

**CALGARY  
ASSESSMENT REVIEW BOARD  
DECISION WITH REASONS**

In the matter of the complaint against the Property/Business assessment as provided by the *Municipal Government Act*, Chapter M-26, Section 460(4).

**between:**

***Altus Group Ltd., COMPLAINANT***

**and**

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

**before:**

***M. Vercillo, PRESIDING OFFICER***

***J. Massey, MEMBER***

***J. Kerrison, MEMBER***

This is a complaint to the Calgary Assessment Review Board in respect of Property assessment prepared by the Assessor of The City of Calgary and entered in the 2010 Assessment Roll as follows:

**ROLL NUMBER: 068118702**

**LOCATION ADDRESS: 402 11 Ave. SE**

**HEARING NUMBER: 58764**

**ASSESSMENT: \$14,540,000**

This complaint was heard on 13th day of July, 2010 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom #4.

Appeared on behalf of the Complainant:

- Mr D. Mewha (Altus Group Ltd.)

Appeared on behalf of the Respondent:

- Mr. A. Czechowskyj (The City Of Calgary)
- Ms. C. Keough (The City Of Calgary)

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

NA

**Property Description:**

The subject property known as "Critical Mass", is a 4 story suburban office building constructed in 1913 and located in the "Beltline" district of SE Calgary. The building has undergone substantial renovations and upgrading in the last few years. The building has a net rentable area of approximately 51,588 square feet (SF) including 8,988 SF of "Below Grade" Office space and 42,600 SF of Office space. The building is situated on an assessable land area of approximately 25,975 SF.

**Issues:**

- 1) The office space assessment rate per SF used by the Respondent in his Income Approach to value is unfair and inequitable. Specifically the Respondent used an office space assessment rate of \$26 per SF, while the Complainant suggests a \$17 per SF rate is more appropriate.
- 2) The subject property has been treated inequitably when comparing the change in assessed value from 2009 to 2010 and comparing this change to comparable properties. Specifically, the subject property experienced a 23% increase in assessed value while comparable properties experienced a decrease in value of 20% or more.
- 3) The subject property is inequitably assessed for considerably more on a per SF basis than other comparable properties and a comparable recent sale property.

**Complainant's Requested Value:**

\$9,960,000

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

- 1) Issue 1 (as above).
  - a) The Complainant's evidence.
    - i) The Complainant provided a chart twelve comparable properties showing that assessments of those comparable properties were assessed at office space assessment rates between \$15 and \$20 per SF with a median of \$17 per SF. The

- subject's office space assessed rate is \$26 per SF. The Complainant requests that for equity reasons, the subject ought to also have an office space assessed rate of \$17 applied to its Income Approach to value.
- ii) The Complainant provided an Avison Young Calgary Office Market Report showing B Class buildings are asking an average of \$15 per SF in the Beltline while A Class building are as high as \$23 per SF in September, 2009. An Assessment Summary Report provided by the Complainant shows that the Building is rated A+ by the Respondent, but the Complainant suggests the property should be rated B-.
- b) The Respondent's evidence.
- i) The Respondent, after some reconsideration, was prepared to offer a reduced office space assessment rate of \$23 per SF. Using this new rate in his Income Approach to value the revised assessment would be \$13,020,000.
  - ii) The Respondent provided a chart of three comparable properties with office space assessment rates of \$23 to \$26 per SF. These comparable properties were classed as either A- or A+ by the Respondent. In this chart, the subject is considered by the Respondent to be classed as an A- property.
  - iii) The Respondent provided a chart of lease rates for other properties within the Beltline district. These lease rates ranged from \$0 to \$38 per SF with a median rate again of \$25.
  - iv) The Respondent included a chart comparing the office space assessment rates applied to the Complainant's comparables to that of the subject. The Respondent showed that the Complainant's comparables were rated in a range of B- to B+ by the Respondent, while the subject is again rated A- by the Respondent. Accordingly the Complainant's comparables were given an office space assessed rate per SF of \$15 to \$20 while the subject's was given a higher rate of \$23.
- c) In reviewing the information provided by both parties the Board finds in favour of the Complainant because:
- i) The Complainant was successful in proving that office buildings of similar age, that have also experienced substantial renovation and modernization in the last few years, and are within a similar location, are being assessed at office space assessment rates that are favourable to that of the subject.
  - ii) In reviewing the lease rate chart of Beltline properties provided by the Respondent, it is noted that the lease rates for properties specific to the SE quadrant (similar to the subject's location) are not achieving \$23 per SF.
  - iii) In his Rebuttal evidence, the Complainant successfully pointed out that the Respondent's lease rate comparables were often given lower office space assessment rates than the actual lease rates they were realizing, unlike the subject.
- 2) Issue 2 (as above).
- a) The Complainant's evidence.
- i) The Complainant provided 2009 assessments on eight of the twelve properties referenced in Issue 1. In all cases (except one appealed by the Complainant under Hearing #58761) the properties office space assessment rates for and overall assessed values dropped substantially in 2010, while the subject's office space assessment rates and overall assessed value increased in 2010.
  - ii) The Complainant provided information on the sale of a comparable property in the Beltline district that was assessed in 2009 for \$2,640,000. This property sold in that same assessment year for \$2,550,000. This property is assessed in 2010 for \$2,110,000.
  - iii) The subject property was assessed at \$10,830,000 in 2009 and \$10,880,000 in

2010.

- b) The Respondent's evidence.
    - i) The Respondent did not provide any information related to this issue.
  - c) In reviewing the information provided by both parties the Board finds in favour of the Complainant because:
    - i) The Board accepts the fact that comparable properties decreased substantially in assessed value in 2010 from 2009 while the subject's assessed value increased slightly in 2010 from 2009. In the absence of any plausible explanation from the assessor, the Board deems this fact to be inequitable to the subject.
- 3) Issue 3 (as above).
- a) The Complainant's evidence.
    - i) The Complainant provided a chart of twelve comparable properties as previously mentioned attempting to compare their 2010 total assessment value per SF to that of the subject. The rates varied from \$150 per SF to \$246 per SF with a median of \$178 per SF. The subject's 2010 assessment per SF is \$282 per SF.
  - b) The Respondent's evidence.
    - i) The Respondent did not provide any information related to this issue.
    - ii) During cross-examination of the Complainant, the Respondent offered a further reduction to the assessment of the subject based on one of the Complainant's comparables that was assessed at \$234 per SF. Based on this variable and applying \$234 per SF to the subject, it would have further reduced the assessed value for the subject to \$12,070,000.
  - c) In reviewing the information provided by both parties the Board finds in favour of the Complainant because:
    - i) Based on the assessment per SF derived for the comparables by the Complainant, it is reasonable, fair and equitable for the Board to accept a value of \$193 assessment per SF for the subject as requested by the Complainant.

**Board's Decision:**

The Board accepts the Complainant's valuation for the subject property and revises the assessment at \$9,960,000.

DATED AT THE CITY OF CALGARY THIS 20 DAY OF July 2010.



**Michael A. Vercillo**

**Presiding Officer**

*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.*