



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 *MGA*).

between:

Esthetico Ltd.
(represented by Altus Group Limited), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

Ms. V. Higham, PRESIDING OFFICER
Mr. J. Mathias, BOARD MEMBER
Mr. P. Pask, BOARD MEMBER

This is a complaint to the Calgary Assessment Review Board (the Board) in respect of a property assessment prepared by the Assessor of The City of Calgary (the City) and entered in the 2013 Assessment Roll as follows:

ROLL NUMBER:	066187006
LOCATION ADDRESS:	1608 17th Avenue SW Calgary, Alberta
FILE NUMBER:	71450
ASSESSMENT:	\$7,030,000

This complaint was heard on 16th day of October, 2013 at the office of the Calgary Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 5.

Appeared on behalf of the Complainant:

- **Ms. Danielle Chabot** **Agent, Altus Group Limited**

Appeared on behalf of the Respondent:

- **Mr. Robert Ford** **Assessor, City of Calgary**
- **Mr. Lawrence Wong** **Assessor, City of Calgary**

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

- [1] Neither party objected to the composition of the Board as introduced at the hearing.
- [2] All disclosure materials were received in a timely fashion, as legislated under the Act.
- [3] The Board notes a duly-executed Agent Authorization Form present in the file.
- [4] No preliminary matters were raised by either party.
- [5] The parties requested and the Board agreed to carry forward the capitalization rate (cap rate) arguments and evidence advanced by both parties from "lead file" CARB 72324/P-2013, common to the subject complaint heard by the Board during the same week.

Property Description:

[6] The subject is assessed as a multi-tenanted low rise "B" class office building built in 1990 and located at 1608 17th Avenue SW in zone BL5 of the city's Beltline commercial district. The parcel, designated with a Direct Control District use, is improved with one building comprising 19,127 square feet (sf) of space on 0.46 acres of land. The subject is currently assessed at \$7,030,000 using the income approach to value, with an applied rental rate (for the office retail space of the property) of \$22 per square foot (psf), and an applied cap rate of 5.25%.

Issues:

[7] The Complainant identified two matters on the Complaint Form as under complaint: the assessment amount and assessment class. During the hearing, the Complainant's agent indicated she would advance submissions on the first matter only (assessment amount), and also indicated she was requesting a different assessment amount (\$5,070,000) than originally noted on the Complaint Form (\$5,410,000). The Complainant then raised the following issues for the Board's consideration:

- 1) What is the correct rental rate to apply to the office retail space of the subject property: the assessed \$22 psf or the requested \$18 psf?
- 2) What is the correct cap rate to apply to the subject property: the assessed 5.25% or the requested 7%?

- i. What is the correct methodology to use when analysing the lease data of comparables sold in the last six months of 2011: the Complainant's forward-looking method, or the Respondent's retrospective one?

Complainant's Requested Value: \$5,070,000

Board's Decision: For the reasons outlined herein, the Board reduces the current assessment of the subject property from \$7,030,000 down to **\$5,800,000**.

Legislative Authority, Requirements and Considerations:

[8] A Composite Assessment Review Board (CARB) derives its authority from the *MGA*, Revised Statutes of Alberta 2000, Section 460.1, which reads as follows:

- (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).

Section 293 of the *MGA* requires that:

- (1) In preparing an assessment, the assessor must, in a fair and equitable manner,
 - (a) apply the valuation and other standards set out in the regulations, and
 - (b) follow the procedures set out in the regulations.

Section 2 of the *Matters Relating to Assessment and Taxation Regulations* (the *MRAT*) states:

- (2) An assessment of property based on market value
 - (a) must be prepared using mass appraisal,
 - (b) must be an estimate of the value of the fee simple estate in the property, and
 - (c) must reflect typical market conditions for properties similar to that property.
- 4(1) The valuation standard for a parcel of land is
 - (a) market value, or
 - (b) if the parcel is used for farming operations, agricultural use value.

[9] Supreme Court of British Columbia

Westcoast Transmission Co. v. Vancouver Assessor, Area No. 9 [1987] B.C.J. No. 1273 [Westcoast]

The Assessment Process

It is common ground that the income approach is an appropriate and, except in unusual circumstances, the most appropriate method of assessing the actual value of commercial property such as that under consideration here. ...

For this process to work, it is evident that the appraiser must make some choices about the concepts to be used, and then to use them consistently. ...I stated above that the concepts used, in developing capitalisation rates for application to the subject, should be used consistently.

