

**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:**

***First Canadian Properties Corporation – Rockwood Square Ltd. (as represented by MNP LLP), COMPLAINANT***

**and**

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

**before:**

***P. Petry, PRESIDING OFFICER  
H. Ang, BOARD MEMBER  
D. Steele, BOARD 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: 067207993**

**LOCATION ADDRESS: 1032– 17<sup>th</sup> Avenue S.W.**

**FILE NUMBER: 66551**

**ASSESSMENT: \$4,850,000**

This complaint was heard on the 8 day of August, 2012 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue N.E. Calgary, Alberta, Boardroom 10.

Appeared on behalf of the Complainant:

- *M. Uhryn*

Appeared on behalf of the Respondent:

- *A. Czechowskyj*

### **Property Description and Background**

The subject property is a B class office/retail building located in the Beltline at 1032 - 17<sup>th</sup> Avenue S.W. The improvement was constructed in 1981 and consists of 22,546 sq. ft. of rentable area. 4,109 sq. ft. of this space is on the main floor and has been classed as retail space for assessment purposes.

The subject property has been valued by the Assessor using the capitalized income approach to value. The assessment methodology is not in dispute; however, the Complainant proposes some change to how the space is allocated and raises a number of issues respecting the assessment criteria used for parking.

### **Issues:**

- [1] Should 917 sq. ft. of main floor space that is occupied by Doan Burgess Professional Corporation and used as office space, be reclassified from retail to office space?
- [2] Does the subject property have 36 or 32 parking stalls?
- [3] Should the parking rate assigned to the subject be reduced from \$200 per stall per month to \$175 per stall per month?
- [4] Is it appropriate to increase the parking vacancy allowance from 2% to 10% for the subject property?
- [5] Other matters and issues were raised in the complaint filed with the Assessment Review Board (ARB) on March 2, 2012. The only issues, however, that the parties sought to have the Composite Assessment Review Board (CARB) address in the hearing on August 8, 2012 are those referred to above, therefore the CARB has not addressed any of the other matters or issues initially raised in the Complaint.

### **Complainant's Requested Value:**

- [6] Based on all of the changes proposed by the Complainant the request is to reduce the

assessment to \$4,380,000.00. If the CARB decides to only correct the assessment based on the reduced number of parking stalls and to change the parking vacancy allowance to 10% the requested value would be \$4,490,000.00.

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

[7] The CARB has decided to only correct the error with respect to the number of parking stalls and to reduce the assessment accordingly to \$4,730,000.00.

#### **Summary of the Party's Positions**

##### **Complainant**

[8] The Complainant argued that 917 sq. ft. of space currently classed as retail space is actually occupied by the firm of Doan Burgess Professional Corporation and is used as office. This space therefore should be moved from the retail category to the office category of space and assessed at the office rate of \$13 per sq. ft.

[9] The Complainant indicated that the assessment is based in part on a value attached to 36 parking stalls when in fact there are only 32 stalls on site. A note from the property manager was in evidence which stated that there are 32 underground stalls at Rockwood Square.

[10] The assessment for parking stalls is based on a rate of \$200 per stall per month. The Complainant provided five examples of nearby parking rates ranging from \$90 to \$150 per month as well as rates charged at the subject site, typically at \$175 per month. Based on this information the Complainant recommended that the CARB reduce the parking rate for the subject to \$175 per stall per month.

[11] With respect to the vacancy allowance applied to the subject parking stalls the Complainant argued that this allowance should be tied to the vacancy allowance of 10% for the building office space. There is no public parking in this building and all stalls are used by the building tenants, therefore it was argued that parking vacancy in this case flows with the vacancy of the tenant office space. The Complainant provided a table of the subject parking leases as of July 1, 2011 which indicated 20 stalls were leased at that time. This information was offered to show that parking vacancy in the subject can be substantial.

[12] Should the CARB adopt all of the changes recommended by the Complainant, the assessment would be reduced to a value of \$4,380,000.00.

##### **Respondent**

[13] With regard to the 917 sq. ft. of space now used as office, the Respondent provided clarification that this space is on the ground floor. The Respondent therefore argued that ground floor space facing 17<sup>th</sup> Avenue is prime retail space and regardless of its use it should be assessed as retail at a rate of \$29 per sq. ft.

