

**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:

AFIAA Country Hills AG, COMPLAINANT (as represented by Colliers International Realty Advisors)

and

The City Of Calgary, RESPONDENT

before:

***F.W. Wesseling, PRESIDING OFFICER
A. Zindler, MEMBER
I. Fraser, 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 2011 Assessment Roll as follows:

ROLL NUMBER: 445110000

LOCATION ADDRESS: 110 Country Hills LD NW

HEARING NUMBER: 61410

ASSESSMENT: \$7,420,000.00

This complaint was heard on 2nd day of August, 2011 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 12.

Appeared on behalf of the Complainant:

- *C Hartley -- Agent, Colliers International Realty Advisors*
- *A. Farley -- Agent, Colliers International Realty Advisors*
- *D. Poteous -- Agent, Colliers International Realty Advisors*

Appeared on behalf of the Respondent:

- *D. Lidgren -- Assessor, City of Calgary*

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

No specific jurisdictional or procedural matters were raised during the course of the hearing, and the CARB proceeded to hear the merits of the complaint

Property Description: Subject property is located in the NW quadrant of the City and contains an office building, known as the **Bisma Office Centre**, constructed in 2003. The building contains 27,569 square feet and is a multi-tenanted flex-office facility. The City considers this a class A+ building and as such it is assessed at a typical office rental rate of \$25.00 per square foot excluding the office space below ground. Parcel size is 1.95 acres. The site is classified "Direct Control" and "I-2, Industrial" in the City of Calgary Land Use Bylaw which is a general light industrial classification.

Issues: The Complainant raised the following matter in Section 4 of the Assessment Complaint form: Assessment amount

Presentation of the Complainant and Respondent were limited to:

- Assessment overstated in relation to comparable properties.
- What is the appropriate market rental rate?

Complainant's Requested Value: ON the assessment complaint form the Complainant requested the assessment be reduced to \$4,910,000. At the hearing the Complainant amended the requested assessment to \$5,960,000.

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

Complainant's position: The Complainant's requested assessment is based on 2 aspects. Firstly, it is proposed that the rental rate should be based on \$20.00 per square foot instead of the \$25.00 per square foot utilized by the City. In support of the complainant's request, eight leases were presented [page 18, Exhibit C-1]. Three of the leases are at the Airport Corporate Centre, one in the northeast, 3 in the northwest as well as the subject property. The market lease comparables ranged from \$13.00 to \$21.00, however five of these leases were from after August 1, 2010. The second item presented for the Board's consideration was the sale of the

property [pages 26-27 and 29-32, Exhibit C-1] in December of 2010 for \$6,375,577. The complainant indicated that the sale price was the best indicator of value. The sale price and lease comparables indicated that the taxable assessment per square foot for the subject property should be in the range of \$216.00 to \$231.00 instead of the \$269.00 used by the City. The Complainant made a case that the sale and some of the lease comparables being post facto, should not affect the Board's decision. No rent roll information for the subject site was provided for the Board's consideration.

Respondent's Position: The City outlined the basis for the typical lease rate used for valuation purposes of class "A+" office buildings. The City presented typical leases for both "A+" office building as well as "A2" buildings. The former having an average of \$25.38 while the later having an average of \$18.58 per square foot. The Respondent indicated that the 3 airport property lease comparables were in appropriate as airport properties are dealt with in completely separate manner for valuation purposes. CARB decisions 0958/2011 and 1331/2011 were included in the presentation for the Board's consideration as they dealt with market rental rates.

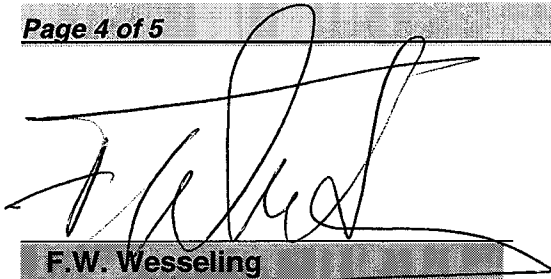
Rebuttal by Complainant: The complainant's focus in rebuttal was on the lease information presented by the City which included leases having a commencement date in 2008. The Complainant contends that 2008 was at the peak of the market which subsequently declined in 2009. In this regard the Complainant reworked the lease schedules excluding all 2008 leases resulting in revised weighted average lease rate for "A+" leases of \$21.53 per square foot and \$18.12 per square foot for "A2" leases. CARB 0660/2010-P was presented to show the decline of rental rates starting in the fourth quarter of 2008.

Board's Decision: Upon reviewing the verbal and written evidence provided by the parties, the Board considers that that the Respondent's evidence most relevant and that the Complainant's requested assessment was not supported by the data presented.

Reasons: The Board determined that the market lease information presented by the Respondent as being more appropriate and compelling. The lack of rent roll information for the subject site was noted. The Board did not accept that the sale of the property in December of 2010 should influence its valuation for the period July 2009 to July 2010. Further, the Board notes that the Complainant did not rely on the sale value other than to illustrate that the assessment may be excessive. Having regard to Section 467 (3) of the Municipal Government Act, the Board found no alteration to the assessment was warranted.

The Board confirms the assessment at \$7,420,000.00.

DATED AT THE CITY OF CALGARY THIS 24 DAY OF August 2011.



F.W. Wesseling
Presiding Officer

APPENDIX "A"

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

Complainant: C-1 Complainant's Brief as prepared by Colliers International. Valuation and Advisory Services.

C-2 Rebuttal Evidence prepared by Colliers International

Respondent: R-1 Assessment Brief prepared by City of Calgary Assessment

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

<i>Decision No. 61410</i>		<i>Roll No. 4455110000</i>		
<u><i>Subject</i></u>	<u><i>Type</i></u>	<u><i>Issue</i></u>	<u><i>Detail</i></u>	<u><i>Issue</i></u>
CARB	Office	Stand Alone	Income Approach	Net market rent rates