

**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(4).

between:

Altus Group Ltd , COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

R. Mowbrey, PRESIDING OFFICE

D. Morice, MEMBER

P. Pask , 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: 068127604

LOCATION ADDRESS: 229 11th AV SE.

HEARING NUMBER: 56039

ASSESSMENT: \$4,490,000

This complaint was heard on 4th day of August, 2010 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 12.

Appeared on behalf of the Complainant:

- D. Mewha
- B. Neeson

Appeared on behalf of the Respondent:

- *D. Grandbois*

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

There were no procedural or jurisdictional matters.

Upon questioning by the Presiding Officer, the parties present indicated they had no objection to the composition of the Board. In addition, the Board indicated they had no bias on this file.

Property Description:

The subject property is a multi-tenant office building constructed in 1952. The building is two stories and has a net rentable area of 17,833 square feet including one floor below grade.

Issues:

1. What is the correct number of parking stalls allowed for the subject property?
2. What is the correct size of the subject property?
3. Are the applied rental rates in excess of market rental rates?
4. What should be the rental rate applied to the below grade level?

Complainant's Requested Value:

\$2,350,000.

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

1. What is the correct number of stalls allowed for the subject property?

The Complainant provided evidence that the parking stalls were assessed under a separate roll number. (RN.068127703 exhibit C-1 page 33-35) The Respondent indicated that this issue was discussed last year and the Respondent agreed to remove the 17 parking stalls from the assessment. The Board agreed with the decision to remove the 17 parking stalls at a total market rent of \$35,700.

2. What is the correct size of the subject property?

The Complainant provided evidence detailing a revised assessment request for information sent to the City of Calgary April 20th. The revision showed a total of 15,108 square feet. While the Respondent did not dispute the fact that the Complainant did send the ARFI, the Respondent advised the Board that he did not get the revised ARFI. In absence of the Respondent not seeing the revised ARFI, the Board notes and agrees that the size is the same as last year's and will not adjust the size that the Complainant has requested. The Board recommends that the Complainant contact the Respondent to remeasure the building prior to next year's assessment.

3. Are the applied rental rates in excess of market rental rates?

The Complainant gave evidence to show that the applicable rental rate on the subject property should be \$16 PSF. (exhibit C-1 pages 49-50). In addition, the Complainant advised the Board that this was a gross lease. The Complainant provided further evidence regarding comparable leasing (exhibit C-1 page 60) detailing leases with a median lease rate of \$18PSF and an average mean of \$15.71 PSF. The Complainant further advised the Board that Customs House was owned by the same owner as the subject property and was directly across the street from the subject property. The Complainant further gave evidence (Exhibit C-1 pages 72-77) regarding a comparable that was closer in size to the subject property. Although the building was assessed as a class A+, the Complainant stated the building should really be classed as a B building. The rental rate on the mentioned comparable is \$15 PSF. Another comparable in close proximity to the subject property has a rental rate of \$15 PSF. (Exhibit C-1 pages 66-69). The building was recently corrected to a B-building from a C class building April 2010. The Complainant provided some third party sources that the leasing market was softening.

The Respondent gave leasing activity as reported 2009 ARFI detailing the average leasing rate of \$19.92 PSF and the median leasing rate of \$21 PSF. (Exhibit R-1 page 32) The Respondent (exhibit R-1 page 33) detailed the Complainant's comparable leasing on 4 properties including the subject property. With the subject property, the median and average leases were slightly higher than the subject properties assessment. (\$21.30/\$21.33 versus the assessment of \$20 PSF). The median and average lease rates were higher than the assessment on Customs House. \$18.00/\$18.42 versus assessment \$15 PSF. Riptor West's assessment was \$20 PSF and had a recent lease for \$20 PSF. The Respondent noted that last year's ARB had confirmed the assessment.

The Board was persuaded by the Respondent's evidence detailing leasing activity (Exhibit R-1 page 32) and the rebuttal to the Complainant's leasing activity (Exhibit R-1 page 33). The Board further believed that the subject properties lease rates of \$21.60 and \$21.00 was compelling evidence. The Board could not see any reason to lower the assessed rental rate.

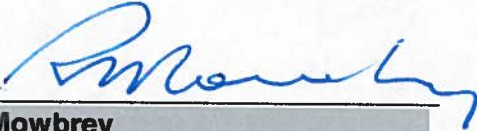
4. What should be the rental rate applied to the below grade level?

The Complainant provided evidence to the Board detailing a number of equity comparables with the subject property. (exhibit C-1 page 62) All those buildings with below grade office space were assessed at \$8 PSF. The Respondent agreed with the Complainant and said the building would warrant a below grade assessment of \$8 PSF. Since both parties agreed to the \$8, the Board also agreed that the \$8 PSF would be appropriate for below grade space for consistency, fairness and equity.

Board's Decision:

The Board's decision is to reduce the assessment to \$3,290,000 based on the same square footage, \$8 PSF for below grade, \$20 PSF for the two stories and removal of the parking.

DATED AT THE CITY OF CALGARY THIS th30 DAY OF August 2010.



R. Mowbrey
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.*