Position of the Parties

Issue 1: What is the correct rental rate to apply to the above ground office space of the subject property: the assessed \$22 psf or the requested \$18 psf?

Complainant's Position on Issue #1:

[10] The Complainant began by noting that the subject property experienced an increase in assessed value over last year's assessment of \$3,690,000 dollars or 110%, which the Complainant argued is attributable to incorrect rental and cap rates applied by the City in this year's assessment.

[11] The Complainant submitted a City-generated map entitled "2013 Beltline Non Residential Land Rates" (Exhibit C1, p.30) identifying delineated economic zones throughout the commercial Beltline, which the City has designated as: BL1, BL2, BL3, BL4, BL5, BL6, BL7, BL8, and FS1. This map reflects different psf land rates for various zones throughout the region.

[12] The Complainant argued that the City erred in applying a single \$22 psf retail rental rate to zones 1-5 of Beltline "B" class properties, maintaining that several sub-markets exist within those five economic zones which actually achieve different rental rates, owing to unique factors within each zone.

[13] The Complainant argued that the City recognized the fact that different economic zones in the Beltline are capable of garnering different rates for land value, but then failed to transfer these distinct differences across zones 1-5 of the Beltline in the context of its retail rental rate analysis.

[14] The Complainant further argued that the City recognizes that differences exist in the downtown core as well to warrant the application of different office rental rates across the various economic zones in the downtown (DT1, DT2, DT3, DT8, DT9) for both the 2011 and current 2012 assessment years (Exhibit C1, pp.34-35), but then failed to acknowledge these differences in zones 1-5 of the Beltline. The Complainant argued that this failure is inherently inequitable to the subject zone and property.

[15] The Complainant submitted a rental rate analysis for "B" class properties isolating retail lease activity in the BL5 zone only between February 1, 2010 and April 1, 2011 (Exhibit C1, p.29). This study analysed five leases from three properties (including two from the subject building), showing median/weighted average rates of \$18.00 and \$18.17 psf respectively.

[16] In rebuttal, the Complainant challenged the fact that more than one-third of the City's retail rental rate study consisted of leases commenced in 2009 (18 out of 48 leases), arguing that 2009 lease rates are economically distinct and not comparable to current market activity for commercial retail properties in the Beltline.

[17] Finally, the Complainant provided a recent Local Assessment Review Board (LARB) decision (LARB 71322B-2013 in support of the request to reduce the applied typical retail rental rate in the subject BL5 zone from the assessed \$22 psf to the requested \$18 psf.

Respondent's Position on Issue #1:

[18] The Respondent submitted the City's 2013 Beltline 1-5 CRU Rental Analysis for "B" class properties (Exhibit R1, p.25), which analysed 48 leases in total (February 1, 2009 to December 1, 2011), with median/mean/weighted mean rates of \$22.95, \$21.94, and \$21.10 psf respectively.

[19] The Respondent submitted that when the City analysed the retail activity of the entire Beltline, differences were observed between zones 6, 7, 8, and FS1 collectively and the rest of the Beltline which the City reflected the different applied typical rental rates for those zones.

[20] The Respondent also submitted that the City would not normally go back as far as 2009 to analyse typical rental rates in this fashion, except for the manifest scarcity of leases commenced in 2011 or later. Thus, rather than rely on a mere handful of newer leases, the City chose to include 2009 leases to provide a larger, more reliable sample set.

[21] The Respondent concluded that the typical retail rental rate applied to the subject is fair, equitable, and supported by the best market evidence available to the City for the current assessment year.

Board's Findings and Reasons for Decision on Issue #1:

[22] The Board confirms the current \$22 psf retail rental rate applied to the subject property given the evidence proffered at the hearing.

[23] Notwithstanding the City's use of dated rental data going back to 2009, the Board finds there to be insufficient retail lease data in zone BL5 alone to justify varying the rental rate to the Complainant's requested value. The Complainant submitted only five leases, two of which were from the subject property, leaving merely three comparable lease rates for the Board to review. The Board finds this to be too small a sample set from which to derive a typical rental rate to apply to an entire category of properties.

[24] The Board was also persuaded by the fact that the most recent of the five leases in the Complainant's evidence (commenced in April 2011) was taken from the subject property for a rate of \$22.50 psf, which reasonably supports the City's applied typical rate.

Issue #2: What is the correct cap rate to apply to the subject property: the assessed 5.25% or the requested 7%?

