

**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:

Bentzien Verena (as represented by Altus Group Limited), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

B. Horrocks, PRESIDING OFFICER

D. Cochrane, MEMBER

J. Massey, 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:	047040803
LOCATION ADDRESS:	1223 31 AV NE
HEARING NUMBER:	68222
ASSESSMENT:	\$3,860,000

This complaint was heard on the 27th day of August, 2012 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 2

Appeared on behalf of the Complainant:

- Ms. D. Chabot (Altus Group Limited)

Appeared on behalf of the Respondent:

- Mr. G. Good (City of Calgary)
- Ms. C. MacMillan (City of Calgary)
- Ms. L. Dundor (observer)

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

[1] There were no concerns with the Board as constituted.

[2] There were no preliminary matters. The merit proceeded.

Property Description:

[3] The subject property is a three storey suburban office building located in the South Airways business district in NE Calgary that was constructed in 1981. The building contains 36,000 square feet (SF) of rentable area and is assessed as a B quality building utilizing the Income approach to value.

Issues:

[4] The Assessment Review Board Complaint Form contained 4 Grounds for Complaint. At the outset of the hearing, the Complainant advised there were two outstanding issues, namely: the space allocation used in the income approach and "The assessed vacancy allowance and non-recoverable allowance applied to the subject property should be increased to above 12%."

Complainant's Requested Value: \$3,420,000 (Complaint Form)
\$ 2,840,000 (Hearing)

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

Issue: What is the appropriate space allocation for assessment purposes?

[5] The Complainant's Disclosure is labelled C-1.

[6] The Complainant submitted that the City of Calgary has failed to acknowledge the storage space located in the basement and on the first floor of the subject. The Complainant, at page 21, provided a report prepared by As-Built Measuring Services dated September 24, 2010. The report contains floor plans and measurements of the subject and notes there is 3,729.7 SF. of storage in the basement, 3,754.1 SF. of storage on the main floor and a total basic rentable area of 29,202.1 SF. The Complainant, starting at page 32, provided Income Approach Valuations prepared by the City of Calgary for other suburban offices throughout the City noting that storage space was assessed at the rate of \$3.00/SF.

[7] The Respondent's Disclosure is labelled R-1.

[8] The Respondent, at page 29, provided the Assessment Request for Information (ARFI) noting the property manager has identified the Total Rentable Area as 36,000 SF. The Respondent submitted the City is not currently assessing any basement space, and is only assessing the above grade space as identified by the owner.

[9] The Board finds the measurements and pictures of the subject provided by the Complainant to be the more compelling evidence and the \$3.00/SF requested rate well supported.

Issue: What is the appropriate vacancy allowance to be utilized in the Income approach?

[10] The Complainant, at page 60, provided the Rent Roll dated December 1, 2011 noting that the subject had been fully leased by one tenant who moved out in August 2011 and that the building has been 100% vacant since then. The Complainant requested an additional vacancy allowance of 4%.

[11] The Respondent, at page 12, provided a table titled 2012 City of Calgary Northeast Suburban Office Vacancy Analysis noting the mean vacancy rate was 10.65% and the assessed vacancy rate was 11%. In addition, it was noted that the subject property was included in the analysis and was 0.00% vacant, at that time.

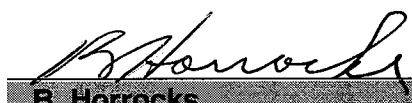
[12] The Board finds there is no market evidence to support the request for an additional 4% vacancy allowance and the application of an 11% vacancy rate for the subject is fair and equitable.

[13] The Board finds there is 29,202.1 SF of office space to be assessed at the rate of \$11.00/SF and 7,683.50 SF to be assessed at the rate of \$3.00/SF resulting in a Potential Gross Income of \$344,273. Applying a Vacancy Allowance of 11%, Operating Costs of \$12.50/SF and Non-recoverable Costs of 1% in the Income approach to value formula results in a Net Operating Income of \$252,440 which when capitalized at a rate of 7.75% yields a total assessed value of \$3,257,290.

Board's Decision:

[14] The 2012 assessment is reduced to \$3,250,000.

DATED AT THE CITY OF CALGARY THIS 11th DAY OF Sept 2012.


B. Horrocks
Presiding Officer

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

NO.	ITEM
1. C1	Complainant Disclosure
2. R1	Respondent Disclosure
3. C2	Complainant Rebuttal

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 Administrative Use

Subject	Property type	Property Sub-type	Issue	Sub-issue
CARB	Office	Low rise	Income Approach	Vacancy Allowance