



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:

Sun Life Assurance Company of Canada (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:	009004482	009004193
LOCATION ADDRESS:	6815 8 ST NE	6715 8 ST NE
FILE NUMBER:	71074	71072
ASSESSMENT:	\$40,360,000	\$38,800,000

This complaint was heard on 16 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. Worsley*
- *J. Langelaar*

Appeared on behalf of the Respondent:

- *C. Neal*

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

- [1] There were no preliminary matters.

Property Description:

- [2] The subject properties are two very similar A quality suburban office buildings. These structures were built in 1980 and 1981 and contain 161,752 square feet (sq ft) (6815 8 ST) and 162,311 sq ft (6715 8 ST). An assessment was conducted on the income approach and all the parameters were accepted with exception of the vacancy rate.

Issues:

- [3] **Issue 1** Is the Vacancy rate of 8% used to calculate the assessment the correct amount to apply?
- [4] **Issue 2** Is there a functional deficiency in the building at 6715 8 ST NE that would reduce the rent rate for 20,000 sq ft by \$2.00 per sq ft?

Complainant's requested Value:

LOCATION ADDRESS:	6815 8 ST NE	6715 8 ST NE
ASSESSMENT:	\$37,300,000	\$35,180,000

Board's Decision:

The assessment is confirmed at:

LOCATION ADDRESS:	6815 8 ST NE	6715 8 ST NE
FILE NUMBER:	71074	71072
ASSESSMENT:	\$40,360,000	\$38,800,000

Board's Decision on Issue 1

Issue 1 The Vacancy rate of 8% used to calculate the assessment is the correct amount to apply.

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

[5] The Complainant suggested that the subject properties are experiencing higher than typical vacancy rates for two reasons; firstly the immediate area of the subject has nearly 750,000 sq ft of vacant space which is in excess to market demand. Secondly the subject parcels will lose a tenant December 13, 2012. A table was presented to the Board indicating vacancy rates for multiple tenancy suburban office buildings in the NE. This analysis indicates an 11.17% vacancy rate that supports the requested vacancy rate of 12%. A subsection of the same table indicates the Deerfoot area with 4 buildings to have a 13.43% vacancy rate.

Respondent's Position:

[6] The Respondent submitted a "2013 Suburban Office Vacancy Summary", This represents the data gathered from the Assessment Requests For Information (ARFI) for NE suburban offices and is the basis of the typical rental rate of 8%. In support of the typical vacancy rate the Respondent discussed a third party report stating north Calgary Class A vacancy to be 5.6%.

Board's Reasons for Decision:

[7] The Board was told that all owner occupied buildings should be removed from the analysis and by doing so the correct vacancy rate would be achieved. The Complainant was unable to justify this except for an anecdotal understanding that vacancy in owner occupied offices would be exceptionally low. The Board is of the opinion that all the offices in the NE compete in a similar market and therefore the City study was given more weight as it contained more comparables to develop a typical rate. The Board agrees with the Respondent and the vacancy rate will not be adjusted.

Board's Decision on Issue 2

Issue 2 The assessment on 20,000 sq ft should not be adjusted for functional deficiency in the building at 6715 8 ST NE.

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

[8] The Complainant pointed to pictures in the disclosure C-1 that demonstrated an area in

the building used by a former tenant had a sunken floor for some unknown purpose. In communication with the building manager it appears the cost to cure the situation would be about \$300,000 or \$15.00 per sq ft to correct approximately 20,000 sq ft of sunken area. Without the situation being corrected the area would be difficult to lease out. The Complainant suggested that \$2.00 per sq ft would make up for this deficiency.

Respondent's Position:

[9] The Respondent suggested that the information provided by the Complainant was insufficient to give a cost to cure adjustment and the repair would have to be complete prior to consideration

Board's Reasons for Decision:

[10] The Board questioned the Complainant about the location of the affected area and were unable to determine the location of the area requiring remediation. Both the cost and the total area provided by the manager were only approximations and the actual cost and area were not known. It appears that there is no direct link between the cost to cure and the \$2.00 per sq ft request. The Board felt the request was weakly supported and was unwilling to adjust the assessment.

DATED AT THE CITY OF CALGARY THIS 29th 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. 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
009004482	6815 8 ST NE	office	income	vacancy	
009004193	6715 8 ST NE	office	income	vacancy	