



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:

815 Properties Inc., COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

C. Griffin, PRESIDING OFFICER

D. Steele, BOARD MEMBER

J. Kerrison, BOARD MEMBER

This is a complaint to the Composite Assessment Review Board in respect of a property assessment prepared by the Assessor of The City of Calgary and entered in the 2014 Assessment Roll as follows:

ROLL NUMBER: 067080291

LOCATION ADDRESS: 815 – 8 Avenue SW

FILE NUMBER: 73984

ASSESSMENT: \$71,630,000.

This complaint was heard on 2nd day of Sept., 2014 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 9.

Appeared on behalf of the Complainant:

- R. Berezan - owner

Appeared on behalf of the Respondent:

- D. Lidgren (Assessor – City of Calgary)
- M. Trimble (Assessor – City of Calgary)

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

[1] There were no issues pertaining to Procedure or Jurisdiction brought forward by either party.

Property Description:

[2] According to the Property Assessment Detail Report (Exhibit R-1, pg. 7) the subject property is a 'B' quality, hi-rise office building that was originally constructed in 1981 and which contains a total assessable area of 151,576 Sq. Ft. The underlying site is 0.42 acres in size. The property has been valued, for assessment purposes, through application of the Income Approach to Value.

Issues:

[3] The Complainant brought forward the following issue to be considered by the CARB:

- 1) The subject property has not been assessed equitably in comparison to the assessments similar properties.

Complainant's Requested Value: \$54,600,000.

Board's Decision:

[4] The Assessment is **Confirmed** at **\$71,630,000.**

Position of the Parties

Complainant's Position:

[5] The Complainant contends that the assessment of the subject property is not equitable when compared to nearby similar properties. In support of this contention the Complainant introduced (Exhibit C1 pg. 3) an Equity Comparable Chart giving the summaries of 8 properties as well as the subject. All of the properties are located within the Downtown Core area and have frontage on either 6th, 7th or 8th Avenues SW. These buildings range in size from approximately 75,675 Sq. Ft. to 604,164 Sq. Ft. The original year of construction for these buildings ranges from 1958 to 2009 and they have quality ratings ranging from A2 to C. The assessed values per Sq. Ft. of these comparable properties ranges from \$218 to as high as

\$468, all of which are lower than the subject at \$472/Sq. Ft. The Complainant also pointed out to the Board that the subject building is not connected to the city's +15 Walkway system. This information forms the basis for the Complainant's request to reduce the assessed value to \$54,600,000 which equates to approximately \$360/Sq. Ft.

Respondent's Position:

[6] The Respondent started their presentation by going through the comparable properties presented by the Complainant and explaining to the CARB why these properties are not comparable to the subject. Referring to the Standard Life Building (903 – 8th Avenue SW) the Respondent pointed to the fact that this property contains just 43 parking stalls whereas the subject has 134 parking stalls in a similar sized building. This good parking ratio of 1 stall/1,130 Sq. Ft. adds, in the judgment of the Assessor, considerable value to the subject property. This same situation exists with the Complainant's comparable located at 855 – 8th Avenue SW which is a 75,675 Sq. Ft. building with only 40 parking stalls. Two of the Complainant's comparables (805 – 8 Avenue SW & 736 – 8 Avenue SW) are 'C' quality buildings that are not comparable to the subject. In that the subject property was valued for assessment purposes through application of the Income Approach to Value, the Respondent provided (Exhibit R-1 pgs. 39 & 40) their 2014 DT2, 3, 9 Office Rental Analysis providing the summary of approximately 43 leases signed in 2012 and 2013. The Median rental rate is \$22.00/Sq. Ft. and the weighted Mean is \$21.94/Sq. Ft. which, the Respondent contends, supports the applied rate of \$22/Sq. Ft. A similar chart referring to the applied vacancy rate is provided on page 42 of Exhibit R-1 which provides support for the applied vacancy rate of 3.50%. Additionally, the Respondent provided (Exhibit R-1 pg. 44) a list of 6 'B' class office buildings sold between January 2011 and February 2013 with capitalization rates ranging between 4.35% and 5.51% with a Median of 4.91% in support of the applied 5.00% capitalization rate. In terms of equity comparables the Respondent provided (Exhibit R-1 pg. 46) a list of some 20 DT2 and/or DT3 located office buildings that have all been assessed using the same in-puts as those applied to the subject property. Based upon this information the Respondent requested the CARB to confirm the current assessed value of \$71,630,000.

Board's Reasons for Decision:

[7] The CARB finds the evidence of the Complainant to be lacking in that the properties offered for comparison are not truly comparable to the subject for a number of reasons as pointed out by the Respondent, notably the very good parking ratio of the subject building, a significant factor in a city with some of the highest downtown parking rates in North America. Additionally, the Complainant provided no information to convince the CARB that the various in-puts applied in the Income Approach utilized to derive the assessed value for the subject were in correct. The Complainant provided no information to convince the Board that the requested assessed value was representative of the market value for the subject property. Accordingly the assessed value is Confirmed.

DATED AT THE CITY OF CALGARY THIS 26 DAY OF SEPTEMBER 2014.


C.J. Griffin, Presiding Officer

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

NO.	ITEM
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.*

CARB Identifier Codes

Decision No. 76984P-2014			Roll No. 067080291	
<u>Complaint Type</u>	<u>Property Type</u>	<u>Property Sub-Type</u>	<u>Issue</u>	<u>Sub-Issue</u>
CARB	Hi-Rise Office	'B' Class in DT2	Equity	Market Value

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