

**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:

Chevron Canada Limited (as represented by the Altus Group), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

T. B. Hudson, PRESIDING OFFICER

D. Julien, MEMBER

J. Kerrison, 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: 067024802

LOCATION ADDRESS: 500 5 AV SW

FILE NUMBER: 66907

ASSESSMENT: \$77,200,000

This complaint was heard on the 7th day of September 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:

- *S. Meiklejohn*

Appeared on behalf of the Respondent:

- *R. Fegan*

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

The Complainant advised the Board that disclosure material had been filed with respect to a lack of response to information requested under Sections 299 and 300 of the Act; and with respect to the exclusion of evidence under Section 9(4) of the Matters Relating to Assessment Complaints Regulation (MRAC). However, the Complainant also advised the Board that these matters would not be addressed in the hearing and therefore that the disclosure material did not need to be entered as an Exhibit.

The Parties requested, and the Board agreed, to cross-reference the direct evidence, rebuttal and argument from hearing #66944, #66942, #66941, and #67974, in considering the property assessment complaint in this hearing #66907.

Property Description:

[1] The subject property is a 0.40 acre parcel of land, and is improved with an office building situated in the Downtown Commercial Core district, specifically within the DT1 economic zone. The building was constructed in 1979 and comprises a total assessed area of 267,759 square feet (sf.), with a class quality rating of A-. The assessed area includes offices, main level retail, and 74 underground parking stalls. The property is located at 500 5 Av SW, and is commonly known as the Chevron Plaza. The current assessment based on the capitalized income approach to value is \$77,200,000 or approximately \$288 per square foot (psf.).

Issues:

[2] The Complainant identified the assessment class and the assessment amount as the complaint matters on the Assessment Review Board Complaint form.

[3] At the outset of the hearing, the Complainant identified specific issues related to the requested change to the class quality rating of the subject property from the assessed A- to the requested B+, including the following 2012 assessment parameter rate changes:

- Rent Rate of \$20 psf. for Office Space Reduced to \$16 psf.
- Capitalization (Cap) Rate of 6.75% Increased to 8.00%.
- Vacancy Rate of 5% Increased to 10%.
- Operating Cost Allowance of \$18psf. Reduced to \$17 psf.
- Parking Rate of \$475 Per Stall Per Month Reduced to \$400.

Complainant's Requested Value: \$46,410,000 or approximately \$173 psf.

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

Change of Class Quality Rating and Assessment Parameters

The Board finds that the evidence does not support the request for a change to B+ from A- class quality rating, and/or the assessment parameters for the subject property.

[4] The Respondent noted that there are no office buildings in DT1 that have been assessed with a B+ class quality rating for the 2012 assessment year. In fact, B+ class quality assessment parameters were not identified by the Assessment Business Unit (ABU), for 2011 or 2012.

[5] The Complainant argued that the absence of B+ class quality assessment parameters has interrupted the historical assessment relationships between the AA, A, B, and C class quality buildings in the DT1 economic zone, resulting in assessments that exceed market value and are inequitable.

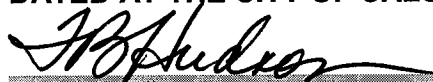
[6] The Complainant suggested that in order to address the absence of 2012 B+ class quality assessment parameters for office buildings in the DT1 economic zone, the assessment parameters for each class quality should be "corrected" in order to restore the historical relationships (page 36 of Exhibit C1).

[7] The Respondent argued that regardless of which class quality assessment parameters are applied to the subject property, there is no market evidence to support the requested assessment amount of \$173 psf. for the subject property, or for any A or B class quality office building in the DT1 economic zone. In fact, the evidence (Page 65 of Exhibit R1) shows that recent sale prices all exceed \$230 psf. for B class quality, and \$330 psf. for A class quality office buildings.

[8] In terms of equity, even the Complainant evidence indicated that there are no B class quality office buildings in the DT1 economic zone with 2012 assessments of less than \$220 psf. (page 91 of Exhibit C1); and that the 2012 assessment amount of the subject property (\$288psf.) is less than the assessment amount of all but one (i.e. Encana Place \$273 psf.) of the ten A- class quality buildings located in DT1 (page 89 of Exhibit C1).

Board's Decision: The assessment amount is confirmed at \$77,200,000.

DATED AT THE CITY OF CALGARY THIS 12 DAY OF October 2012.



T. B. Hudson
Presiding Officer

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

NO.	ITEM
1. C1	Complainant Disclosure
3. C2	Complainant Rebuttal
4. 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.*

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<i>Decision No. 1571/2012-P</i>			<i>Roll No 067024802</i>	
<u>Subject</u>	<u>Type</u>	<u>Sub-Type</u>	<u>Issue</u>	<u>Sub-Issue</u>
CARB	Office	Downtown A - Class	Change to B+ Class	Assessment Parameters