

**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

***886765 Alberta Ltd.
(as represented by Altus Group Limited), COMPLAINANT***

and

The City of Calgary, RESPONDENT

before

***L. Yakimchuk, PRESIDING OFFICER
D. Julien, MEMBER
H. Ang, 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 2012 Assessment Roll as follows:

ROLL NUMBER: 067086801

LOCATION ADDRESS: 1324 11 Av SW

FILE NUMBER: 66921

ASSESSMENT: \$5,830,000

This complaint was heard on July 16, 2012 at the office of the Assessment Review Board located at Floor Number 4, 1212 - 31 Avenue NE, Calgary, Alberta, Boardroom 3.

Appeared on behalf of the Complainant:

- *D. Genereux, Altus Group Limited*

Appeared on behalf of the Respondent:

- *E. Currie, City of Calgary Assessment*

Property Description:

[1] Winwood Plaza is a 1979, three-storey, 27,357 square foot (sf) building, assessed with 19,425 sf of office area, 5,412 sf of retail space, and 2,519 sf of restaurant space. It is situated on a 16,251 sf site in the downtown Beltline area of Calgary. It carries a "B" classification and has an assessed value of \$5,830,000.

Issues:

[2] Is the assessed value equitable with similar property assessments? Is it classified correctly, and are the rates associated with its classification correct?

Complainant's Requested Value: \$3,400,000

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

Evidence and Arguments

[3] The Complainant, D. Genereux, on behalf of Altus Group Limited, presented an argument to change the subject property classification from "B" to "C", thereby reducing the rates applicable to the income calculations. Further, he presented a study based on market values of properties he believed were comparable to the subject, showing that assessed values were about 65% of market value, therefore changing the actual capitalization rates.

[4] Mr. Genereux then argued that Property rent rates should be the same as Business rent rates. The City of Calgary takes \$2/sf off the value of tenant improvements when it calculates business tax. This would reduce the rent rate for "C" class buildings from \$13/sf to \$11/sf. He based his argument on several excerpts from assessment documents and decisions, as well as on a Notice of Motion presented to the City of Calgary on June 21, 2011 asking Administration to prepare a report to the *Standing Policy Committee on Finance and Corporate Services* for October 5, 2011. The report would provide information for the Committee and Council to consider in deciding whether business tax revenues could be consolidated with non-residential property tax.

[5] The Complainant then calculated a new assessment based on the newly derived capitalization rate of 12.25% and rental rate of \$11/sf. The calculations resulted in the request

for an assessment of \$3,400,000.

[6] The Respondent, E. Currie, on behalf of City of Calgary, argued that the sales comparables used by the Complainant are not comparable to the subject property. The first property has poor improvements and has been assessed at land value. The second and third properties are much smaller than the subject, and the fourth, which appears to be comparable was a condominium at the time of its sale. Ms. Currie argued that four random sales cannot comprise a good basis for a rate study, and do not provide proof that offices as a whole are undervalued.

[7] The Respondent defined property assessment as market value as of July 1 the year prior to the tax year, which is an estimate of the fee simple estate. She defined business assessment as net annual rental value of the premises. She argued that these are two different assessments as the first is based on market value and the second on rental value to the landlord.

[8] The Respondent supported the assessment with the 2012 Beltline Office B Class Rent Study which included 75 "B" Class Properties and ARFIs. She also included a March 30, 2011 "B" class Beltline office sale which resulted in a capitalization rate of 7.61%.

Board Findings

[9] The Board found that the Complainant did not support his argument with Comparable sales, therefore there was no evidence to support a change from "B" class to "C" class. As well, there was no evidence to support a change in capitalization rates from "B" rates to "C" rates.

[10] The Board could not support the argument for using Business Assessment rates to calculate property assessments. Further, a Notice of Motion is not a Statute and does not have any regulatory merit.

[11] The Board also found that the City of Calgary rent rate study was supported by the sale presented by the Respondent. The onus of proof had not been moved to the Respondent by the Complainant's presentation, and the information presented by the Respondent supported the current assessment. For these reasons, the Board found the current assessment to be fair and equitable.

Board's Decision:

[12] The assessment is confirmed at \$5,830,000.

DATED AT THE CITY OF CALGARY THIS 7 DAY OF August 2012.



L. Yakimchuk
Presiding Officer

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

NO.	ITEM
1. C1, C2	Complainant Disclosure
2. R2	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:

Decision No. 0808-2012-P

Roll No. 092028703

Subject	Type	Issue	Detail	Issue
CARB	Office Building	Three storey	Income Approach	Class, rates