

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

Core Ventures Inc.
(as represented by MNP LLP), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before

L. Yakimchuk, PRESIDING OFFICER
E. Reuther, BOARD MEMBER
A. Zindler, BOARD 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 2013 Assessment Roll as follows:

ROLL NUMBER: 080007305

LOCATION ADDRESS: 1013 17 Av SW

FILE NUMBER: 70623

ASSESSMENT: \$7,200,000

This complaint was heard on October 2, 2013 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 8.

Appeared on behalf of the Complainant:

- *W. Van Bruggen, MNP LLP*

Appeared on behalf of the Respondent:

- *C. Fox, City of Calgary Assessor*

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

- [1] There were no procedural or jurisdictional matters.

Property Description:

- [2] The subject property has been assessed as a 1978, "A2" Class, 18,553 square foot (sf) suburban office building in Lower Mount Royal, SW Calgary.

Issues:

- [3] Is the Income for this property assessed correctly? Specifically, the Complainant is asking for changes in the following assessment parameters: office rental rate (\$11.00/sf from \$19.00/sf), office operating cost (\$12.00/sf from \$14.00/sf) and Capitalization (Cap) rate (5.75% from 5.50%).

- [4] Is the Assessment equitable with the Assessment of the neighbouring property?

Complainant's Requested Value: \$5,490,000

Board's Decision:

- [5] The Board reduces the assessment to \$6,300,000.

Legislative Authority, Requirements and Considerations:

The Composite Assessment Review Board (CARB) derives its authority from the Municipal Government Act (MGA) RSA 2000 Section 460.1:

- (2) Subject to section 460(11), a composite assessment review board has jurisdiction to hear complaints about any matter referred to in section 460(5) that is shown on an assessment notice for property other than property described in subsection (1)(a).

For the purposes of this hearing, the CARB will consider MGA Section 293(1)

In preparing an assessment, the assessor must, in a fair and equitable manner,

- (a) apply the valuation and other standards set out in the regulations, and
- (b) follow the procedures set out in the regulations.

Matters Relating to Assessment and Taxation Regulation (MRAT) is the regulation referred to in MGA Section 293(1)(b). The CARB decision will be guided by MRAT Section 2, which states that

An assessment of property based on market value

- (a) must be prepared using mass appraisal,
- (b) must be an estimate of the value of the fee simple estate in the property, and
- (c) must reflect typical market conditions for properties similar to that property.

and MRAT Section 4(1), which states that

The valuation standard for a parcel of land is

- (a) market value, or
- (b) if the parcel is used for farming operations, agricultural use value.

Position of the Parties

Complainant's Position:

[6] W. Van Bruggen (MNP) argued that the subject assessment is inequitable compared to the assessment of the Shelbourne Building on the property neighbouring the subject. The neighbouring property is classified "Retail/Mixed Use Upper" with "A" class retail space (\$32.00/sf), office space (\$14.00/sf) and multi-family in retail building (\$15.00/sf). (C1p61)

[7] The Complainant included photographs of buildings assessed similarly to the subject property. All of these buildings were multi-level office buildings with some retail on the lower level. They ranged in rentable area from 31,574 sf to 139,951 sf (subject is 18,553 sf). All of the properties in the list had parking stalls on the property. (C1p19)

[8] W. Van Bruggen also asked that the office rental rate be reduced to reflect the actual rental rate for the office space in the subject (\$11.00/sf), based on the rent roll (C1p44). Several suites are also vacant.

Respondent's Position:

[9] C. Fox, City of Calgary Assessor, suggested that the variation in office rate between the Shelbourne Building and the subject was most likely an error by the Assessment department in the Assessment of the Shelbourne Building as the rates were being changed to consistently reflect the class of the dominant use of the building.

[10] The Respondent explained that generally buildings are classified by the dominant use. For example, if a building is used for both retail and office purposes, and more than half of the leasable floor space is used for retail, the building is classified "retail use". If there are more than two uses, the classification is based on the largest amount of leasable space used for one purpose.

[11] The Respondent provided the 2012 Assessment Request for Information and Rent Roll which confirmed that the subject is receiving \$11.00/sf for office rent. (R1p31). He also provided the assessment details for the neighbouring Shelbourne Building which confirmed that it was assessed at a \$14.00/sf rate for office space in an "A" Retail/Mixed Use Upper building.

[12] Other equity comparables were provided by the Respondent to support a consistent \$16.00/sf office rental rate for "A" class buildings in the Beltline area classified as predominantly office. The rate goes down for "B" class buildings. (R1p62).

Board's Reasons for Decision:

[13] The Board considered the arguments and evidence presented by both parties. The Respondent provided considerable argument and documentation to show that the "A" class office rates are fair and generally equitable.

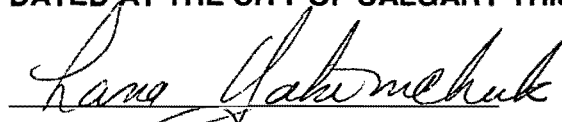
[14] The Board considered the neighbouring Shelbourne Building, which was assessed at the rate of \$14.00/sf for office space in an "A" class building. The Respondent said this was probably an oversight, but did not provide evidence to show that the neighbouring assessment and the subject assessment were equitable.

[15] The Board decided that in this case, to provide equity between the two properties, both should have had their offices based at the same office rate. The retail portions were assessed equitably.

[16] The Board reduced the office rate for the subject property to \$14.00/sf with an 8.00% vacancy rate and a \$12.00/sf operating cost.

[17] The Board confirmed the Cap rate, which was equitable with all "A" class office building Cap rates in this area.

DATED AT THE CITY OF CALGARY THIS 25th DAY OF October 2013.


Lana Yakimchuk

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.*

Appeal Type	Property Type	Property Sub-type	Issue	Sub-Issue
CARB	Office	Low Rise	Income Approach	Class, Equity