

**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

***12-10 Capital Corp
(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: 067233304

LOCATION ADDRESS: 1216 10 Av SW

FILE NUMBER: 67963

ASSESSMENT: \$7,700,000

This complaint was heard on July 17, 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] The former Bank of Montreal Data Centre is a 57,527 square foot (sf) one, two, and three-storey office building located on 43,026 sf of Calgary Beltline community property at 1216 10 Av SW, bordering the railway tracks. It is assessed as a "B" class building, at \$7,700,000.

Issues:

[2] Is this property assessed equitably with other properties adjacent to the railroad tracks? Should a 15% risk premium be considered in the capitalization rate when assessing it?

Complainant's Requested Value: \$6,700,000

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

Evidence and Arguments

[3] The Complainant, D. Genereux, Altus Group Limited argued that the former Bank of Montreal Data Centre experiences locational obsolescence because the CPR mainline tracks through Calgary border the north property line. He claimed that the building does not have windows in the office walls that border the railroad tracks, and that the trains produced noise which reduced the value of the property.

[4] Mr. Genereux provided evidence that other properties along the tracks are given a 15% allowance to compensate for this influence. He asked that the capitalization rate be increased by 15% for the subject property.

[5] The Respondent, E. Currie, provided the subject ARFIs demonstrating that the current rents support the City of Calgary assessment applied market rent rate of \$13.00/sf. As well, she demonstrated that the subject had sold in 2008 for \$19,000,000, above the current assessed rate of \$7,700,000. She also provided a sale (dated March 30, 2011) of a comparable Beltline office building which resulted in a capitalization rate of 7.61%, supporting the 7.75% rate used by the City for its assessment.

[6] The Respondent also provided an assessment notice for a neighbouring office property also on the railroad tracks which was assessed using the same rates as the subject property. There was no 15% adjustment applied to this assessment.

[7] Ms. Currie agreed that the assessment values of properties assessed on land value are reduced by 15% for the influence of railroad tracks. However, she argued that the subject property is assessed on income not land value.

Board Findings

[7] The Board found that the subject property is assessed equitably when compared to the same class of offices in similar locations. While land assessments are reduced by 15% to accommodate the influence of the railroad tracks, this is not true of properties assessed by the income approach. Therefore, the mass assessments are equitable for similar properties. This is further supported by the sale of the subject property in 2008, when real estate values were low.

Board's Decision:

[8] The Board confirms the current assessment of \$7,700,000.

DATED AT THE CITY OF CALGARY THIS 21 DAY OF August 2012.



L. Yakimchuk
Presiding Officer

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

NO.	ITEM
1. C1	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. 0804-2012-P

Roll No. 092028703

Subject	Type	Issue	Detail	Issue
CARB	Office	3-storey	Income Approach	Influence