



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

***Canada Mortgage and Housing Corporation
(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: 024024507
LOCATION ADDRESS: 5055 11 St NE
FILE NUMBER: 70749
ASSESSMENT: \$12,900,000

This complaint was heard October 3, 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. Neal, City of Calgary Assessor*

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

- [1] There were no procedural or jurisdictional matters.
- [2] Both parties asked that arguments from CARB 70749P-2013 (5055 11 St NE) be carried over to CARB 71012P-2013. Therefore, most of the argument in these two documents is similar.

Property Description:

- [3] The subject property has been assessed as a 64,168 square foot (sf) "A2" quality suburban office built in 2000 in Skyline East in the NE quadrant of Calgary.

Issues:

- [4] Is the typical rent rate used in the Income Approach calculation too high? The Complainant asked for a reduction from \$16/sf to \$14/sf.

Complainant's Requested Value: \$11,490,000

Board's Decision:

- [5] The Board confirms the assessment at \$12,900,000.

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 property should be assessed using a rent rate of \$14/sf in the rent rate rather than the City typical rate of \$16/sf.

[7] To support this argument, the Complainant presented an MNP 2013 Suburban Office Rental Analysis for "A2" and "A-" Quality NE offices which included the City of Calgary rent rate study plus an additional lease from 5055 11 St NE for \$13.00/sf. The median of this study was \$16.00/sf and the weighted mean was \$14.22/sf. (C1p21)

[8] The Complainant also presented the 2012 Assessment Request for Information for the subject property, which showed that both floors of the building were leased at \$13/sf. (C1p24)

Respondent's Position:

[9] C. Neal, City of Calgary assessor, presented the City of Calgary 2013 Suburban Office Rental Analysis for A2 and A- Quality NE (R1p18). The mean rental rate derived from this study was \$16.40/sf and the weighted mean was \$17.69/sf, with a median of \$16/sf. The Assessed Rate for "A2" and "A-" quality buildings used by the city is \$16/sf.

[10] The Respondent stated that the \$13.00/sf rate reported in the subject ARFI (R1p20) and used by the Complainant in the Office Study was a blended rate for upper and lower levels. The City of Calgary assessed the building at \$16.00/sf for the above grade level and \$10.00/sf for the below grade level. She argued that if the \$13.00/sf rate was used throughout the subject building, the assessed value would be \$13,760,000. (R1p23)

Board's Reasons for Decision:

[11] The Board considered the rent rate analyses provided by both parties. The studies were similar with the exception that the Complainant had added the lease from the subject ARFI.

[12] The Board reviewed the argument (R1p23) by the Respondent that a \$13.00/sf universal rate for the subject property would increase the Assessed Value.

[13] The Board decided that the City evidence was more relevant and compelling than the Complainant's evidence and confirms the subject Assessment at a rent rate of \$16/sf.

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

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	Rent