

**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(4).

**between:**

***Rickard Realty Advisors, COMPLAINANT***

**and**

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

**before:**

***T. Sadlowski, PRESIDING OFFICER***

***R. Kodak, MEMBER***

***J. Mathias, MEMBER***

This is a complaint to the Calgary Composite Assessment Review Board in respect of a property assessment prepared by the Assessor of The City of Calgary and entered in the 2010 Assessment Roll as follows:

**PREMISES ID: 078001708**

**LOCATION ADDRESS: 1902-11 St. SE.**

**HEARING NUMBER: 57837**

**ASSESSMENT: \$7,750,000**

This complaint was heard on 9<sup>th</sup> day of July, 2010 at the office of the Assessment Review Board located at 4<sup>th</sup> floor, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 2.

Appeared on behalf of the Complainant:

- *Brenda MacFarland* *Agent, Richard Realty Advisors*

Appeared on behalf of the Respondent:

- *Ashley Jerome* *Assessor, City of Calgary*

**DESCRIPTION OF SUBJECT PREMISES:**

The subject property was constructed in 1926 and was used as a metal foundry. Over the years its use changed and it is now used as an office building housing clients. The property is Heritage Property and is located in the Ramsay Industrial District. It is known as the Ramsay Design Centre.

**ISSUES:**

- 1) The assessment is not at market value and the rental rate used is excessive when considering the age, location and building type.
- 2) The assessment is inequitable.
- 3) The capitalization rate is wrong.

**COMPLAINANT'S POSITION**

The building, constructed in 1926, is a red-brick building that is currently used as an office building. It has concrete floors, red brick walls, low ceiling height stairwell, a Circa 1926 elevator (currently inoperable), dated bathrooms and sinks, inefficient heating and air conditioning systems, dated interior finish, dim lighting and lack of windows. Typically the building attracts smaller clients who do not have strong financial assets. There are no national or international clients.

The Ramsay Industrial District in which the subject is located has two other buildings of similar vintage to the subject but those are warehouses rather than office buildings.

The subject is classified as Class B office space (C-1. P.3).

**RESPONDENTS POSITION:**

The Respondent provided a City of Calgary Assessment Exploration Report (R-1,P.17). The office space area is 53,102 sq. ft. and the Respondent applied a market net rental rate of \$13.50/sq. ft, a 6% vacancy rate, 2% for non-recoverable, and \$12.50/sq. ft. for operating costs. A capitalization rate of 8% when applied yielded an assessment of \$7,750,000.

The Respondent also provided three comparables (R-1,P.22). Comparable property 1 was built in 1959, property 2 in 1954, and property 3 in 1956.


**BOARD DECISION:**

- 1) The decision of the Board is to retain the market rate at \$13.50/sq. ft.
- 2) Due to the lack of equity comparables, the decision of the Board is to not alter the assessment based on equity.
- 3) Due to the age and condition of the subject the decision of the Board is to increase the Capitalization rate for the subject to 9%. Using the typical market rate of \$13.50/sq. ft. and a 9% capitalization rate, the decision of the Board is to reduce the assessment of the subject to \$6,890,000 from \$7,750,000.

**REASONS:**

- 1) The reason to retain the market rate at \$13.50/sq. ft. was based on the Assessment Request for Information (C-1, PP.12-14). With two exceptions, the actual rent rate exceeded \$13.50. This was upheld by the Houston Reconciliation (C-1, 8-9).
- 2) With regard to the equity issue, the decision of the Board was to not alter the assessment based on equity. The two comparables in Ramsey, although similar in age to the subject, were warehouses. The comparables listed in C-1 (C-1, P.20-25) differ from the subject in location, age, and quality.
- 3) The Capitalization Rate used was 9%. This rate was based on the Collier International Capitalization Rate Report. The Capitalization rate for the second and third quarters of 2009 for the suburban office market in Calgary ranged from 8.25% to 9%. That rate was for B class buildings. The Board was persuaded that a 9% rate be used because the subject was shown to be a C class (R-1, P.16) by AtlasInSite and also by the City of Calgary Assessment Summary Report (C-1, P.8).

DATED AT THE CITY OF CALGARY THIS 21<sup>st</sup> DAY OF July 2010.

  
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**T. Sadlowski**  
**Presiding Officer**

TS/sd

*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.*