- i. What is the correct methodology to use when analysing the lease data of comparables sold in the last six months of 2011: the Complainant's forward-looking method, or the Respondent's retrospective one?**

Complainant's Position on Issue #2:

[25] The Complainant argued that the City used an incorrect, dated valuation parameter to calculate the Net Operating Income (NOI) of certain sales comparables in its cap rate study for Beltline office properties in the subject assessment year.

[26] The Complainant submitted and the Respondent concurred that the City's accepted practice is to use the following valuation parameters to derive its typical cap rate for all Beltline properties:

- i. For sales occurring in 2012, the City uses a **July 1, 2012** valuation date parameter, gathering and analysing data between July 2011 and July 2012;
- ii. For sales occurring in the first six months of 2011, the City uses a **July 1, 2011** valuation date parameter, gathering and analysing data between July 2010 and July 2011; and
- iii. For sales occurring in the last six months of 2011, the City also uses a **July 1, 2011** valuation date parameter, gathering and analysing data between July 2010 and July 2011.

[27] The Complainant objected to the City's use of this "retrospective" valuation parameter for the last six months of 2011, arguing that it produced incorrect and significantly lower typical cap rates for those affected sales, thus lowering the overall Beltline typical cap rate applied to the subject. The Complainant submitted that for those affected 2011 sales, the City calculated typical NOIs using *dated lease data* that was in some cases up to 24 months old (relative to the standard July 1, 2012 valuation date), producing significantly lower cap rate values.

[28] The Complainant submitted evidence (Exhibit C2, p.41) that the City itself employed the forward-looking valuation parameter to derive a typical cap rate for identified retail properties in the downtown (DT8 - Stephen Avenue) for the current assessment year, and that the use of a retrospective parameter in the subject complaint is *incongruent with the City's methodology in the DT8 economic zone*, and inconsistent with sound appraisal principles.

[29] The Complainant also submitted third party reports (Exhibit C2, pp.23-29), noting ranges of cap rate values for second quarter 2012 "B" class suburban office buildings in the Calgary market between 6.5% and 7% in the Colliers report, and between 6.75% and 7.25% in the CB Richard Ellis report.

[30] The Complainant noted that the City's 5.25% Beltline "B" class typical cap rate doesn't even fall within any downtown "A" class industry reporting which ranges between 5.5% and 6.0% in the Colliers report and between 5.75% and 6.25% in the CB Richard Ellis report. The Complainant argued that perception in the market place is critical and that the market does not behave irrationally to perceive less risk in "B" class properties than in "As" as the City has concluded for the Beltline this year.

[31] The Complainant also submitted excerpts from an Assessment Brief prepared by the City for another complaint in the current assessment year, which speaks to the importance of using "current economic factors" in the development of typical cap rate values, quoted as follows:

It therefore follows that, in the analysis of capitalization rates, it is imperative that the sales analysis process includes not only timely (valuation year) sales of truly similar properties, but also an analysis predicated on the same Net Operating Income parameters as applied in the NOI that is to be capitalized; That is to say, based on current economic factors, rather than "actual" or historical contract rents, vacancies, etc. (Exhibit C2, p.39).

[32] The Complainant argued that the City's practice of retrospective analysis for those affected sales is incongruent with its own stated policy of utilizing NOI parameters based on "*current economic factors*" rather than dated "*historical contract rents*." The Complainant argued that dated historical rents were used to calculate the NOIs of the affected sales in the City's cap rate study, which incorrectly skewed the final typical cap applied to the subject property.

[33] The Complainant submitted CARB Decisions 71066/P-2013, 70518/P-2013 and Revised CARB 71546P-2013 in support of her argument favouring the consistent application of the same *forward-looking* valuation parameter to all aspects of the assessment process.

[34] The Complainant also submitted a cap rate study (Exhibit C1, p.27), which analysed four comparable sales of Beltline "B" class office properties (including three common to the City's cap rate study: Alberta Place, Dominion Place, and Connaught Centre) – showing median/mean values of 6.84% and 6.92%, and a median assessment-to-sales (ASR) ratio of 0.98.

[35] In rebuttal, the Complainant objected to two of the comparable sales in the City's cap rate study, arguing that the Keg building wasn't exposed to the open market, was more retail-

oriented, and was an extraordinarily motivated sale to buy up most of the north block of a Beltline street; and that the Cooper Block building was part of a series of Allied REIT portfolio purchases targeting specific heritage or class "I" properties across the country.

