

**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: 068117209

LOCATION ADDRESS: 318 11 Ave. SE

HEARING NUMBER: 58761

ASSESSMENT: \$10,880,000

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 Ribtor West, is a 4 story suburban office building constructed in 1914 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 57,925 square feet (SF) including 10,713 SF of Office Storage space and 47,212 SF of Office space. The building is situated on an assessable land area of approximately 19,470 SF.

Issues:

- 1) The office space assessment rate per SF used by the Respondent is unfair and inequitable. Specifically the Respondent used an office assessment rate of \$20 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 4% 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:

\$9,190,000

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 sampling of five comparable properties in the Beltline district showing that assessments of those comparable properties were assessed an office space assessment rate between \$15 and \$17 per SF.
 - 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. The Building is rated B+ by the Respondent, but the Complainant suggests the property should be rated B-.

b) The Respondent's evidence.

- i) The Respondent provided an Assessment Request For Information (ARFI) dated April 10, 2009. The report, which was provided to the Respondent by the owner of the subject property, showed office lease rates ranging from \$5 to \$15 per SF. All leases were dated however, showing lease start dates ranging from April, 2003 to December, 2005.
- ii) The Respondent provided a chart of the Complainant's comparable properties lease rates to that of the subject. The chart showed that the subject recently renewed a lease for a suite containing 1,356 SF for \$20 per SF. The lease was renewed on Jun 1, 2009. The chart compared this lease rate to the other comparable properties with lease rates ranging from \$19 to \$32 per SF with a median rate of \$27.
- iii) The Respondent provided a chart of lease rate comparables for other properties that the Respondent deemed comparable to the subject. The lease rates for the Respondent's comparables ranged from \$20 to \$28 per SF with a median rate of again \$27.

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 within a similar location are being assessed at rates that are favourable to that of the subject.
- ii) The Respondent tried to compare actual lease rate experienced between the subject and the Complainant's comparables as well as other comparables that the Respondent felt were similar to the subject. In doing so, the Respondent actually helped prove the Complainant's assertion of the inequity between the office space assessed rates applied to the subject versus that of the comparables. In almost all cases, the Respondent showed that the actual lease rates of the comparable properties were higher than the subject's and yet the Complainant proved that the Respondent would apply a higher assessed rate to the subject's office space than to those of the comparables. Therefore the Board accepts the Complainant's request for a \$17 assessed rate for office space be applied to the subject.

2) Issue 2 (as above).

a) The Complainant's evidence.

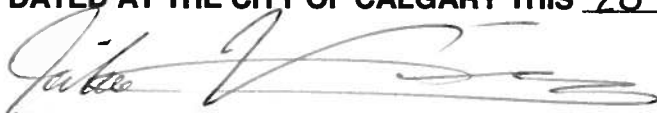
- i) The Complainant provided 2009 assessments on two of the five properties referenced in Issue 1. In both cases the properties assessment lease rates for office space and overall assessed values dropped substantially in 2010, while the subject's assessment lease rates for office space and overall assessed 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 Complainant provided another comparable property that demonstrated that the property was assessed at \$3,090,000 in 2009 and \$2,540,000 in 2010.
- iv) 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 7 of the comparable properties 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 \$198 per SF with a median of \$166 per SF. The subject's 2010 assessment per SF is \$187 per SF.
 - b) The Respondent's evidence.
 - i) The Respondent defended his assessment of the subject on the basis of the consistent application of capitalization rates to both the subject and the comparables. He demonstrated that the subject's assessment per SF of \$188 is within the range of the Complainant's comparable properties assessment per SF and therefore should not be altered.
 - ii) The Respondent referenced Board Order: MGB 145/07 and suggests that if the Board agrees with the Complainant on lowering the office space assessment rate per SF for the subject, then the Board must lower the capitalization rate and therefore the revised assessment would be similar.
 - c) In reviewing the information provided by both parties the Board finds in favour of the Complainant because:
 - i) The Board notes that all of the comparable properties were assessed at much lower rates per SF than the subject and yet with a consistent capitalization rate of 7.5%.
 - ii) The Board also notes that assessment per SF values of the comparables on the higher end of the range were for newer properties. Therefore, it is reasonable for the Board to accept a value of \$159 assessment per SF for the subject.

Board's Decision:

The Board accepts the Complainant's valuation for the subject property and revises the assessment at \$9,190,000.

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.*