

**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:**

***Calgary Research Development Authority ( as represented by Colliers International  
Realty Advisors Inc.) COMPLAINANT***

**and**

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

**before:**

***Board Chair, J. Zezulka  
Board Member, R. Roy  
Board Member, T. Usselman***

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: 037180205**

**LOCATION ADDRESS: 3553 - 31 Street NW**

**HEARING NUMBER: 66199**

**ASSESSMENT: \$27,830,000**

This complaint was heard on 19th day of October, 2012 at the office of the Assessment Review Board located at Floor Number Three, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom nine.

Appeared on behalf of the Complainant:

- *T. Howell*

Appeared on behalf of the Respondent:

- *R. Fegan*

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

- (1) There were no procedural or jurisdictional issues raised by either party.

**Property Description:**

- (2) The subject consists of a suburban office building with a retail component, containing 126,067 s.f.. There are 125,806 s.f. of office space, and 261 s.f. of retail space. The land area is 5.84 acres.

**Issues:**

- (3) The subject is currently assessed on the income approach to value. The Complainant does not dispute the valuation method, nor does the Complainant dispute the rent, vacancy rate, operating costs, or non-recoverable allowance used. The single issue of this complaint is the capitalization rate used. The City has used a 7.00 per cent capitalization rate in the preparation of the assessment. The Complainant argues that 7.30 per cent is more appropriate.

There are no other issues.

**Complainant's Requested Value:** \$26,620,000

**Evidence**

- (4) In support of his requested capitalization rate, the Complainant submitted five comparable sales, four of which are portfolio transactions. The Complainant produced some details regarding each transaction including a net operating income, and an indicated capitalization rate. However, the Complainant failed to provide any details as to how the income was derived.

- (5) The Complainant submitted RealNet reports for each of the five sales. RealNet is a widely recognized, reliable reporting agency that reports on commercial real estate transactions, as well as details relative to each. In two out of the four properties shown by the Complainant, the RealNet agency reported a capitalization rate substantially lower than the complainant. No explanation as to the difference could be offered.

- (6) The Respondent submitted eight comparable sales from which a capitalization rate was derived. The range of rates indicated was 5.21 per cent to 7.95 per cent. The average is 6.85 per cent. The analysis incorporated actual selling prices, and assessed net operating incomes.

None of this data, or the methodology of analysis was questioned or disputed.

(7) The Respondent also submitted seven comparable sales to demonstrate that the subject's assessment is equitable with similar properties. Selling prices per s.f. range from \$185 to \$378. The average is \$282, compared to the subject's assessment of \$221 per s.f.. None of this data was questioned or disputed.

### **Board's Decision**

(8) The onus of proving that an assessment is incorrect lies with the individual alleging it. The onus rests with the Complainant to provide convincing evidence to justify a change in the assessment. The Complainant failed to do that.

(9) It is the opinion of this Board that the analysis supporting the Complainant's capitalization rate request is inadequate. The Complainant did not submit sufficient evidence to show that the assessed value is incorrect or that the assessment is prepared incorrectly.

(11) The assessment is confirmed at \$27,830,000.

DATED AT THE CITY OF CALGARY THIS 15 DAY OF November, 2012.



Jerry Zezulka  
Presiding Officer

### **APPENDIX "A"**

#### **DOCUMENTS PRESENTED AT THE HEARING AND CONSIDERED BY THE BOARD:**

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1. C1 Complainant Submission of Evidence,
  2. R1 City of Calgary Assessment Brief

*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.*

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**For MGB Administrative Use Only**

Decision No. 2310/2012 - P			Roll No. 101040103	
<u>Subject</u>	<u>Type</u>	<u>Issue</u>	<u>Detail</u>	<u>Issue</u>
CARB	Office	Income	Cap. Rate	Onus