



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:

Omega (5 Richard Way) Development Ltd.
(as represented by Altus Group Limited), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

C. J. Griffin, PRESIDING OFFICER
J. Mathias, BOARD MEMBER
J. Lam, BOARD MEMBER

This is a complaint to the 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(S):	104144605
LOCATION ADDRESS:	5 Richard Way SW
FILE NUMBER:	72307
ASSESSMENT:	\$17,800,000.

This complaint was heard on the 1st day of October, 2013 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, in Boardroom 4.

Appeared on behalf of the Complainant:

- M. Cameron

Appeared on behalf of the Respondent:

- M. Ryan

Board's Decision in Respect of Preliminary and/or Procedural Matters:

There were no Preliminary or Procedural Matters brought forward by either party to the complaint.

Property Description:

[1] According to the Property Assessment Detail Report (Exhibit C-1 pg. 19), the subject property is an 'A+' Classified low-rise suburban office building containing a total assessed office area of 47,806 Sq. Ft. as well as 104 underground parking stalls. The building, which was constructed in 2008, is a modern, three storey structure located in the Lincoln Park area of southwest Calgary.

Issue(s):

[2] While the Complainant's Assessment Review Board Complaint form indicates three issues to be resolved, at the Hearing the Complainant reduced the issues to a single matter, that being:

The assessed capitalization rate at 6.00% is too low and it should be raised to 6.50% to better reflect market value.

Current Assessment(s):

[3] \$ 17,800,000.

Complainant's Requested Value:

[4] \$ 16,430,000.

Board's Decision:

[5] The assessment is **confirmed** at:
\$ 17,800,000.

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

[6] In support of their contention that the assessed capitalization rate is too low, the Complainant provided (Exhibit C-1 pg. 25) a *2013 Suburban 'A' Office Building CAP Rate Study* which summarizes six sales recorded between September 13, 2010 and March 1, 2012. It should be noted that one of the sales referred to (4311 – 12 St. NE) actually incorporates three buildings in the sale. The sales involve buildings ranging in size from 16,814 Sq. Ft. to 125,238 Sq. Ft. All of the buildings were constructed between 1999 and 2007. The Complainant indicated that the capitalization rates for these sales have been derived using the assessed net operating income (NOI) from the year of the sale. The capitalization rates range from 4.85% to 8.73% and indicate a Median of 6.62% and a Mean (Average) of 6.56%. Supporting documentation for these sales is provided (Exhibit C-1 pgs. 27 – 72). Based upon this information the Complainant requested the CARB to increase the assessed capitalization rate to 6.5%.

Respondent's Position:

[7] The Respondent introduced (Exhibit R-1 pg. 32) their *2013 Suburban Office Capitalization Rate Summary* which summarizes eleven (11) sales of buildings with an 'A+', 'A-', 'B+', 'B-' or 'C' quality classification. Three of the buildings are classified as either 'B+' or 'B-', one building is classified as being of 'C' quality and the balance (7) are classified as being either 'A+' or 'A-'. The Summary indicates a Median for the 'A' classified buildings of 5.85% and a Mean of 5.63% and a Median of 6.01% for the 'B & C' classed buildings and a Mean for same of 6.71%. The Respondent suggested that this study is supportive of the Assessor using a 6.00% capitalization rate for the 'A' classified buildings. The Respondent then provided (Exhibit R-1 pg. 33) an analysis of the Complainant's sales utilized for their capitalization rate study showing the Assessment to Sales Ratio (ASR) for same using the requested capitalization rates which indicated a range from 0.75 to 1.27, noting that none fell within the acceptable tolerance allowed range as required by the legislation. The Respondent also noted that both of the Complainant's 2010 sales had been resold more recently at lower capitalization rates than those reported for the 2010 sales. The Respondent acknowledged that both of these re-sales were post-facto and that one, at 110 Country Hills Landing NW, had a reported 6.25% capitalization rate.

Complainant's Rebuttal

[8] The Complainant introduced a brief Rebuttal (Exhibit C-2) that highlighted the fact that the Respondent had used office/warehouse properties in their capitalization rate study and why these same buildings were not used by the Complainant.

Board's Decision Reasons:

[9] The CARB was not overly impressed with the evidence or argument of either party. There was little in the way of explanation of their respective analyses. It is the responsibility of the Complainant to provide the CARB with solid, hopefully irrefutable evidence to support their position and in this case the Complainant failed to do so. Accordingly, the assessed value is **confirmed**.

DATED AT THE CITY OF CALGARY THIS 24th DAY OF October 2013.


C. J. Griffin, Presiding Officer

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

NO.	ITEM
1. C1	Complainant Disclosure
2. C2	Complainant Rebuttal
3. 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.*

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Municipality: Calgary	Decision No. 72307/P-2013	Roll No:	104144605
<u>Property Type</u>	<u>Property Sub-Type</u>	<u>Issue</u>	<u>Sub-Issue</u>
Office	Suburban Office	M.V.	Capitalization Rate