

## **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

***Knightview Developments Inc.***  
***(as represented by Assessment Advisory Group Inc.), COMPLAINANT***

and

***The City Of Calgary, RESPONDENT***

before

***L. Yakimchuk, PRESIDING OFFICER***  
***B. Jerchel, BOARD MEMBER***  
***G. Milne, 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:** 067098608  
**LOCATION ADDRESS:** 640 12 Av SW  
**FILE NUMBER:** 71906  
**ASSESSMENT:** \$8,290,000

This complaint was heard July 8, 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:

- *T. Youn, Assessment Advisory Group Inc. (AAG)*
- *D. Bowman, AAG*

Appeared on behalf of the Respondent:

- *C. Chichak, City of Calgary Assessment*
- *C. Haut, City of Calgary Assessment*

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

- [1] There were no procedural or jurisdictional matters.

**Property Description:**

- [2] The subject property is assessed as a 1964 33,345 sf "B" quality lowrise building in the Beltline Area of Calgary with 569 sf of below grade office space and 32,776 sf of above grade office space. It was assessed using the Income Approach.

**Issues:**

- [3] Is the property assessed at the right quality level?
- [4] Does the lack of tenancy affect the value of this property?

**Complainant's Requested Value: \$7,050,000**

**Board's Decision:**

- [5] The Board confirms the assessment at \$8,290,000.

**Legislative Authority, Requirements and Considerations:**

The Composite Assessment Review Board (CARB) derives its authority from the Municipal Government Act (MGA) RSA 2000 Section 460.1:

- (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).

For the purposes of this hearing, the CARB will consider MGA Section 293(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.

Matters Relating to Assessment and Taxation Regulation (MRAT) is the regulation referred to in MGA Section 293(1)(b). The CARB decision will be guided by MRAT Section 2, which states that

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.

and MRAT Section 4(1), which states that

The valuation standard for a parcel of land is

- (a) market value, or
- (b) the parcel is used for farming operations, agricultural use value.

### **Position of the Parties**

#### **Complainant's Position:**

[6] T. Youn, AAG, on behalf of the Complainant, argued that the subject office building was deficient in parking space, which severely affected its marketability and its value. He presented a table of comparable office towers with "B" and "C" classifications in the Beltline area and showed that the ratio of floor area to parking area (3705) was more comparable to the "C" class buildings than the "B" class buildings. (C1, p20). It has nine parking stalls.

[7] The Complainant also argued that because the building had been under renovation and was currently vacant, and had been vacant for over a year, its value in the market was reduced. He stated that the owner was renovating the building but was now waiting for tenants before completing the renovations to their needs.

[8] T. Youn also argued that the subject building was a 1964 building and not similar to the "B" comparables presented by the City, which were all built more recently.

#### **Respondent's Position:**

[9] C. Chichak, City of Calgary Assessor, argued that the building was "B" class and assessed according to "B" class rates (\$15/sf and 5.25% Capitalization Rate). He presented a third party listing which showed that the Complainant was offering the office space for rent as a "B" class property for \$23.00 - \$25.00/sf with "abundant parking in nearby lot" and rental rates of \$295.00/month/stall (tenant improvement allowance: negotiable). (R1, p15)

[10] The Respondent presented several "B" class comparables which were all newer and

had more onsite parking, with lower sf:parking area ratios than the subject building.

[11] The Respondent also presented the Assessment Requests for Information (ARFIs) which indicated that office space in the subject building was being leased in 2009 for rates in the range of \$20/sf. The building is assessed at \$15/sf.

**Board's Reasons for Decision:**

[12] The Board found that the Complainant showed evidence that there are very few parking stalls on the subject property site in comparison to the available office space. The Complainant did not show evidence that there is no other parking available to the tenants of the building.

[13] The Board found that the Respondent's evidence indicated that advertisements for the rental of the subject building mentioned available parking, but did not state where the parking might be.

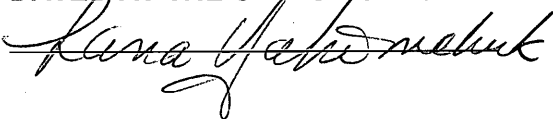
[14] The Board decided that, while parking could be a limiting factor in the desirability of the rental property, it was unclear whether that was an issue for the subject.

[15] The Board found that the subject property has, in the past, achieved rental rates above the current typical rate. The Board also found that the property is being advertised for rents significantly above the current typical rate.

[16] The Board found that the Complainant did not provide sufficient evidence to confirm that parking was an issue affecting vacancy rates.

[17] The Board found that the Complainant did not provide sufficient evidence to confirm that because the subject property is currently vacant and being renovated the potential to lease is limited.

DATED AT THE CITY OF CALGARY THIS 17<sup>th</sup> DAY OF July 2013.



**L. Yakimchuk**

**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

*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.*

<b>Appeal Type</b>	<b>Property Type</b>	<b>Property Sub-type</b>	<b>Issue</b>	<b>Sub-Issue</b>
CARB	Office	Low Rise	Income Approach	Vacancy