

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:

Riverbend Atrium Nominee Company, (as represented by Colliers International Realty Advisors Inc.), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

**T. B. Hudson, PRESIDING OFFICER
P. Charuk, BOARD MEMBER
J. Joseph, 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: 121017305

LOCATION ADDRESS: 200 Rivercrest DR SE

FILE NUMBER: 70912

ASSESSMENT: \$16,810,000

This complaint was heard on the 22nd day of October, 2013 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 5.

Appeared on behalf of the Complainant:

- B. Peacock
- A. Farley

Appeared on behalf of the Respondent:

- L. Dunbar-Proctor
- M. Ryan

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

- [1] There were no procedural or jurisdictional matters raised by the parties.

Property Description:

[2] The subject property is a two storey B quality suburban commercial office building, built in 1981 in the community of Riverbend. The structure includes 88,230 square feet (sf.), of net rentable office space. The property is assessed based on capitalized income, applying typical B quality SE suburban office valuation factors, including \$16 per square foot (psf.) rent for office space, an 8% vacancy rate, \$12.50 psf. operational expense allowance, and a 6.75% capitalization rate.

Issues:

- [3] Should the office rent rate valuation factor applied in the assessment calculation, be reduced to \$12.25 psf., in order to reduce the assessment amount to an improved estimate of market value?

Complainant's Requested Value: \$12,720,000

Legislative Authority, Requirements and Considerations:

[4] The Composite Assessment Review Board(CARB), derives its authority from Part 11 of 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).

[5] For purposes of the hearing, the CARB will consider MGA Section 293(1):

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

Apply the valuation and other standards set out in the regulations, and

Follow the procedures set out in the regulations.

[6] The Matters Relating to Assessment and Taxation Regulation(MRAT) is the regulation referred to in MGA section 293(1)(b). The CARB consideration will be guided by MRAT Part 1 Standards of Assessment, Mass appraisal section 2:

An assessment of property based on market value

must be prepared using mass appraisal

must be an estimate of the value of the fee simple estate in the property, and

must reflect typical conditions for properties similar to that property.

Complainant's Position:

[7] In support of their request, the Complainant submitted the rent roll for the subject property effective July1, 2012, which includes some 30 leased and 2 vacant spaces. (Exhibit C1 pages 15-17).

[8] The Complainant selected five units leased in 2011 for 3-5 year terms, to generate a median rent rate of \$12.22 psf.,(Exhibit C1 page 13), and suggesting that that rate should be applied to calculate a better estimate of market value for the subject property.

[9] The Complainant explained that most of the other units in the building were leased to one tenant in 2009 for a ten year term at \$19 psf., which does not reflect current lease rates.

[10] The Complainant also argued that the Court of Queens Bench decision 2000 ABQB 594 Mountain View (County) v. Alberta(Municipal Government Board), stands for the right of the Board to revise an assessment that exceeds market value even if the revised assessment does not reflect equity.(Exhibit C1 pages 19-24).

Respondent's Position:

[11] The Respondent noted that EBA Engineering Ltd., is not only the tenant with most of the subject property under lease at \$19 psf. until 2019, they also recently picked up additional space at \$17 psf. through 2019. (Exhibit R1 page 27).

[12] The 2011 leases selected by the Complainant, represent approximately 6% of the total rentable area of the building.

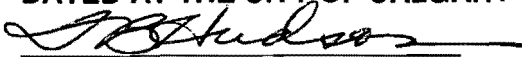
[13] The Respondent submitted their 2013 suburban office lease analysis for B quality properties in the SE in support of the typical rent rate of \$16 psf..(Exhibit R1 page 32).

Board Decision and Reasons:

[14] The assessment is confirmed at \$16,810,000, which reflects the \$16 psf., rent rate for office space. None of the other valuation factors applied in the assessment calculation were in dispute.

[15] The Respondent demonstrated that the rental income as at July 1, 2012 for the subject property, more than justifies the typical rent rate of \$16psf. applied in the 2013 assessment of the subject property.

DATED AT THE CITY OF CALGARY THIS 30th DAY OF October 2013.



T. B. Hudson

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.*

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<i>Decision No. 70912P-2013</i>			<i>Roll No. 121017305</i>	
<u><i>Subject</i></u>	<u><i>Type</i></u>	<u><i>Sub-Type</i></u>	<u><i>Issue</i></u>	<u><i>Sub-Issue</i></u>
CARB	Commercial	Low rise offices	Market value	Rent rate