

**CALGARY
COMPOSITE 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

Canada Mortgage and Housing Corporation, (as represented by Meyers, Norris and Penny LLP (MNP LLP)), COMPLAINANT

And

The City Of Calgary, RESPONDENT

Before:

***M. Chilibeck, PRESIDING OFFICER
E. Reuther, MEMBER
D. Pollard, 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: 024024507

LOCATION ADDRESS: 5055 – 11 ST NE

HEARING NUMBER: 65806

ASSESSMENT: \$10,470,000

[1] This complaint was heard by the Composite Assessment Review Board on 13th day of August, 2012 in Boardroom 9 on Floor Number 3 at the office of the Assessment Review Board located at 1212 – 31 Avenue NE, Calgary, Alberta.

Appeared on behalf of the Complainant:

- G. Worsley
- M. Uhryn, Observer

Appeared on behalf of the Respondent:

- K. Buckry

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

[2] Neither party raised any objections to a member of the Board hearing the subject complaint.

[3] No preliminary matters were raised by either party.

Property Description:

[4] The subject property is a single tenant, suburban, class A2, low-rise, office building (four storeys) with three floors of 46,523 square feet of above ground office space and one floor of 17,645 square feet of below ground office space (total of 64,168 square feet) constructed in 2000. It is situated on 4.48 acres of land located at the northwest corner of 49th Avenue and 11th Street in Northeast (NE) Calgary. The subject is occupied under lease by Enform Canada.

Issues:

[5] The Complainant identified the matter of an assessment amount on the Assessment Review Board Complaint and attached a list outlining several reasons and grounds for the complaint. At the hearing the Complainant identified the issues as follows:

1. The market net rental rate should be reduced to \$12 per square foot of office area (from \$17).

Complainant's Requested Value: Primary request: \$7,540,000.
Alternate request: \$8,710,000.

Board's Findings in Respect of Each Issue:

[6] The subject property is valued using the capitalized income method. The assessment is determined by applying a net rental rate of \$17 per square foot on the above grade office area and \$8 on the below grade office area.

[7] The Complainant is requesting a net rental rate of \$12 or in the alternate a rate of \$14 per square foot on the above grade office area, accepts the assessed rental rate of \$8 on the below grade office area and accepts all other valuation coefficients used by the Respondent.

1. Rental Rate

[8] The Complainant provided two lease comparables of single tenant office buildings in support of the requested rental rates of \$12 or \$14 per square foot of above ground office area. One lease comparable is of the subject property with a commencement date of January, 2011 for a ten year term. The other lease comparable is of a property located on Sunridge Way that is leased by The City of Calgary at \$11 per square foot for five years. Both comparables have Class A buildings.

[9] The Complainant analyzed the lease comparable of the subject and calculated the present worth of the net rent rates that increase from \$8 to \$17.50 over the ten year term and determined that \$12 is the appropriate rate. The Complainant asserted this together with the Sunridge comparable supports the request to reduce the rental rate for the subject to \$12 per square foot.

[10] In the alternate, the Complainant calculated the total net rental revenue for the ten year term and determined the annual net rental rate to be \$14 per square foot.

[11] The Respondent provided seven lease rate comparables of three Class A buildings that range from \$16 to \$17 per square foot of building area in support for the assessed rental rate of \$17.

[12] The Board finds the Complainant's evidence conflicting. The calculation of the present worth of the ten year term of the subject lease is not correct and as a result does not equate to the request of \$12 per square foot. The Board understands that there are very few single tenant office buildings in northeast Calgary and therefore very limited number of comparable lease rate comparables of single tenant office buildings similar in size to the subject. However the Board is not convinced that the rates advanced by the Complaint are justified.

[13] The Respondent's comparables are for multi-tenant office buildings and there is an issue regarding the underground parking; whether there is any and what is its value. The Board finds the comparables are not similar to the subject, which are multi-tenant buildings versus the subject which is a single tenant building with surface parking. The Complainant's comparables suggest that the rental rate for single tenant buildings is less than the rental rate for multi-tenant buildings. Therefore it appears the assessed rate is too high.

[14] However, the Board finds that there is insufficient information to determine the rental rate for the subject. The Sunridge comparable is not in close proximity to the subject, is leased by The City of Calgary and a lease document was not provided to support the net rental rate that appears to the Board to be very low.

[15] Also, the Board finds the Complainant's analysis of the subject's lease rates to be flawed. The calculations support a rate of \$9, not \$12 per square foot as argued by the Complainant and in consideration of the Respondent's comparables, that appear to support a multi-tenant building rate of \$17, the Board is not convinced that the \$9 rate is correct.

Board's Decision:

[16] The Board confirms the assessment at \$10,470,000.

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

A handwritten signature in black ink, appearing to read "M. Chilibeck", written over a horizontal line.

M. Chilibeck
Presiding Officer

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

NO.	ITEM
1. C1	Complainant's Disclosure
2. C2	Complainant's Rebuttal
2. R1	Respondent's 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.*

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Decision No. 046-1491-2012P			Roll No. 024024507	
<u>Complaint Type</u>	<u>Property Type</u>	<u>Property Sub-Type</u>	<u>Issue</u>	<u>Sub-Issue</u>
CARB	Office	Low Rise	Income Approach	-Rent Rate