

**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:

Colliers International Reality Advisors, COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

***Board Chair, J.P. Acker
Board Member 1, J. O'Hearn
Board Member 2, T. Usselman***

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

ROLL NUMBER: 071133508

LOCATION ADDRESS: 112 28 Street S.E.

HEARING NUMBER: 57513

ASSESSMENT: \$6,290,000

This complaint was heard on the 28th day of September, 2010 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 2.

Appeared on behalf of the Complainant:

- *Scott Meiklejohn*

Appeared on behalf of the Respondent:

- *Christina Neal*

Property Description:

The subject property is a 1979 vintage low rise, suburban office building located on 28th Street at Centre Avenue. The 50,577 square foot building is located on an 110,872 square foot parcel. The assessable square footage of 50,577 square foot remains after deducting 14,950 square foot of non-assessable space occupied by the Calgary Health Services.

Issues:

Property is incorrectly assessed based on its classification as a 'B' office building when it should be classified as a 'C' building and the vacancy allowance applied is only 9% when an 11% rate is indicated in the northeast Calgary suburban office building market.

Complainant's Requested Value: \$ 3,330,000

Board's Decision in Respect of Each Matter or Issue:

The assessor values suburban office buildings using the income approach. Different factors apply for each of the three classifications, A, B or C. The subject is classified as a 'B' class building thus attracting a rental rate of \$18.00 per square foot, an 8% Capitalization Rate and a vacancy allowance of 9%.

The Complainant argues that the building should be classified as a 'C' class thus attracting a lower rental rate. Further, the Complainant argued that the vacancy rate in Calgary northeast should be set at 11%. Supporting data including previous CARB decisions support his argument insofar as the city's rental rate survey did not include all properties with vacant space but did include, incorrectly, owner-occupied buildings with vacant space that was not intended to be offered to the market.

The Respondent indicated that building classes for assessment purposes are set according to the rental rates achieved and by the location of properties. No detail was provided on the stratification by location, but data supporting a rental rate of \$24-\$27 per square foot for 'A' class, \$17-\$19 per square foot for 'B' class and \$12-\$14 per square foot for 'C' class buildings was provided to the Board.

The Respondent provided information that the subject had sold in July 2006 for \$9,070,000; and although the market has risen and fallen in the intervening period, it is unlikely that it would have dropped more than the approximate \$1.8 million difference between that sale and the current assessed value.

The Board was not persuaded that the Complainant had provided sufficient evidence in support of a

Reclassification of the subject to a 'C' class building and therefore will not disturb the \$18.00 per square foot rental rate.

As to the vacancy rate applied, the Board found the Complainant's evidence and argument to be supportive of an 11% vacancy allowance. There was no argument on the Capitalization Rate of 8% advanced by the Complainant.

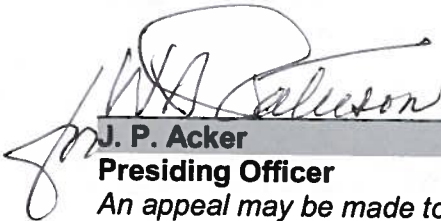
By applying the 11% vacancy adjustment to the subject, the Board arrived at a value for assessment purposes of \$6,040,000.

Board's Decision:

The assessment is set at \$6,040,000.
Exhibits

C-1 Complainant's Evidence (22 pages)
R-1 Respondent's Evidence (31 pages)

DATED AT THE CITY OF CALGARY THIS 6 DAY OF October 2010.



J. P. Acker

Presiding Officer

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.*