are discounted for tenant inducements. In all of the

Complainant's equity comparables, insufficient detail was provided to ascertain the degree of similarity of those properties with the subject. No support by way of rent rolls was provided by the Complainant for the 8% vacancy claimed as reported on the Assessment Request for Information.

8. The Board considered the evidence and argument advanced by the parties and was not persuaded that the assessment equity comparables were sufficiently supported to clearly indicate similarity with the subject. The Board is satisfied that the typical rental rate applied to the office component of the subject is correct and equitable. As to the vacancy argument, the Complainant failed to provide any support for his claim of excess vacancy and the Board therefore accepts the Respondent's application of the market vacancy rate of 3.5%.

Board's Decision:

The complaint is dismissed and the assessment is confirmed at \$13,610,000.

DATED AT THE CITY OF CALGARY THIS 9 DAY OF August, 2012.



J. Acker
Presiding Officer

FOR ADMINISTRATIVE USE

Subject	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	Commercial	Office	Income Approach	Rental Rate

APPENDIX "A"

**DOCUMENTS PRESENTED AT THE HEARING
AND CONSIDERED BY THE BOARD:**

NO.	ITEM
1. C1	Complainant Disclosure
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.*