[36] Finally, the Complainant submitted a new pro-forma analysis (Exhibit C1, p.24) utilizing the requested \$18 psf rental rate and 7% cap rate to generate a proposed assessment value of \$5,076,292 truncated to \$5,070,000.

Respondent's Position on Issue #2:

[37] The Respondent submitted the City's cap rate study (Exhibit R1, p.27), which analysed five Beltline "B" class office properties (including three common to the Complainant's study), showing median/mean values of 5.25% and 5.18% respectively, and a median assessment-to-sales (ASR) ratio of 1.01.

[38] In response to the Complainant's argument to exclude the portfolio sales as being unreliable indicators of typical market value, the Respondent asserted that there was categorically no evidence proffered by the Complainant to prove that the portfolio sales included in the City's study were anything but valid market transactions, reflecting typical market activity for Beltline "B" class office properties in the current assessment year.

[39] The Respondent submitted into evidence the following documents in support of each of the portfolio sales relied upon: RealNet and Commercial Edge Transaction Summaries, a Land Titles Transfer of Land document, a sworn Affidavit of Value document, and a Corporate Registration Search summary to support the validity of these transactions as reliable sales comparables.

[40] The Respondent further submitted the following CARB decisions in support either of the City's retrospective methodology or of its inclusion of portfolio sales: CARB 72726P/2013, CARB 72045P/2013, and CARB 72752P/2013.

[41] In response to Complainant's objection to the City's use of a retrospective valuation parameter for sales occurring in the last six months of 2011, the Respondent indicated that the City's policy is to use NOI inputs and parameters closest to the sale dates of those comparables. Thus, *all sales* occurring in 2011 would be analysed using input parameters developed for the July 1, 2011 valuation date because that's the parameter closest in time to the sale of those comparable properties.

[42] Similarly, *all sales* occurring in 2012 would be analysed using input parameters developed for the July 1, 2012 valuation date. The Respondent asserted that the input data utilized in each case is typical data applied to the valuation period *closest to the sale date* of each respective comparable.

[43] The Respondent further submitted that the City has consistently applied these valuation parameters since 2007, which in the City's estimation produces more accurate results than merely applying one valuation parameter to all sales.

[44] When asked why the City chose to use a forward-looking methodology to assess properties in the DT8 economic zone this year, the Respondent stated he didn't know why since it's not his direct area of responsibility.

[45] The Respondent objected to the Complainant's inclusion of the Duff building in its cap rate study, because this property was purchased for \$8,300,000 in August 2011, renovated, and then resold in January 2013 for \$18,430,000 – more than double the original sale price.

Board's Findings and Reasons for Decision on Issue #2:

[46] The Board finds that a 6.3% cap rate, derived using the Complainant's requested forward-looking methodology, best reflects typical market inputs for the subject property, given the evidence presented by both parties at the hearing.

[47] Of the total nine sales comparables submitted by both parties (four from the Complainant and five from the Respondent), three sales were shared in common by both parties: Alberta Place, Dominion Place, and Connaught Centre. The other three sales (Duff, Keg, and Cooper Block) were challenged as being unreliable comparables.

[48] Noting that recent 2013 CARB decisions have both accepted and rejected these three sales for various reasons, the Board carefully examined the suitability of each sale relative to the derivation of a typical cap rate applied to the subject.

[49] The Complainant objected to the Keg sale on three grounds:

- 1) It wasn't exposed to the open market;
- 2) The purchaser was extraordinarily motivated to acquire this property as part of a "land assembly" strategy of purchases on the entire north block of that street; and
- 3) The assessable space of that building is predominantly restaurant and not office.

[50] The Board places little weight on the fact that the property wasn't exposed to the open market in a traditional sense, noting that certain commercial transactions are commonly exchanged between vendors and purchasers brokered as "pocket listings" for example – which fact alone does not render them "non-market" sales. The Board places some weight on the fact that in the past two years the vendor of this sale, Allied REIT, has acquired every property within an identified geographic north-block on the south side of 11th Avenue immediately west of 5th Street. The Board places the most weight, however, on the fact that the assessable space of this property is predominantly restaurant and not office.

[51] Breaking down this property's NOI components, the Board finds that 66% of the building's NOI is attributable to the restaurant portion of the business, notwithstanding the fact that the respective size of the office and restaurant components are relatively similar at approximately 20,000 sf each. Thus, the Board finds that while this transaction may have been valid as a market sale, it does not properly belong in a cap rate study of office properties since nearly two-thirds of its assessable NOI is largely non-office.

