



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:

886765 Alberta Ltd.
(as represented by Altus Group Ltd.), COMPLAINANT

and

The City of Calgary, RESPONDENT

before:

J. Dawson, PRESIDING OFFICER
A. Huskinson, BOARD MEMBER
P. McKenna, 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: | 067086801 |
| LOCATION ADDRESS: | 1324 11 AV SW |
| LEGAL DESCRIPTION: | Plan A1; Block 61; Lot 30-34 |
| FILE NUMBER: | 71467 |
| ASSESSMENT: | \$ 10,240,000 |

This complaint was heard on the 11th day of July, 2013 at the office of the Assessment Review Board [ARB] located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 4

Appeared on behalf of the Complainant:

- *M. Cameron* *Agent, Altus Group Ltd.*
- *S. Meiklejohn* *Agent, Altus Group Ltd.*

Appeared on behalf of the Respondent:

- *M. Byrne* *Assessor, City of Calgary*

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

[1] The Complainant and Respondent requested that all evidence, discussion, questions and answers heard during decision CARB 71535P-2013 on the Beltline office parking equity issue be incorporated into this hearing.

[2] There are no additional preliminary, procedural, or jurisdictional issues.

Property Description:

[3] The subject property is a low-rise, three storey structure with mixed use of office, and retail space located in the Beltline Non-Residential Zone [NRZ] of BL4, between 12th Street and 13th Street SW along 11th Avenue. Graded at a B quality, the structure was constructed some 34 years ago in 1979 and is assessed as 21,770 square feet of office use, 5,412 square feet of retail space, 2,519 square feet as restaurant and 44 underground parking spaces. The Respondent utilised the Income Approach to Value to arrive at the assessment of \$10,240,000 using a capitalisation rate of 5.25%.

Issues:

[4] Numerous issues have been raised by the Complainant during the complaint process. At the time of hearing three issues are identified; i) the building quality grading with the typical parameters, ii) the office C graded rate for BL4, and iii) the Beltline office parking equity.

Complainant's Requested Value: \$6,980,000

Board's Decision:

[5] The Board found the correct assessment of the subject to be \$7,980,000 changing the quality grading to C and using the typical parameters for a C graded Beltline office building.

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

[6] The Complainant provided testimony that the subject is better stratified as a C quality to recognise the low-rise characteristic of the subject and its ability to secure tenants versus similar high-rise properties. The Complainant provided photos and a location map of the subject and the buildings the Respondent is asking to compare with versus the buildings that the subject should be compared with (C1 pp. 15, 39, 60, 68, 70, 72, 74, and 76).

[7] The Complainant provided various Income Approach Valuation calculation sheets from the Respondent of other C grade office buildings to show that typically they are assessed at \$14 per square foot for office space and \$17 per square foot for retail space (C1 pp. 58-66).

[8] However, when C graded office space is segregated to BL4, the Complainant showed that the office rental rates in comparable buildings achieve office rental rate of \$12 per square foot (C1 p. 54).

[9] The Complainant showed that within the Respondent's B graded office study of the Beltline, the subject has two leases; July 1, 2011 at \$10 per square foot for 3 years and February 1, 2012 at \$12 per square foot for 3 years (C1 pp. 21-23).

[10] The Complainant provided an excerpt from a previous decision for 999 10 AV SE where the Board found that, in order to be equitable with condominium parking assessments the assessment for the subject must drop to a similar value (71535P-2013 C1 p. 9).

[11] The Complainant provided a map and lists of assessment rolls showing parking assessments at \$25,000 per stall versus the subject assessment at approximately \$44,000 per stall (71535P-2013 C1 pp. 38-41).

[12] The testimony from the Complainant is that the rental rate per parking stall should drop to \$1,352 per stall (versus the assessed \$2,700 per stall) in order to calculate an equitable assessment at \$25,000 per stall.

Respondent's Position:

[13] The Respondent provided the Assessment Request for Information [ARFI] of the subject to show that the leasing in place better reflected a B quality office building (R1 pp. 17-19).

[14] The Respondent included their Beltline studies for typical rates for B graded office buildings in the Beltline (R1 pp. 22-39).

[15] The Respondent testified that condominium parking assessments are calculated using the Direct Sales Comparison Approach while the subject assessment is calculated using the Income Approach. The Respondent provided their Beltline parking study to show how the \$2,700 per stall rental rate was calculated (R1 pp. 42-48).

Board's Reasons for Decision:

[16] The Board found the pictorial evidence presented suggests the correct quality grading of the subject property is a C.

[17] Evidence within the Complainant's package indicates that BL4 office C buildings should be assessed at \$12 per square foot for office rental. Evidence indicates that other typical C graded office buildings in the Beltline achieve \$17 per square foot for retail and a capitalisation

rate of 5.75%.

[18] The Board confirms the parking rate derived by the Respondent (\$2,700 per stall). The evidence in this case is different from previous hearings. Put simply, the Complainant argued the subject should be given the benefit of lower assessments in the same area. The *onus* is on the Complainant to indicate the correct assessment amount. The Complainant did not dispute the Respondent's revenue analysis (\$2,700 per stall); the Complainant did not demonstrate how parking in condominium office buildings is comparable with the subject.

[19] The Board found the presentation from the Complainant to pique the interest of the Board regarding the equitable treatment of office parking stalls in the Beltline. The Board accepts that, generally speaking, fairness and equity are at the core of tax assessment; the Board encourages the Respondent to reconsider their approach to assessing condominium office building parking at flat rate of \$25,000 per stall.

DATED AT THE CITY OF CALGARY THIS 14 DAY OF August 2013.



Jeffrey Dawson

Presiding Officer

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

| NO. | ITEM |
|------------|---|
| 1. | C1 Complainant Disclosure |
| 2. | R1 Respondent Disclosure |
| 3. | 71535P-2013 C1 Additional Complainant Disclosure – <i>via cross-reference</i> |
| 4. | 71535P-2013 R1 Additional Respondent Disclosure – <i>via cross-reference</i> |
| 5. | 71535P-2013 C2 Rebuttal Disclosure – <i>via cross-reference</i> |

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 | Office | Low Rise | Income Approach | Quality Grading |
| | | | | Rental Rate |