



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:

Westpen Properties Ltd.
(as represented by Colliers International Realty Advisors Inc.), COMPLAINANT

and

The City of Calgary, RESPONDENT

before:

J. Dawson, PRESIDING OFFICER
J. Massey, BOARD MEMBER
M.E. Bruton, BOARD MEMBER

This is a complaint to the Calgary Composite Assessment Review Board [*CARB*] 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:	031023401
LOCATION ADDRESS:	2728 Hopewell PL NE
LEGAL DESCRIPTION:	Plan 0010926; Block 1; Lot 16
FILE NUMBER:	71197
ASSESSMENT:	\$ 26,470,000

This complaint was heard on the 9th day of October, 2013 at the office of the Assessment Review Board [ARB] located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 3.

Appeared on behalf of the Complainant:

- *B. Peacock* *Agent, Colliers International Realty Advisors Inc.*

Appeared on behalf of the Respondent:

- *C. MacMillan* *Assessor, City of Calgary*
- *M. Ryan* *Assessor, City of Calgary*

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

- [1] There are no preliminary, procedural, or jurisdictional issues.

Property Description:

[2] The subject is an office/warehouse located in Northeast Non-Residential Zone [NRZ] of HZ1 – Horizon. With a quality grade of 'A', the property is comprised of 50,000 square feet of warehouse space, 45,000 square feet of office space on the main floor and 33,554 square feet of office space on the second floor.

[3] The assessment is calculated on the Income Approach to Value with a rental rate of \$13.00 per square foot for the entire 128,554 square feet. The capitalisation rate is 6.0%, vacancy allowance is 2.0%, non-recoverable allowance is 2.0%, and the operating costs are \$6.50.

Issues:

- [4] Numerous issues are raised on the complaint form with two issues remaining at the time of the hearing; a) market rental rate, and b) capitalisation rate.

Complainant's Requested Value: \$20,780,000

Board's Decision:

- [5] The Board found the assessment of the subject property correct and confirmed the \$26,470,000 value.

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

[6] The Complainant argued that the rental rate for 'A' quality office/warehouse properties, derived by the Respondent, is flawed for a variety of reasons; a) one lease is 18 months old and not reflective of the rates found closer to the valuation period, b) the size of the 18 month old lease distorts the weighted mean, c) the median value of \$12.00 per square foot is ignored by the Respondent with \$13.00 per square foot being assessed, and d) the median value for 'B' grade office/warehouse properties is higher at \$12.25 per square foot but assessed at \$11.00 per square foot (C1, pp. 12-13).

[7] The Complainant explained that a capitalisation rate of 6.0% is not equitable with similar properties assessed at the same rental rate with a 6.75% capitalisation rate, and analysis conducted by the Complainant finds a median capitalisation rate of 6.5% and a average capitalisation rate of 6.71% - supporting the requested 6.75% (C1, p. 15).

Respondent's Position:

[8] The Respondent indicated the assessment is correct. The rental rate information available was limited so the decision was made to analyse the period of January 1, 2011 through to June 30, 2012 for the July 1, 2012 valuation date. The analysis considered the mean, median, and weighted mean to find a value of \$13.00 per square foot (R1, p. 25).

[9] The Respondent provided tenant rent roll information relating to the actual lease in place, signed in October 2000, and sublease advertising showing a value of \$17.00 per square foot for the subject (R1, pp. 19-23).

[10] The Respondent provided the summary report of their capitalisation rate analysis of suburban offices, which includes the office/warehouse stratification to show that quality grade 'A' buildings are achieving a 6.0% capitalisation rate. Furthermore, when the quality grade 'A' office/warehouse stratification is separated from the main report, the analysis still finds a capitalisation rate of 6.0% (R1, pp. 38-39).

[11] The Respondent conducted an Assessment to Sales Ratio [ASR] analysis to show that the parameters used for assessment purposes found a median ASR of 0.99 and an average ASR of 1.00. Meanwhile, if one were to accept the Complainant's request, the ASR calculation establishes a median of 0.80 and an average of 0.81 (R1, pp. 90-91).

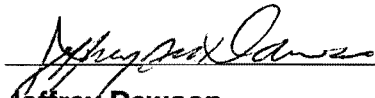
[12] The Respondent requested a confirmation of the assessment.

Board's Reasons for Decision:

[13] The Board found the Complainant provided no actual evidence to show the alleged inequity because the properties being compared are not comparable in use or market. Furthermore, the Complainant failed to bring any evidence to support a value, other than to try and discredit the Respondent's evidence.

[14] The Board found the ASR analysis to be compelling evidence that the assessment parameters are correct. To make a change as requested would not be fair or equitable.

DATED AT THE CITY OF CALGARY THIS 25th DAY OF October 2013.



Jeffrey Dawson

Presiding Officer

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

NO.	ITEM
1. C1	Complainant Disclosure – 24 pages
2. R1	Respondent Disclosure – 114 pages

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.*

Municipal Government Board use only: Decision Identifier Codes				
Appeal Type	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	Warehouse	Warehouse Single Tenant	Income Approach	Market Rental Rate
				Capitalisation Rate