[14] The Respondent indicated that it had received the clarification that there are only 32 parking stalls on site at Rockwood Square. The Respondent agreed that this correction should

be made and will be made for future assessments.

[15] The Respondent provided several examples to show that underground parking in Beltline Class B buildings are assessed at a rate of \$200 per stall per month. The Respondent submitted a table showing four comparables, all assessed at \$200 per stall and also showing that lease rates for these comparable stalls range from \$195 to \$220 per stall per month.

[16] The Respondent brought forward several examples to show that the typical vacancy rate for parking in the Beltline is 2% and argued that the 2% applied to the subject is fair and equitable. Vacancy for office space and parking are two different things and one does not necessarily follow the other.

### **Findings and Reasons for the Board's Decision:**

#### **Issue 1) Allocation of Space**

[17] The 917 sq. ft. of space in dispute was agreed to be ground floor space facing 17<sup>th</sup> Avenue. The CARB finds that the actual use made of the space is incidental to the value the space has on the open market. This space is similar to other ground floor space assessed at a rate of \$29 per sq. ft. and a change in allocation to office is not justified.

#### **Issue 2) Correct Number of Parking Stalls**

[18] The CARB notes that the City of Calgary disclosure materials differ from the position taken by the Assessor at the hearing where the number of parking stalls and a correction to effect a change was not disputed. The CARB has therefore decided to make this correction from 36 stalls to 32 stalls.

#### **Issue 3) Parking Rate**

[19] The Complainant provided a number of parking rate comparables to support its proposed rate of \$175 per stall. One of these comparables showed the rate of \$100 to be applicable to evenings and weekends, three were suggested as starting rates and all comparables were for surface parking as opposed to the subject's underground parking. The CARB did not place weight on the starting rate information as these rates could apply to stalls with considerable disadvantage. The range of rates or average rate for each lot would have been helpful. There was no evidence to distinguish surface parking rates from underground parking rates; however one would expect that the underground rates would be somewhat higher. The actual rates within the subject at \$175 per stall are below the Respondent's typical and the typical rate is the value warranting greater weight. The CARB has therefore placed greater weight on the evidence of the Respondent in this regard and finds that a reduction to the proposed rate of \$175 has not been justified.

#### **Issue 4) Parking Vacancy Allowance**

[20] The Complainant argued that the vacancy allowance for parking should be at the same rate of 10% that has been applied to the building since the parking is used by the building tenants only. The Respondent urged the Board to reject the Complainant's argument as parking is very different than office space and the typical vacancy allowance of 2% should not be changed. The examples of assessments for similar B class properties show the typical vacancy allowance for parking is 2%. While the Complainant has brought forward evidence to suggest that the available parking stalls in the subject are used for tenants only, there was no evidence to indicate that vacant stalls could not be made available to the public. The one snapshot of

parking vacancy for the subject is not compelling and it would appear that such vacancy could be mitigated by opening the available stalls to other potential parking clientele. For these reasons the CARB finds that the current vacancy allowance of 2% is fair and equitable.

### Summary

[21] The Complainant sought to have the CARB make a number of relatively small changes to the assessment factors applied by the Assessor in reaching the assessment for the subject property. The CARB has denied the complaint for the above reasons; however, makes a correction to the number of parking stalls from 36 to 32. This correction results in an amended assessed value of \$4,730,000.00.

It is so ordered.

DATED AT THE CITY OF CALGARY THIS 28 DAY OF AUGUST 2012.



Presiding Officer

### APPENDIX "A"

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

<b>NO.</b>	<b>ITEM</b>
1. C1	Complainant Disclosure
2. R1	Respondent Disclosure

**An appeal may be made to the Court of Queen's Bench in accordance with the Municipal Government Act as follows:**

**470(1)** *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.*

**470(2)** *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).*

**470(3)** *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 ADMINISTRATIVE USE

Subject	Property Type	Property Sub-Type	Issue	Sub-Issue
Office building	Beltline Office	Parking	Parking Rate	Number of Stalls