



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:

Dundee Canada (GP) Inc., (as represented by Altus Group Limited), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

Board Chair, T. Hudson PRESIDING OFFICER

BOARD MEMBER, J. Pratt

BOARD MEMBER, E. Reuther

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 2014 Assessment Roll as follows:

ROLL NUMBER: 054009493

LOCATION ADDRESS: 3030 3 AV NE

FILE NUMBER: 75570

ASSESSMENT: \$21,370,000

This complaint was heard on the 23rd day of June, 2014 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Board room 5.

Appeared on behalf of the Complainant:

- *Mr. M. Cameron, Agent, Altus Group Limited*

Appeared on behalf of the Respondent:

- *Ms. C. MacMillan, Assessor City of Calgary*
- *Mr. M. Ryan, Assessor City of Calgary*

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

[1] There were no procedural or jurisdictional matters in dispute between the Parties.

Property Description:

[2] The subject property is a 7.87 acre parcel of commercial land located at 3030 3 AV NE. The property was improved in 1981 with one "B" quality class low rise office building incorporating 149,208 square feet (sf.) of net rentable area.

[3] The property is currently assessed based on capitalized income.

[4] Details of the assessment include the office rental rate of \$14.00 per square foot (psf.), vacancy rate of 14%, \$13.50 psf. operating costs, a 1% non-recoverable expense allowance, and a capitalization (cap) rate of 7.00%.

[5] The total assessed value is \$21,378,529 or \$21,370,000 (rounded).

Issue: Vacancy Allowance

[6] The Complainant contends that the assessed vacancy allowance should be increased to 17% from 14%.

Complainant Requested Value: \$19,620,000 (rounded).

Board's Decision:

[7] The assessment of the subject property is confirmed at **\$21,370,000 (rounded)**.

Legislative Authority, Requirements and Considerations:

[8] The Composite Assessment Review Board (CARB) derives its authority from Part 11 of 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).

[9] For purposes of the hearing, the CARB will consider MGA Section 293(1):

In preparing the 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.

[10] The Matters Relating to Assessment and Taxation Regulation (MRAT) is the regulation referred to in MGA section 293(1) (b). The CARB consideration will be guided by MRAT Part 1 Standards of Assessment, Mass appraisal section 2:

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.

Position of the Parties

Complainant

[11] The Complainant argued that the NE suburban office typical assessed vacancy rate of 14% was determined by the Respondent using buildings that are not similar or do not compete with the subject property, because they are owner occupied.

[12] The Complainant submitted a revised analysis eliminating five owner occupied buildings with no vacancy which resulted in a typical 16.76% vacancy rate for NE suburban office buildings, (Exhibit C1, page 30).

[13] The Complainant acknowledged the errors in their vacancy analysis noted by Respondent, but the revised calculation only reduced the average vacancy to 16.43%, (Exhibit C2, page 13).

[14] The Complainant submitted several previous CARB decisions with respect to the calculation of vacancy rates, with CARB1408/2010-P making direct reference to the inclusion of owner occupied space in a vacancy study.

Respondent

[15] The Respondent advised that the typical 2014 assessed vacancy rate of 14% for both "B" and "C" quality class suburban office properties in the NE quadrant of the city was derived from Assessment Request for Information (ARFI) reports including that of the subject property which shows 5% actual vacancy. (Exhibit R1, pages 16-21, and 43).

[16] The Respondent noted that "B" quality class suburban office vacancy analysis prepared by the Complainant includes some errors. Three of the buildings listed are "C" quality class, and one building has less reported vacancy, (Exhibit R1, pages 44-47).

[17] The Respondent argued that excluding owner occupied properties assessed on the capitalized income approach from the typical vacancy rate analysis as requested by the Complainant is not reasonable. By occupying their own premises, the owner avoids occupying space and paying rent elsewhere.

[18] In support, the Respondent submitted the opinion of the CARB 71072P-2013 in a decision on the same issue that *"all the offices in the NE compete in a similar market, and therefore the City study was given more weight as it contained more comparables to develop a typical rate"*, (Exhibit R1, page 101).

Board's Reasons for Decision:

[19] The Board was not convinced by the Complainant, that their assessment request reflects the 2014 market value of the subject property. The actual vacancy in the subject is 5%, the assessed rate is 14%.

[20] The Board concurs with the rationale in CARB 71072P-2013, the typical assessed vacancy rate should be determined by including all available space in the analysis, including owner occupied space.

DATED AT THE CITY OF CALGARY THIS 25th DAY OF July 2014.





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

<i>Decision No. 75570P-2014</i>			<i>Roll No 054009493</i>	
<u>Subject</u>	<u>Type</u>	<u>Sub-Type</u>	<u>Issue</u>	<u>Sub-Issue</u>
CARB	Office	Low Rise	Market Value and Equity	Vacancy Rate