



## **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:

**ENDERS MANAGEMENT LTD.**

*Complainant*

and

**THE CITY OF CALGARY**

*Respondent*

before:

**T. Shandro, PRESIDING OFFICER**

**I. Fraser, BOARD MEMBER**

**M. E. Bruton, 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:

<b>ROLL NUMBER:</b>	<b>071044101</b>
<b>LOCATION ADDRESS:</b>	<b>316 Meridian Road SE, Calgary, Alberta</b>
<b>FILE NUMBER:</b>	<b>71081</b>
<b>ASSESSMENT:</b>	<b>\$5,570,000</b>

This complaint was heard on the 18th day of July, 2013, at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 10.

Appeared on behalf of the Complainant:

- D. Bowman, Agent, Assessment Advisory Group Inc.

Appeared on behalf of the Respondent:

- C. MacMillan, Assessor, The City of Calgary
- K. Buckry, Assessor, The City of Calgary

### **Procedural or Jurisdictional Matters**

[1] When asked if there were any preliminary or jurisdictional matters, the Respondent advised that the Respondent agreed with the Complainant regarding the enclosed parking structure, and provided the Board with a recommendation that the assessment be revised to \$5,450,000. This issue and the Respondent's recommendation is addressed below.

### **Property Description**

[2] The subject property is an owner-occupied space improved with three structures, two of which are at issue in this complaint. One structure is an office warehouse constructed in 1966 with 29,104 square feet ("SF"), and there is also an enclosed parking structure built in 2009 with 70 stalls. The buildings are located on a parcel size of 121,786 SF located at 316 Meridian Road SE in the community described on the Property Assessment Detail Report as the Meridian Community.

[3] For assessment purposes, the quality of the office warehouse is classified by the Respondent as "B-", and the enclosed parking structure is classified as "B+".

### **Issues**

[4] In Section 4 of the Assessment Review Board Complaint form, filed March 4, 2013 (the "Complaint Form"), the following were marked:

- 1) Box 4, "an assessment class"; and
- 2) Box 5, "an assessment subclass".

[5] At the hearing the Complainant advised that the latter was marked incorrectly and that this was not an issue for the Board to consider and withdrew any matter related to Box 5.

[6] In Exhibit C-1, the Complainant raised two issues:

1. Is the quality of the office warehouse equitably assessed as "B-", and, if not, should the market rental rate used in the Income Approach be adjusted?
2. Should the rental rate used in the Income Approach for the enclosed parking

structure be adjusted?

### **Complainant's Requested Value**

[7] In the Complaint Form the Complainant requested that the assessment be reduced to \$5,000,000. At the hearing the Complainant amended the requested value to \$5,040,000.

### **Position of the Complainant**

#### **1. Is the quality of the office warehouse equitably assessed as "B-", and, if not, should the market rental rate used in the Income Approach be adjusted?**

[8] The Complainant submitted that the quality of the office warehouse was incorrectly assessed as "B-". The Complainant provided one equity comparable at 2810 – 12 Street NE and argued that the quality of the subject office warehouse should be reduced to a "C+" or "C" quality.

[9] The Complainant further submitted that the market rental rate should therefore be reduced from \$11.00/SF to \$10/SF.

#### **2. Should the rental rate used in the Income Approach for the enclosed parking structure be adjusted?**

[10] As a result of the Respondent's recommendation to the Board at the beginning of the hearing, the Complainant did not pursue the issue of the parking structure at the hearing.

### **Position of the Respondent**

#### **1. Is the quality of the office warehouse equitably assessed as "B-", and, if not, should the market rental rate used in the Income Approach be adjusted?**

[11] The Respondent disagreed with sole the comparable presented by the Complainant. The Respondent instead provided two different comparables.

[12] One comparable is at 1930 Maynard Road SE, and the Respondent claimed this comparable is closer in proximity, similar year of construction and has a current lease which was used in the Respondent's rental rate analysis. The lease rate for 1930 Maynard Road SE was for \$12/SF for a five-year term commencing September 2011.

[13] From the two comparables submitted by the Respondent, the mean and median lease rate was \$12.25/SF.

[14] Accordingly, the Respondent submitted that a rental rate of \$11/SF was fair an equitable.

#### **2. Should the rental rate used in the Income Approach for the enclosed parking structure be adjusted?**

[15] At the beginning of the hearing, the Respondent provided a recommendation to the

Board that the assessed value of the parking structure was incorrect and that the assessed value of the subject property be adjusted accordingly.

[16] The Respondent advised the Board that the reason for the error was because the subject property has a SE address even though it is north of Memorial Drive. The Respondent advised that because of the location of the subject property, that NE values for market rent should more appropriately be used to assess the parking structure.

[17] The Respondent advised that the correct market parking rate for the subject property should have been \$960 per stall, not \$1,080 per stall.

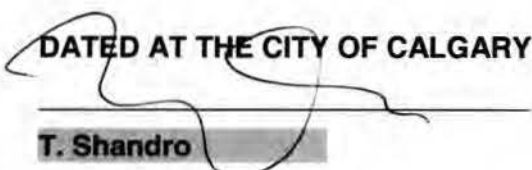
#### **Board's Reasons for Decision**

[18] Regarding the assessed value of the office warehouse, the Board confirms the assessment. The reason for this is because no market evidence was submitted by the Complainant, and the Complainant's argument was based on one comparable which is distinguishable from the subject property. The comparables provided by the Respondent more closely reflect the characteristics of the subject property and support the assessed quality and value per square foot of the subject property.

[19] Regarding the enclosed parking structure, the Board accepts the recommendation provided by the Respondent. For this reason, the Board amends the assessment roll of the subject property accordingly.

[20] The Board therefore revises the assessment of the subject property to \$5,450,000.

DATED AT THE CITY OF CALGARY THIS 16<sup>th</sup> DAY OF August, 2013.

  
T. Shandro

Presiding Officer

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

<b>NO.</b>	<b>ITEM</b>
1. C1	Complainant Disclosure
2. R1	Respondent Disclosure

At the hearing, the Complainant provided the Board and the Respondent with colour copies of some of the pages within C-1. The Respondent agreed that this was not new information and these documents were considered by the Board as a part of C-1.

*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.*

**For Administrative Purposes Only**

Property Type	Property Sub-Type	Issue	Sub-Issue
Office/Warehouse	Single tenant	Income approach	Rental rate