



## 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:

***Graham Group Ltd. (Represented by Altus Group), COMPLAINANT***

and

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

before:

***W. Kipp, PRESIDING OFFICER  
R. Cochrane, BOARD MEMBER  
D. Julien, 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 2014 Assessment Roll as follows:

<b>ROLL NUMBER:</b>	<b>200104875</b>
<b>LOCATION ADDRESS:</b>	<b>10840 - 27 Street SE, Calgary AB</b>
<b>FILE NUMBER:</b>	<b>75664</b>
<b>ASSESSMENT:</b>	<b>\$15,040,000</b>

This complaint was heard by a Composite Assessment Review Board (CARB) on the 2<sup>nd</sup> day of September, 2014 in Boardroom 5 at the office of the Assessment Review Board located at 1212 – 31 Avenue NE, Calgary, Alberta.

Appeared on behalf of the Complainant:

- B. Neeson                      Agent, Altus Group

Appeared on behalf of the Respondent:

- L. Dunbar-Proctor              Assessor, The City of Calgary
- M. Ryan                          Assessor, The City of Calgary

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

[1] Pursuant to legislation regarding assessment complaints and assessment review board responsibility, the CARB reviewed the complaint file and determined that the complaint form and an agent authorization form were appropriately filed.

[2] The issues and thus the evidence and argument for this complaint are similar to those addressed in File 75499. In order to avoid repetition, the parties requested that argument, questions and answers be carried forward from that file.

[3] There were no jurisdictional matters to be decided.

**Property Description:**

[4] The property that is the subject of this assessment complaint is known as the Graham Office, an owner-occupied, 60,778 square foot office building located in the Shepard Industrial district. This 2008 building contains 40,299 square feet of office space and 20,227 square feet of storage space. The building occupies an 8.72 acre site.

[5] The property is assessed using an income approach as an "A+" quality suburban office property. Input criteria are:

- 1) Rents:      Office @ \$22.00 per square foot  
                    Storage @ \$3.00 per square foot
- 2) Vacancy: 2.00 percent
- 3) Operating Costs: \$13.50 per square foot
- 4) Non-Recoverable Expense: 1.0 percent of effective net income
- 5) Capitalization Rate: 6.00 percent

**Issues:**

[6] The Assessment Review Board Complaint form was filed on March 2, 2014 by Altus Group on behalf of Graham Group Ltd., the "assessed person." Section 4 – Complaint Information had a check mark in the box for #3 "Assessment amount".

[7] In Section 5 – Reason(s) for Complaint, the Complainant stated numerous grounds for the complaint.

[8] At the hearing, the Complainant pursued the following issue:

- 1) Should Quarry Park offices be included in the office vacancy study?

**Complainant's Requested Value: \$14,450,000**

**Board's Decision:**

[9] The CARB increases the overall vacancy rate to 4.0 percent which reduces the assessment to \$14,450,000.

**Legislative Authority, Requirements and Considerations:**

[10] The CARB is established pursuant to Part 11 (Assessment Review Boards), Division 1 (Establishment and Function of Assessment Review Boards) of the Act. CARB decisions are rendered pursuant to Division 2 (Decisions of Assessment Review Boards) of the Act.

[11] Actions of the CARB involve reference to the Interpretation Act and the Act as well as the regulations established under the Act. When legislative interpretation is made by the CARB, references and explanations will be provided in the relevant areas of the board order.

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

[12] The Complainant's evidence disclosure marked by the CARB as Exhibit C1 was filed with the CARB administration and the Respondent on the prescribed date, July 18, 2014.

[13] The Respondent is inconsistent in its market studies. For the office space rental rate, the study reports 11 leases in southeast Calgary office buildings. None of the 11 leases are for office buildings in the Quarry Park community which is unique area within southeast Calgary. Quarry Park office properties are assessed using a different office rent rate and a lower capitalization rate (5.25 percent versus 6.0 percent) than other southeast suburban offices. In its study of office vacancy, the Respondent does include Quarry Park office properties. This is inconsistent. If Quarry Park properties are excluded from those studies, the suburban office vacancy rate increases from 2.0 percent to 4.0 percent.

[14] The Complainant acknowledged that the requested assessment represents a reduction of less than five percent and that other boards had concluded that if a revised assessment is within five percent of the original, no adjustment should be made. Two Calgary CARB orders were provided to show that other boards have not adhered to this concept in correcting assessments:

**Respondent's Position:**

[15] The Respondent's evidence disclosure marked by the CARB as Exhibit R1 was filed with the CARB administration and the Complainant on the prescribed date of August 18, 2014.

[16] The office properties in Quarry Park are similar to other suburban office properties. They compete for tenants with other southeast suburban offices. For these reasons, Quarry Park office properties should remain in the market study for office vacancy.

[17] When preparing evidence for this hearing, the Respondent received information that indicated that floor area usage was different than the assessed areas. If corrections were to be made, the assessment would increase from its current \$15,040,000. Two pages from a December 11, 2013 appraisal report were also in the Respondent's evidence and the Respondent stated that this would be taken into account when the 2015 assessment is prepared.

**Board's Reasons for Decision:**

[18] The CARB finds that the office buildings in Quarry Park are not directly comparable to other southeast Calgary suburban offices. They are concentrated in a small area. They attract higher rents than other suburban offices. Some of the properties are fully occupied by a single, large tenant. The Respondent excludes these properties from comparisons of rent rates and it applies a different capitalization rate in the determination of assessments even though those properties are rated as "A" quality properties as is the subject. The CARB finds that Quarry Park office properties are to be excluded from the southeast suburban office vacancy study.

[19] The southeast Calgary suburban "A" quality office study vacancy rate is 3.85 percent after Quarry Park properties are removed from the analysis. This rate is rounded to 4.0 percent.

[20] The Respondent included in its disclosure certain information that had been obtained subsequent to the July 1, 2013 valuation date and the December 31, 2013 condition date. This information is irrelevant to the current assessment and has been disregarded by the CARB.

[21] There is no direction in the Act or in any of its regulations that compels a CARB to confirm assessments if a correction might mean a reduction of less than 5.0 percent – or any other percent, for that matter. An assessment is stated as a single amount, not as a range. It is a single point assessment that has been considered by the CARB and the CARB has determined that the number is incorrect and that it requires a change to a lesser amount. It does not matter whether that revised amount is within five percent or any other ratio of the original.

[22] The 2014 assessment is reduced to \$14,450,000.

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

  
W. Kipp,

Presiding Officer

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

<b>NO.</b>	<b>ITEM</b>
1. C1	Complainant Disclosure – 96 pages
2. R1	Respondent Disclosure – 235 pages

*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 ADMINISTRATIVE USE**

<b>Appeal Type</b>	<b>Property Type</b>	<b>Property Sub-Type</b>	<b>Issue</b>	<b>Sub-Issue</b>
CARB	OFFICE	SUBURBAN	INCOME APPROACH	VACANCY RENT COMPARABLES