



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:

6020 Business Park 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):	101014702
LOCATION ADDRESS:	6020 – 1A Street SW
FILE NUMBER:	72969
ASSESSMENT:	\$5,790,000.

This complaint was heard on the 30th day of September, 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:

- D. Chabot

Appeared on behalf of the Respondent:

- M. Ryan

Board's Decision in Respect of Procedural Matters:

In keeping with the Decision of the CARB for Complaint # 72966, the evidence and argument presented in the aforementioned Hearing, with the exception of the Capitalization Rate evidence, is carried forward to also apply to this Hearing as well in that the issues and evidence are common to both.

Property Description:

[1] According to the Property Assessment Detail Report (Exhibit C-1 pg. 21), the subject property is a 'B' Classified low-rise suburban office building containing a total assessed office area of 40,344 Sq. Ft. The building, which was constructed in 1991, is a modern, single storey structure located in the Manchester Industrial area of southeast Calgary.

Issue(s):

[2] The Complainant introduced one issue (Exhibit C-1 pg. 7) for the CARB's consideration and that is:

- A) The assessed office rental rate at \$16/Sq. Ft. is too high and a reduction to \$14.50/Sq. Ft. is requested, and

Current Assessment(s):

[3] \$ 5,790,000.

Complainant's Requested Value:

[4] \$ 5,200,000.

Board's Decision:

[5] The assessment is **confirmed** at:
\$ 5,790,000.

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

[6] In support of their contention that the assessed office rental rate is too high (Issue A), the Complainant introduced (Exhibit C-1 pg. 30) their *2013 Manchester Office Rental Analysis: B Quality* which provides a synopsis of twenty (20) leases signed between July 1/11 and July 1/12, five (5) of which were in the subject property. The leased areas range from 1,479 Sq. Ft. to 10,352 Sq. Ft. and the indicated rental rates range from \$10.50/Sq. Ft. to \$19.50/Sq. Ft. The indicated Median is \$14.75/Sq. Ft., the Mean is \$14.52/Sq. Ft. and the Weighted Mean is \$14.16/Sq. Ft. The five (5) leases signed in the subject property range from a low of \$14/Sq. Ft. to a high of \$15.56/Sq. Ft. The Complainant is of the opinion that these leases, all being from the Manchester Industrial area, are more representative of appropriate rental rates for the subject property than the more widely based rental rate analysis utilized by the Assessor which includes a much larger area simply referred to as the southeast. In support of their more limited, geographically, area of analysis the Complainant provided (Exhibit C-1 pgs. 57 – 69) examples of areas in the city where the Assessor segregates their typical rates by more defined locations. These examples include rental rates in the downtown core area as well as base land rates in both the downtown and Beltline areas of the city. Accordingly the Complainant suggests the southeast area should be refined into more defined geographic areas; hence, their Manchester only based rental analysis. The foregoing forms the basis for the Complainant's requested reduction in the assessed office rental rate.

Respondent's Position:

[7] With regard to the issue of the assessed office rental rate, the Respondent provided (Exhibit R-1 pgs. 15 – 46) a series of recent (2012) CARB decisions which deal with the same issue as that being argued herein and these decisions favour the position of the Respondent. The Respondent acknowledged that the CARB is not bound by such decisions but suggested, in terms of continuity, that the CARB give them consideration. The Respondent then provided (Exhibit R-1 pg. 48) a copy of a map showing what geographic areas are included in their southeast suburban office rental rate analysis and noted that it includes Manchester wherein the subject property is located. This is followed (Exhibit R-1 pgs. 55 - 56) by a copy of the Respondent's *2013 Suburban Office Lease Analysis: B Quality SE* which has high-lighted those properties analyzed that are located within the Manchester and immediately adjacent areas. The Respondent noted that of the approximately 66 leases analyzed for the study, some 37, or roughly 57%, are from within the area of the subject. The respondent also noted that this study indicates a Mean of \$15.76/Sq. Ft. and a Median of \$16/Sq. Ft. which supports the assessed rate of \$16/Sq. Ft.

Complainant's Rebuttal

[8] The Complainant introduced (Exhibit C-2 pg. 3) a chart showing five (5) leases, signed in 2011/12, from a property located in the Midnapore area together with three (3) leases signed in the same time period for properties located in what the Complainant refers to as the Central Industrial area (Manchester and immediately adjacent areas). The Median lease rate of the Midnapore leases was indicated to be \$18/Sq. Ft. while the Median for the Central Industrial area was indicated to be \$16.25/Sq. Ft. which supports their contention that the Manchester area leases at a different rate than other parts of what the Assessor considers the southeast. The Complainant then produced (Exhibit C-2 pg. 4) a copy of the Respondent's *2013 Suburban*

Office Rental Analysis showing some forty-one (41) leases, ten (10) of which the Complainant maintains show incorrect lease rates (2 examples), incorrect addresses (4 examples) or which were not incorporated into the Respondent's evidence (4 examples). Twenty-three (23) of the remaining leases the Complainant was unable to verify as those leases stem from properties not represented by the Complainant's company.

Board's Decision Reasons:

[9] Insofar as the issue pertaining to the assessed office rental rate is concerned, the CARB is of the judgment that it does not have jurisdiction over such matters as the boundaries of any particular lease rate study area utilized by the Respondent. The Complainant suggests that the southeast area utilized for their rental rate study is too large and if the study area were reduced in geographic scope then the results would be different. While that may, or may not, be the case, the CARB is satisfied that the Respondent has incorporated sufficient lease examples from the Manchester area in their study that the results incorporate a fair representation from that particular area. Suggesting that the geographic boundaries of the study be either contracted or expanded is a matter that the Complainant should discuss directly with the Assessor, it is not a matter to brought to the CARB for resolution. The Board is somewhat perplexed by the Complainant's chart (Exhibit C-2 pg. 4) which indicates a number of leases which the Complainant maintains they are unable to verify as they do not represent those property owners. The Board is not aware of any legislation or directive that requires the Assessor to utilize lease data derived only from the Complainant's client list. The fact that the Complainant is unable to verify some of the data based upon this reasoning is of no particular value to the CARB. Certainly if there are valid corrections to be made to the data in-puts, the CARB will give consideration to same. The CARB is of the judgment that the Respondent has generated a typical office lease rate from sufficient data, including the subject's Manchester location, that no change in the assessed office rate is warranted. Accordingly the Assessed value is **confirmed**.

DATED AT THE CITY OF CALGARY THIS 25 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.*

For MGB Administrative Use Only

Municipality: Calgary	Decision No. 72969/P-2013	Roll No:	101014702
<u>Property Type</u>	<u>Property Sub-Type</u>	<u>Issue</u>	<u>Sub-Issue</u>
Office	Suburban Office	M.V.	Office Rental Rate & Capitalization Rate