

**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:

***Copez Properties Ltd c/o Tonko Realty Advisors Ltd (as represented by Altus Group Ltd),  
COMPLAINANT***

and

***The City Of Calgary, RESPONDENT***

before:

***F.W. Wesseling, PRESIDING OFFICER  
R. Deschaine, MEMBER  
R. Kodak, 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: 067090803**

**LOCATION ADDRESS: 902 11 Ave SW**

**FILE NUMBER: 67844**

**ASSESSMENT: \$7,320,000.**

This complaint was heard on 1st day of August, 2012 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 3.

Appeared on behalf of the Complainant:

- *D. Genereux*

Appeared on behalf of the Respondent:

- *L. Wong*

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

[1] No specific jurisdictional or procedural matters were raised during the course of the hearing, and the CARB proceeded to hear the merits of the complaint.

**Property Description:**

[2] The property is located in the Beltline. The site, containing 36,127 square feet, has a two storey office building which has a total of 42,631 square feet. The building was constructed in 1922 with the building class being assessed as Class B. Under the City of Calgary Land Use Bylaw the property is designated "Centre City Mixed Use District".

**Issues:**

The Complainant raised the following matter in Section 4 of the Assessment Complaint form: Assessment amount.

Presentation of the Complainant and Respondent were limited to:

- Assessment market value is overstated in relation to comparable properties.
- Capitalization Rate.

**Complainant's Requested Value:** \$4,730,000.

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

[3] Complainant's Position: Complainant requested the evidence provided for file 66474 (CARB# 1369-2012-P) be carried forward and be considered as part of the evidence for this complaint. The primary issue raised is with regard to the capitalization rate. The complainant wishes to make a case that the capitalization (cap.) rate applied in determining the assessment should be raised to 12% from 7.75%.

[4] In support of the cap rate change the Complainant presented 6 sales in the Beltline. These properties are similar and in a competitive situation with the subject property. Details of the sales and the properties were reviewed and the Complainant indicated that after comparing the assessed values of these properties to their actual sale prices it is clear that these comparable properties are only assessed at approximately 65% of their value. It is concluded from that that the assessment for the subject property requires a 35% adjustment down to

achieve equity with its competitors.

[5] In order to arrive at the requested cap rate, a calculation of the above noted properties was provided that provided an "effective capitalization rate" for the six comparable properties ranging from 9.15% to 15.51%. The median cap rate is 12.4% while the average cap rate for all six properties is 12.11%. As part of this discussion, the Complainant raised an issue with the ASRs of the properties in this area while indicating the subject property for the tax year is at 1.00.

[6] Respondent's Position: A general background was provided, detailing a 2012 Beltline Office B Class Rent Study as well as an office vacancy study. As part of this background the City outlined how the capitalization rate was arrived at and provided all the 2012 Beltline Capitalization rates.

[7] A review of the Complainant's comparable properties was provided which indicated that 3 of the sales were post facto occurring in December of 2011 and January 2012. A fourth sale was of a building of poor quality and occurred in September of 2011. This property is assessed based on land value only. The City summarizes that the comparable property sales to generate an alternative capitalization rate was very selective, poorly conceived and without merit.

[8] In Rebuttal the Complainant re-addressed the assessment position that the subject property is assessed at 65% of value and illustrated how the subject property is classified and valued based on actual rental incomes.

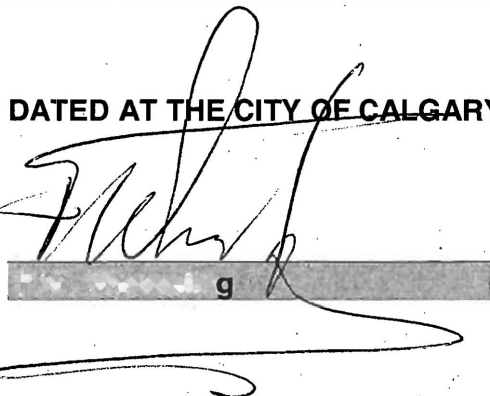
**Board's Decision:**

[9] Upon reviewing the verbal and written evidence provided by the parties, the Board found that the Complainant failed to demonstrate that the assessment was in excess of market value. The Board confirms the assessment at \$7,320,000.

[10] Reasons: a. The Board found that to change an input to the income approach, an independent analysis should be presented. No such evidence was provided for the Board's consideration.

b. The capitalization rate analysis presented by the Complainant was not comprehensive and lacked appropriate sales data.

DATED AT THE CITY OF CALGARY THIS 29<sup>th</sup> DAY OF August, 2012.



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

<b>NO.</b>	<b>ITEM</b>
1. C1	Complainant Written Argument
2. C2	Rebuttal
3. R1	Assessment Brief
	Complainant Disclosure
	Complainant Disclosure
	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.*

*For MGB Administrative Use Only*

<i>Decision No.</i>		<i>Roll No.</i>		
<u><i>Subject</i></u>	<u><i>Type</i></u>	<u><i>Issue</i></u>	<u><i>Detail</i></u>	<u><i>Issue</i></u>
CARB	Office Building	Income Approach	Capitalization rate	Equity