

**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:

Fluor Canada Ltd. (as represented by Altus Group Limited), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

M. Vercillo, PRESIDING OFFICER

A. Wong, 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: 757119003

LOCATION ADDRESS: 63 SUNPARK PZ SE

HEARING NUMBER: 63909

ASSESSMENT: \$45,650,000

This complaint was heard on the 30th day of August, 2011 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 11.

Appeared on behalf of the Complainant:

- *S. Sweeney-Cooper*

Appeared on behalf of the Respondent:

- *A. Jerome*

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

The Calgary Composite Assessment Review Board (CARB) derives its authority to make this decision under Part 11 of the Act. No specific jurisdictional or procedural issues were raised during the course of the hearing, and the CARB proceeded to hear the merits of the complaint, as outlined below.

Property Description and Background:

The subject property is a suburban office property located in the "Sundance" community of SE Calgary. According to the information provided, the property contains one building that was constructed in 2000 with a net rentable area of 210,684 square feet (SF). The building is situated on a 12 acre or approximately 522,820 SF site and is zoned Industrial – Business.

According to the information provided by the Respondent, the subject is considered an A+ class building and is assessed using the Income Approach to value using a market rental rate of \$19.00 per SF, a 10% vacancy rate, operating costs of \$12.50, a 2.00% non-recoverable rate and a 7.5% capitalization rate (cap rate). The property also includes 151 parking stalls assessed at a rate of \$1,080.00 each.

Issues:

There were a number of matters or issues raised on the complaint form; however, as of the date of this hearing, the Complainant addressed the following issue:

- 1) The office rental rate applied to the Income Approach to value should be \$15.00 per SF to be equitable at market.

Complainant's Requested Value:

\$40,700,000 on the complaint form revised to \$35,740,000 at this hearing.

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

ISSUE 1: The office rental rate applied to the Income Approach to value should be \$15.00 per SF to be equitable at market.

The Complainant requested that arguments made on this issue in Hearing #62781 be brought forward to this hearing and provided a document entitled "Evidence Submission of the Complainant" that was entered as "Exhibit C1". The Complainant along with Exhibit C1 provided the following evidence with respect to this issue:

- A table of comparable properties to the subject, all in the SE quadrant of Calgary. The table compared 13 leased spaces of 7 comparable buildings that were assessed by the City of Calgary as either Class "A" or "A-" buildings. It was noted during questioning that the 4 buildings (10 leased spaces) classed as "A-" were being appealed by the Complainant to be re-classed as "B" class properties under separate appeals. The properties had lease start dates commencing within the assessment year except for 5 properties that had lease start dates of October, 2010. The lease rate of these properties had an average of \$14.43 per SF, a weighted average of \$15.37 per SF and a median of \$15.00 per SF. The Complainant concluded her analysis by applying the \$15.00 rate to the Income Approach to value using the same parameters of the original assessment to arrive at a requested value of \$35,740,000 including parking. Excluding the assessment for the parking component of the property, the requested assessment would be approximately \$160 per SF.
- Summarized documentation including pictures of each comparable property used in the analysis above. It is noted that the assessment per SF of the comparable properties varied from \$131 to \$218 with a median of \$195.

The Respondent requested that arguments made on this issue in Hearing #62781 be brought forward to this hearing and provided a document entitled "Assessment Brief" that was entered as "Exhibit R1". The Respondent along with Exhibit R1 provided the following evidence with respect to this issue:

- A table of 5 equity comparable properties to the subject, all of which were in SE Calgary. The table showed that all of the comparable buildings were assessed by the City of Calgary as "A+" buildings like the subject. The buildings had years of construction that ranged from 1981 to 2008, with assessed building sizes ranging from 32,013 SF to 101,961 SF. All of the properties were assessed using a market rental rate of \$19.00 per SF like the subject.
- A table of comparable properties to the subject, all in the SE quadrant of Calgary. The table compared 8 leased spaces of 4 comparable buildings that were assessed by the City of Calgary as Class "A+" buildings. Three of the comparable buildings were also included in the Complainant's analysis above although none of the leased spaces or rates were used in the analysis. All of the properties had lease start dates commencing within the assessment year. The lease rate of these properties had an average of \$19.39 per SF, a weighted average of \$20.73 per SF and a median of \$18.55 per SF. The Respondent concluded his analysis by arguing that the comparable lease rates justify the \$19.00 rental rate used in his Income Approach to value the subject.

The CARB finds the following with respect to this issue:

- The Respondent substantiated through his evidence that the rental rate used in his Income Approach to value the subject was equitable with other class A+ buildings.
- The Respondent's lease rate comparables were superior to those used by the

Complainant because all of the comparables used by the Respondent were in class A+ buildings like the subject. The Complainant used lease rate comparables of buildings in which the majority were classed as A-.

- The requested assessment of the subject of approximately \$160 per SF excluding parking is not supported by the Complainant's evidence. The Complainant used lease rate comparables of arguably lower classed buildings that had a median assessment of \$195 per SF.

Board's Decision:

The complaint is denied and the assessment is confirmed at \$45,650,000.

The Complainant failed to substantiate her requested assessment through argument or evidence. Given the evidence presented by both parties, the CARB finds that the subject property is equitably assessed at approximately \$206 per SF excluding parking.

DATED AT THE CITY OF CALGARY THIS 30 DAY OF September 2011.



Presiding Officer

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

| NO. | ITEM |
|------------|------------------------|
| 1. C1 | Complainant Disclosure |
| 2. 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.*