

**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:

***Telus Communications Inc., as represented by Colliers International Realty Advisors Inc.,  
COMPLAINANT***

and

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

before:

***S. Barry, PRESIDING OFFICER  
E. Bruton, MEMBER  
D. Morice, MEMBER***

This is a complaint to the Calgary Composite Assessment Review Board (CARB) in respect of a property assessment prepared by the Assessor of The City of Calgary and entered in the 2012 Assessment Roll as follows:

<b>ROLL NUMBER:</b>	<b>068076207</b>
<b>LOCATION ADDRESS:</b>	<b>130 7 AV SW</b>
<b>HEARING NUMBER:</b>	<b>66062</b>
<b>ASSESSMENT:</b>	<b>\$24,810,000</b>

This complaint was heard on the 27th day of August, 2012 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 9.

Appeared on behalf of the Complainant:

- *J. Havrilchak, Colliers International Realty Advisors Inc.*

Appeared on behalf of the Respondent:

- *A. Czechowskyj, City of Calgary*

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

[1] There were no procedural or jurisdictional matters raised at the hearing. The Complainant noted that although a Rebuttal document appeared in the Board's file, it was submitted in error and the Complainant requested that it be withdrawn. There was no objection to the withdrawal. It was given no further consideration by the Board.

**Property Description:**

[2] The property under complaint, known as the Len Weary Building, is located at 130 7 Av SW in the DT1 district of the Downtown. It is assessed as a B- building using the Income Approach to value. It contains 209,726 square feet (sq.ft.) of assessable space of which 101,976 is assessed as office at a rate of \$15 per sq.ft. and 107,750 sq.ft. is assessed as storage at \$8.00 per sq.ft. with a vacancy rate of 8 per cent and a capitalization rate (cap rate) of 7.5 per cent.

**Issues:**

1. Is the subject appropriately classed as a B- building?
2. Consistent with C class buildings, would a reduction in the rent rate to \$12 per sq.ft., an increase in the vacancy rate to 15 per cent and an increase in the cap rate to 8 per cent result in more correct market value for assessment purposes?

**Complainant's Requested Value:**

[3] On the Complaint Form the requested assessment was \$13,600,000. This request was revised in the Complainant's disclosure document to \$18,970,000.

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

**Issue 1: Building Classification:**

[4] The Complainant argued that the premises were originally constructed as an equipment building for Telus/AGT and that with time and the modernization of communications systems, some of the space has been converted, as much as 15 years ago, to office space for Telus

employees who "monitor, use or maintain the equipment, or administer the monitoring, maintaining, or using of the equipment." The Complainant argued that the building is substandard, shows evidence of wear and tear, has no parking for its employees and, most importantly, lacks adequate windows for the class of building at which it has been assessed. The majority of the floors have 7 windows; the most observed by the Complainant was 15. Some windows are non-functional.

[5] The Complainant advanced, as his best comparable for his request, the Heagle Building at 605 1 St. SW which was assessed at \$12 per sq.ft. for office space and was considered by him to be a much superior building. The Assessment Summary for the Heagle Building was provided to the Board to support the requested rate adjustments, along with an undated, partial rent table for 2011. Rents on this table range from \$6.50 to \$13 per square foot. The Complainant also referenced rents in the Roslyn Building which showed leases from May 1, 2010 to April 1, 2011 ranging from \$10 to \$21.25 per square foot.

[6] The Respondent disagreed with the Complainant's assessment of the windows stating that he had inspected both the interior and exterior of the premises and the windows were adequate for office purposes. He supported the assessed rates for office, vacancy and cap rates with equity charts on those variables for B- buildings. He noted that the requested assessment produced an assessed value of \$90.45 per square foot but that sales comparisons provided by him supported a much higher value for office buildings in DT1.

#### **Board's Decision and Reasons:**

[7] There was insufficient evidence to support changing the classification of the building from B- to C.

[8] The Complainant argued that other buildings were superior to the subject but did not document that superiority in any physical terms. The information on the windows was contested by the Respondent and unsupported by the Complainant with any actual count; nor was there evidence provided to support the contention that there are market value differences attributable solely to inadequate or non-operating windows. The pictorial evidence was of poor quality and did not assist the Board in making any determination of the state of the building. In the absence of clear descriptors distinguishing the various buildings, the rental information provided for both the Heagle and Roslyn buildings was inadequate and non-conclusive. The Board also noted that the rent tables failed to identify the types of spaces for which the rents were achieved.

[9] The subject building is, according to the Respondent's Assessment Request for Information (ARFI), dated May 16 2011, 100 per cent occupied but receives a vacancy allowance of 8 per cent. The majority of that space is occupied by the owner and therefore no rent rates were in evidence although some portion of the first floor was considered exempt from taxation and was rented for operating costs only, specified as \$8 per square foot. The assessed operating costs are \$17 per sq.ft. for office space.

[10] The Complainant failed to convince the Board that the subject premises merit a lower building classification than B-.

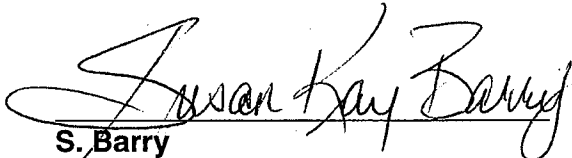
**Issue 2: Reduction in Rent, Vacancy and Cap Rate:**

[11] The Complainant failed to demonstrate that the premises are of a lesser class than the one in which it was assessed. Accordingly, the Board found no merit in adjusting the value of the requested components.

**Board's Decision:**

The 2012 Assessment is confirmed at \$24,810,000

DATED AT THE CITY OF CALGARY THIS 7<sup>th</sup> DAY OF September 2012.

  
S. Barry  
Presiding Officer

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

NO.	ITEM
1. C1	Complainant's Disclosure
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.*

For MGB Administrative Use Only

Decision No.: 1641/2012-P		Roll No.: 068076207		
Subject	Property Type	Ppty Sub-type	Issue	Sub-Issue
CARB	Office	High Rise	Income App	Bldg Class