[52] The Complainant objected to the Cooper sale (part of an Allied REIT portfolio package worth 53.56 million dollars for the purchase of four office and retail properties) because the structure of financing was "unusual," making it difficult to determine how the individual properties were separately valued. Also, the Complainant noted on RealNet transaction reports an attributable cap rate for each of these properties of 7%, though the City assessed the Cooper building at a 5.25% cap rate.

[53] The Board examined the four portfolio sales and observed a large retail component to the entire package at 55% retail and 45% office (C4, p.71). Of the 45% office component (combined portfolio sales), more than half the total space (60,921 sf) is attributable to the Cooper building alone (35,000 sf). The Board further notes that this is an older building built in 1912, with no retail component, and an actual vacancy of 44% at the time of sale.

[54] Given the irregular nature of the financing structure of this portfolio package as noted on the RealNet reports (Exhibit C4, pp.72-79), added to the factors noted above, the Board is not inclined to accept this sale as a reliable indicator of typical market activity in that segment of office Beltline properties for the current assessment year.

[55] With respect to the Duff sale, the Board finds that while there was no evidence to indicate the 2011 sale for \$8,300,000 dollars was not a valid market sale, there is some question in the minds of the Board as to how *typical* this sale is given the fact that merely eighteen months later, it sold for more than double the value at \$18,430,000 dollars, with development permits valued at approximately \$2.5 million. The Complainant's own evidence results in an ASR of 1.34 on the 2011 sale. Thus, the Board finds that while this transaction may have been a valid market transaction in 2011 (similar to the Keg sale), it does not properly belong in a cap rate study of *typical* market transactions, since the Board views this sale as an outlier.

[56] The Board, therefore, accepts the three sales common to both parties (Alberta Place, Dominion Place, and Connaught Centre) with a noted reservation relative to the Connaught sale. These three sales transacted at relatively the same time (within six weeks of each other), for essentially the same price (approximately \$30,000,000 dollars), notwithstanding the fact that the Connaught building is *significantly* smaller in size than the other two properties, nearly half the size of the Dominion building. The Board has insufficient evidence to comment on the precise reason for this, but is in any event not persuaded that this sale is a particularly strong typical comparable, and thus places less weight on the Connaught transaction.

Valuation Methodology:

[57] With respect to the sub-issue of valuation methodology, the Board finds that the City erred in using a dated valuation parameter to calculate the NOIs of the affected sales comparables, which produced an incorrect overall cap rate applied to all "B" class office buildings in the Beltline, including the subject property.

[58] The sales in question transacted between July 1 and December 31, 2011, and the issue before the Board is whether these sales should have been analysed using the forward-looking **July 1, 2012** valuation parameter advocated by the Complainant, or the retrospective **July 1, 2011** parameter used by the City.

[59] The Board is persuaded that the City erred in using the retrospective valuation parameter, analysing the affected sales using data gathered between **July 1, 2010 and June 30, 2011**. This dated valuation analysis produced incorrect NOI values, and artificially low typical cap rates for those individual sales.

[60] This factor also contributed to the intuitively illogical outcome for Beltline office buildings this year wherein "B" class properties reflect a lower cap rate at 5.25% than "A" class buildings at 6%. Given that four of the City's five cap rate sales comparables transacted in the last six months of 2011 (Keg, Cooper Block, Alberta Place and Dominion Place), the City's use of the retrospective valuation parameter materially affected the outcome of its cap rate study.

[61] Since the Board excluded the Duff, Keg, and Cooper Block sales, of the remaining three sales accepted by the Board, two of these transacted in the last six months of 2011 (Alberta Place and Dominion Place). Examining the evidence submitted by both parties, the Board notes that applying the forward-looking parameter to these two sales produces cap rates of **6.29% and 7.39%** respectively (Exhibit C1, p.27), while the retrospective parameter results in cap rates of **5.68% and 6.53%** respectively (Exhibit R1, p.27) – for the same two sales.

[62] The Board is satisfied that the City's cap rates for these two sales are artificially low, owing to the retrospective valuation parameter. The difference lies in the City's use of **dated lease data** (going as far back as mid-2010 notwithstanding the legislated valuation date of July 1, 2012), which ultimately resulted in an unfair assessment of the subject property.

[63] Thus, the Board finds the City's use of different and dated valuation parameters for typical cap rate inputs applied to the subject to be inconsistent with the spirit and intent of the *Westcoast* decision, which stands firmly for the proposition that all valuation parameters and inputs used in the derivation of typical factors must be *consistently derived* and applied in like manner to the subject property.

