

**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:

National Trust Company Limited (as represented by Altus Group Ltd.), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

***L. Wood, PRESIDING OFFICER
R. Kodak, MEMBER
D. Pollard, 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 2011 Assessment Roll as follows:

ROLL NUMBER:	068133503
LOCATION ADDRESS:	301 11 AV SW
HEARING NUMBER:	63201
ASSESSMENT:	\$11,450,000

This complaint was heard on 29 day of July, 2011 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 11.

Appeared on behalf of the Complainant:

- *Ms. S. Sweeney- Cooper* *Agent, Altus Group Ltd.*

Appeared on behalf of the Respondent:

- *Mr. D. Grandbois* *Assessor, City of Calgary*

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

There were no procedural or jurisdictional matters raised by the parties during the hearing.

Property Description:

The subject property is known as the CIBC Data Centre located in the Beltline. The building is comprised of 101,677 square feet and was constructed in 1976. The building was assessed as a B quality. It is situated on 55,939 square feet (1.28 acres) of land. The land use designation is CC-X, Centre City Mixed Use District. The assessment was based on vacant land value at \$195.00 psf. and was adjusted (+5%) for the corner lot influence.

Issues:

1. The current assessment has not decreased from 2010 in proportion to office building assessments.

Complainant's Requested Value: \$10,440,000

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

1. The current assessment has not decreased from 2010 in proportion to office building assessments.

The Complainant submitted the subject property should be valued based on the income approach, not the direct sales approach, because this is an income producing property. The Complainant submitted this is a unique building, the CIBC Service Centre, and it has considerable office space below grade (46,347 square feet). The Complainant presented an income approach with two rental rates: \$14.00 psf for office space above grade (55,330 sq. ft.) and \$8.00 psf for office space below grade (46,347 sq. ft.). The Complainant also applied a 13% vacancy rate, \$13.00 psf operating costs, 2% non recoverable and an 8.50% capitalization rate in her analysis (Exhibit C1 pages 13 & 14).

The Complainant submitted that assessments for office buildings in the Beltline have decreased 30%, on average, since 2010 whereas land rates have only decreased by 9% during the same period of time (Exhibit C1 pages 17 & 18).

The Complainant submitted 43 equity comparables, (6 of which are in BL3) to show that an inequity exists because all of the comparables are based on the income approach to value, except for the subject property (Exhibit C1 page 21).

The Respondent submitted that the subject property is a specific purpose building, a bank data centre, and it is not accessible to the general public. There is no retail inside the building and no amenities. He submitted the below grade space is likely used for storage. It is an owner occupied building which is situated on a large parcel of land. He indicated that the subject property is unique and under-built. The Respondent valued the property based on its land value of \$195.00 psf, and applied a +5% site influence for corner lot. He stated that the sales approach is used to value properties if their income does not exceed the land value.

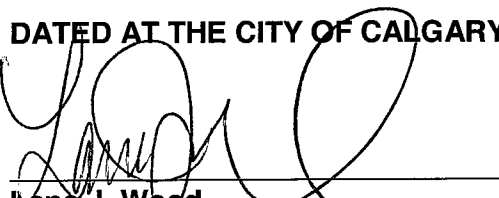
The Respondent submitted two more Bank Data Centres in the Beltline, both of which were assessed based on the sales approach (\$195.00 psf). The first property is located at 1313 10 AV SW. It is a 47,145 sq. ft. building situated on 1.27 acres and was assessed at \$11,300,000 (Exhibit R1 page 25). This property sold in May 2009 for \$15,000,000 or \$318 psf (Exhibit R1 pages 31-32). The second property is located at 1216 10 AV SW. It is a 62,448 sq. ft. building situated on 0.99 acres, and it was assessed at \$7,130,000 (Exhibit R1 page 27).

The Board finds the Complainant's income approach to value produced a lower value than the \$195.00 psf land rate applied by the Respondent; however, she failed to dispute the land rate. There was no market evidence submitted to show a range of values which could support the income approach to value. The Board finds the subject property cannot be valued for less than its basic land value.

Board's Decision:

The decision of the Board is to confirm the 2011 assessment for the subject property at \$11,450,000.

DATED AT THE CITY OF CALGARY THIS 15 DAY OF SEPTEMBER 2011.



Lana J. Wood
Presiding Officer

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

EXHIBIT NO.	ITEM
1. C1	Complainant's Submission
2. R1	Respondent's Submission

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.*