



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:

***Centre 1000 Capital Corp. and Centre Eleven Capital Corp. (as represented by MNP LLP),
COMPLAINANT***

and

The City Of Calgary, RESPONDENT

before:

***T. Golden Board Chair, PRESIDING OFFICER
A Huskinson, BOARD MEMBER
T Usselman, 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	057201188	057195901
LOCATION ADDRESS	1000 Centre St NE	1121 Centre ST NW
FILE NUMBER	70506	71052
ASSESSMENT	\$13,050,000	\$13,890,000

This complaint was heard on 15 day of July, 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:

- *G. Worsely*

Appeared on behalf of the Respondent:

- *T. Johnson, C. MacMillan*

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

[1] At the commencement of the hearing the Respondent stated that the rebuttal submitted by the Complainant contained new information not contained in the initial disclosure. In the opinion of the Respondent the Complainant had all the information available to them as part of the response to a request for information under Section 299 of the Act. The Complainant choose not to use the information in the disclosure so there was little time to repond. Since the new information was submitted late in the process the Respondent was placed at a procedural disadvantage. The entire rebuttal document is in dispute. The respondent presented the Board with a Court of Queen's Bench of Alberta case Cited as *GSL Chevrolet Cadillac Ltd. v Calgary (City)*, 2013 ABQB 318. The case was intended to support the concept that a rebuttal cannot contain new information.

[2] In the opinion of the Complainant all of the information contained in the rebuttal is in response to issues introduced in the Respondents disclosure and uses information contained in the initial disclosure Exhibit C-1.

[3] The Board allowed the hearing to proceed up to the point where the rebuttal was to be discussed. Also the parties met in order to clarify the sections of the rebuttal under dispute. Having an understanding of the merits of the case the Board decided that the rebuttal would be allowed. The information in the rebuttal was found not to be new information. The sections of the rebuttal were found to be a different argument using information contained in the original disclosure. The Board accepts that the Complainant should be able to reorganize the information in order to address an issue contained in the Respondent's disclosure. The Board allowed the entire rebuttal to be entered into evidence.

Property Description:

[4] The two subject properties are very similar in nature as they are both B class office buildings with retail at street level. The property located at 1000 Centre ST was built in 1981 and has a total of 55,538 square feet (sq ft) on 6 floors while 1121 Centre St NW built in 1979 has 62,843 sq ft on 5 floors. Both properties are assessed using the income approach. The retail areas of the subject buildings are not in dispute.

Issues:

[5] **Issue 1:** Is the rent of \$15.00 per sq ft the appropriate rental rate for the two subject properties?

[6] **Issue 2:** Should the vacancy rate of 9% be adjusted to 14.5% in order yield a more accurate assessment?

[7] **Issue 3:** Should the assessment be increased to capture the space previously assessed for storage but apparently used as office?

[8] **Complainant's Requested Value:** \$10,730,000 (1000 Centre St NE) \$11,150,000 (1121 Centre St NW).

Board's Decision

[9] The assessments are confirmed at:

LOCATION ADDRESS	1000 Centre St NE	1121 Centre ST NW
FILE NUMBER	70506	71052
ASSESSMENT	\$13,050,000	\$13890,000

Board's Decision on Issue 1

[10] **Issue 1:** The rent of \$15.00 per sq ft is the appropriate rental rate for the two subject properties

Position of the Parties**Complainant's Position:**

[11] The Complainant presented a study entitled "B Class Lease Analysis NW" containing 30 leases drawn from the City's "2013 Suburban Office Rental Analysis B Quality NW". The Respondent's analysis was felt to be weak as it included both 1 year leases and leases for smaller spaces. Several July leases for the subject property were also added to the Complainant's analysis. When these leases are calculated, the mean value is \$13.50 per sq ft supporting the request. The Complainant suggested that some of the Respondent's comparables are located some distance from the subject parcels and may not be representative.

Respondent's Position:

[12] In support of the assessment the Respondent provided the Board with the "2013 Suburban Office Rental Analysis B Quality NW". The study contains 41 leases, from the NW,

and 7 from the NE including many of the Complainants comparables. The results of this analysis yields a \$16.00 per sq ft median compared to the assessed rental rate of \$15.00. The Respondent was of the opinion that the rental rate used in the assessment was correct even if the analysis suggested a higher amount.

Board's Reasons for Decision:

[13] The Board considered the Complainant's reasons for excluding leases from the Respondent's analysis and finds that there is little market evidence to substantiate the exclusions. The Board recognizes that the use of one year leases may inflate the typical lease rate but was presented with no such evidence. It is noted the Complainant also included large area long term leases such as a 10 year lease at \$10.00 per sq ft that may have the effect of lowering the typical rent rate.

[14] The Complainant's position regarding location was not considered a strong argument as the MNP analysis contains similar comparables from a similar distribution of properties. The Board found the Respondent's evidence to be stronger and therefore supports the \$15.00 per sq ft rental rate.

Board's Decision on Issue 2

[15] **Issue 2:** The vacancy rate of 9% should not be adjusted to 14.5%.

Position of the Parties**Complainant's Position:**

[16] The Complainant presented a study entitled "B Class Office Vacancy Study NW" containing 49 properties, 9 from the NE. When the comparables are calculated the study suggests a 14.45% vacancy is more appropriate for the subject property. The study is in contrast to the Respondent's vacancy study which includes an office with medical dental services. The Respondent's study also grouped the B and C buildings and distorts the typical vacancy for B buildings. The Complainant also suggested that their interpretation of the data was closer in location to the subject site.

Respondent's Position:

[17] As a support to the assessment the Respondent provided the Board with the "2013 Suburban Office Vacancy Summary". The study contains 54 B and C building vacancies taken from ARFI documents. Both B and C structures were included in the study as data available suggested these buildings operate similarly in terms of vacancy.

Board's Reasons for Decision:

[18] The Board compared the vacancy studies from each party and questioned the Complainant's choices regarding which properties to include in their study. There was no

compelling reasons to exclude properties used by the Respondent. There was little evidence that B and C class property should not be used for vacancy purposes making the Respondent's evidence stronger as it is more complete than the Complainant's study.

[19] The Complainant's position regarding location was not considered a strong argument as the MNP analysis contains similar comparables from a similar distribution of properties. The Board found the Respondent's evidence to be stronger and therefore supports the assessment vacancy rate.

DATED AT THE CITY OF CALGARY THIS 27th DAY OF August 2013.



Tom Golden

Presiding Officer

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

NO.	ITEM
1. C1	Complainant Disclosure
2. C2	Complainant Rebuttal
3. C3	Complainant Rebuttal
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.*

Roll	Address	Subject	Issue	Detail	Sub Detail
057201188	057195901	office	Income	Rent, vacancy	
1121 Centre ST NW	1000 Centre St NE	office	income	Rent, vacancy	