[64] The Justice in *Westcoast* was eminently clear:

For this process to work, it is evident that the appraiser must make some choices about the concepts to be used, and then to use them consistently. ... I stated above that the concepts used, in developing capitalisation rates for application to the subject, should be used consistently [emphasis added].

[65] The City's methodology is also in direct conflict with three recent CARB decisions which support the Complainant's requested forward-looking methodology: CARB 71066/P-2013, CARB 70517/P-2013 and Revised CARB 71535P-2013.

[66] Quoting from CARB 71066/P-2013 (Exhibit C4, pp.7-8):

The basis of the income approach is that income producing real property is purchased for the right to receive future income flow. In the direct capitalization process, it is the net operating income for a one year period commencing on the valuation date that is capitalized. When an investor is deciding how much to pay for a property, **it is a forward looking exercise**. That investor, while cognizant of the recent past, is primarily concerned with the property's ability to produce income in the future [emphasis added].

[67] Quoting from Revised CARB Decision 71535P-2013 (Exhibit C4, p.38):

- 1) "A sale in November 2011 (being in the 2012 analysis period) should use typical NOI data for the 2012 analysis period;
- 2) A sale in August, 2011 (being in the 2012 analysis period) should use typical NOI data for the 2012 analysis period;
- 3) A sale in May 2011 (being in the 2011 analysis period) should use typical NOI data for the 2011 analysis period; and
- 4) A sale in November 2011 (being the 2012 analysis period) should **not** use typical NOI data for the 2011 analysis period, because the typical NOI data [for the 2011 analysis period] includes dated leases, in this case from 2010."

[68] The Board is persuaded that sales which transacted in the base valuation period (whether in 2011 or 2012) ought to be analysed using the same consistent valuation parameter: forward-looking, being *closest* to the legislated valuation date to better reflect typical market activity at that snapshot in time.

[69] There certainly may be exceptions to this practice where insufficient data exists, or where a Board finds reasonable grounds upon which to accept dated or post-facto data, but for the purpose of the subject complaint, the base valuation period should have been used in the City's cap rate analysis for those affected sales.

[70] The Board therefore accepts the Complainant's cap rate calculations, excluding the Duff sale, generating median/mean values of 6.29% and 6.10% respectively for Beltline office "B" class properties transacted in the base year. Given the identified limitations of the Connaught sale as a reliable indicator of *typical* market factors, the Board places less weight on the cap rate of that sale and accepts a reasonable rounding of the median 6.29% value to be 6.30%.

Board's Decision:

[71] Confirming the subject's applied retail rental rate of \$22 psf and varying the applied cap rate to 6.30%, produces a capitalized value of \$6,159,508 on the taxable portion of the assessment – minus the total exempt amount of \$351,500 – results in a final assessed value of \$5,808,008 truncated to \$5,800,000.

[72] The Board acknowledges that the exempt amount applied to the subject assessment was derived on a *separate roll* using the original 5.25% cap rate, which technically ought to be revised to reflect the new 6.30% cap rate applied by the Board. Nevertheless, in the absence of evidence before the Board relative to the precise square footage of the exempt space, the Board is not inclined to recalculate the value of the exempt portion of the property, and has instead maintained the existing \$351,500 amount, reported on the subject's Assessment Explanation Supplement.

[73] Thus, for the reasons outlined herein, the Board reduces the current assessment of the subject property from \$7,030,000 down to **\$5,800,000**.

DATED AT THE CITY OF CALGARY THIS 28th DAY OF November 2013.



V. Higham, Presiding Officer

APPENDIX "A"

**DOCUMENTS PRESENTED AT THE HEARING
AND CONSIDERED BY THE BOARD:**

NO.	ITEM
1. C1	Complainant's Disclosure
2. R1	Respondent's Disclosure
3. C2	Complainant's Disclosure (from lead file CARB 72324/P2013)
3. C3	Complainant's Disclosure (from lead file CARB 72324/P2013)
4. C4	Complainant's Rebuttal (from lead file CARB 72324/P2013)

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 Use Only – Roll Number 066187006

Municipal Government Board Use Only: Decision Identifier Codes				
Municipality/Appeal Type	Property Type	Property Sub-Type	Issue	Sub-Issue
Calgary CARB	Office	Low Rise	Income Approach	Capitalization Rate Net Market Rent/Lease Rates