



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:

Airstate Ltd.

(as represented by Altus Group Limited), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

C. J. Griffin, PRESIDING OFFICER

D. Julien, BOARD MEMBER

G. Milne, BOARD MEMBER

This is a complaint to the Composite Assessment Review Board (CARB) in respect of a property assessment prepared by the Assessor of The City of Calgary and entered in the 2013 Assessment Roll as follows:

ROLL NUMBER(S):	100014307
LOCATION ADDRESS:	1110 – 60 Ave. SE
FILE NUMBER:	72959
ASSESSMENT:	\$32,460,000.

This complaint was heard on the 3rd day of September, 2013 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, in Boardroom 4.

Appeared on behalf of the Complainant:

- D. Chabot

Appeared on behalf of the Respondent:

- M. Ryan

Board's Decision in Respect of Preliminary and/or Procedural Matters:

There were no Preliminary Matters or Procedural Matters brought forward by either party.

Property Description:

[1] According to the Property Assessment Detail Summary Report (Exhibit R -1 pg. 14), the subject property is an A+ Class, 3 storey suburban office building containing a total assessed area of 94,726 Sq. Ft. together with 100 underground parking stalls. The building was constructed in 1997 and is located in the Burns Industrial area of southeast Calgary.

Issue(s):

[2] The Complainant introduced one issue (Exhibit C-1 pg. 2) for the CARB's consideration consisting of:

The assessed office rental rate is in excess of market rent and a reduction from the assessed rate of \$21/Sq. Ft. to \$17/Sq. ft. is requested.

Current Assessment(s):

[3] \$ 32,460,000.

Complainant's Requested Value:

[4] \$ 26,460,000.

Board's Decision:

[5] The assessment is **reduced** to:

\$ 26,460,000.

Position of the Parties**Complainant's Position:**

[6] It is the contention of the Complainant that as a result of the Assessor changing the classification of the property from it's previous A- category to it's current A+ category and utilizing the Income Approach inputs associated with this changed classification has resulted in a significant increase in the assessed value to the point that it no longer is representative of the property's market value. The assessed office rental rate is \$21/Sq. Ft. whereas the Complainant requests that same be reduced to \$17/Sq. Ft., which is the typical rate utilized for the assessment of suburban office properties in the A- classification. In support of their argument, the Complainant introduced (Exhibit C-1 pg. 23) a copy of the City of Calgary prepared *2013 Suburban Office Rental Analysis: A2 and A- Quality SE* noting that the subject property is included and is noted as being in the A- classification. The Complainant also introduced (Exhibit C-1 pg. 24) a copy of the similar study, also prepared by the City of Calgary, dealing with suburban office properties in the A+ classification, noting that the subject property is not included in this study. Additionally, the Complainant introduced (Exhibit C-1 pgs. 25 – 30) a copy of CARB Decision 1860/2012-P which deals with the assessed office rental rate applied to the subject property in the 2012 assessment year and which was successful for the Complainant. The Complainant further introduced (Exhibit C-1 pgs. 56 – 60) a copy of the *Assessment Request For Information (ARFI)* for the subject property, dated March 22, 2013, which indicates that the subject property is not achieving the assessed \$21/Sq. Ft. office rental rate. In conclusion the Complainant pointed out to the Board that there have been no changes to the property that would warrant a change in the classification and the resulting assessed office rental rate.

Respondent's Position:

[7] The Respondent introduced (Exhibit R-1 pgs. 31 -34) an ARFI from a property located at 1220 – 59th Avenue SE which the Respondent considers a very good comparable and which indicates lease rates of \$20/Sq. Ft. being achieved in 2011 and 2012. The Respondent also introduced (Exhibit R-1 pg. 43) a *Revised 2013 Suburban Office Lease Analysis: A+ Quality SE* in which the subject property has been included and which a Median rate of \$21/Sq. Ft. supporting the assessed office rental rate.

Complainant's Rebuttal

[8] The Complainant introduced their Rebuttal (Exhibit C-2) which contains (Exhibit R-1 pgs. 7 – 35) a number of City of Calgary prepared Suburban Office Rental Analyses for various classification of properties, none of which support the assessed office rental rate being applied to the subject property. The Complainant noted that these studies were provided to them by the City in May 2013 and none are noted as having been revised. The Complainant also provided (Exhibit C-2 pg. 76) a synopsis of leases from the subject property indicating a Median of \$17.15/Sq. Ft. as well as a synopsis of leases from a new property located across the street from the subject at 1220 – 59th Ave. SE which indicates a Median of \$20/Sq. Ft. The Complainant indicated that the purpose of the latter is to show that a new property with a location similar to the subject can be classified differently and can generate different lease rates in spite of having a similar location.

Board's Decision Reasons:

[9] The CARB questioned the Respondent as to why the classification of the property had been changed and was dismayed to hear that it stems from the location. When asked if the location had changed over the past year the Respondent indicated it had not. When questioned as to what if anything about the property had changed to warrant a change in the classification the Respondent responded that nothing had changed. This then lead to the question of why the classification, and resulting assessed office rental rate had been changed the Respondent indicated that it was based upon the lease information derived from the property located across the street from the subject at 1220 – 59th Ave. SE. Upon review of the ARFI from that property (Exhibit R-1 pgs. 31 – 34) the CARB noted that with only one exception the \$20/Sq. Ft. lease rates referred to by the Respondent stemmed from lease extensions, not new leases. The CARB further noted, as was pointed out by the Complainant (Exhibit C-2 pg. 76) that this building is newer than the subject and has been classified differently than the subject by the Assessor.

[10] The CARB recognises that it does not have the jurisdiction to alter the Classification of a property; however, the CARB further recognises that it matters not what the property has been classified as but that it is, in this case, the assessed office rental rates that the Assessor has utilized that are at the heart of the issue and what should drive those rates is market evidence not the classification of the property. The CARB finds the evidence of the Complainant to be significantly superior to that of the Respondent and accordingly the assessment is reduced to reflect an office rental rate of \$17/Sq. Ft..

DATED AT THE CITY OF CALGARY THIS 30th DAY OF September 2013.


C. J. Griffin

Presiding Officer

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

NO.	ITEM
1. C1	Complainant Disclosure
2. C2	Complainant Rebuttal
2. R1	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.*

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Municipality: Calgary	Decision No. 729594/P-2013	Roll No: 100014307
<u>Property Type</u>	<u>Property Sub-Type</u>	<u>Issue</u> <u>Sub-Issue</u>
Office	Suburban Office	M.V. Assessed office rental rate