

**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-26.1, Section 460(4).

**between:**

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

**and**

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

**before:**

***R. Reimer, PRESIDING OFFICER***

***K. Kelly, MEMBER***

***D. Pollard, 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: 068141001**

**LOCATION ADDRESS: 215 12 Ave SE**

**HEARING NUMBER: 59437**

**ASSESSMENT: \$7,310,000**

This complaint was heard on 30th day of August, 2010 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 10.

Appeared on behalf of the Complainant:

- Kevin Barry Bickford, Altus Group Ltd., Agent

Appeared on behalf of the Respondent:

- Darren McCord, Assessor

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

There was no objection to the composition of the Composite Assessment Review Board (CARB).

There were no other procedural or jurisdictional matters raised.

**Property Description:**

The subject property is a 19,700 sq. ft., two story, multi tenant office building, constructed in 1980 and located at 215 12 Ave SE. The City of Calgary identifies the subject property as a "B" quality Beltline Office. There is parking at the side and rear of the property totalling 51 stalls.

**Issues:**

The two issues identified on the Assessment Review Board Complaint Form are the assessment amount and the assessment class.

**Complainant's Requested Value:**

The complainant requested a value of \$3,320,000 on the Assessment Review Board Complaint Form. This was revised at the hearing to \$4,400,000.

**Position of the Parties:**

The Complainant's position was that the subject property has been incorrectly assessed as vacant land. The Complainant cited the *Municipal Government Act* ("MGA") Section 289(2), which reads as follows;

**289(2)** Each assessment must reflect

- (a) the characteristics and physical condition of the property on December 31 of the year prior to the year in which a tax is imposed under Part 10 in respect of the property, and

...

The Complainant stated that, as of December 31, 2009, the subject property was a functioning, multi tenant office building with parking.

The Complainant submitted that, in order to determine that a property's highest and best use is different than the current use, the potential use must pass a series of tests. These tests include whether or not the proposed use is legally allowable, physically possible, financially feasible and maximally productive. The Complainant notes that there are a number of uses for the property, including the current use, which would be both legally allowable and physically possible. The Complainant states that financial feasibility will depend on market conditions and demand, both currently and for the foreseeable future. The Complainant further states, on page 20 of exhibit C2, that considering the current market in Calgary, the existing and current use of the subject property is the most productive use for the site as of the condition date.

The Complainant, on page 27 of exhibit C2, provided twelve equity comparables showing a value range of \$155 - \$254/sq. ft and a median of \$221/sq. ft. He had calculated that the building on the subject property, using the building area only, was valued at \$371/sq. ft.

The Complainant, on pages 94 and 95 of exhibit C2, calculated a valuation of the subject property using the income approach. On page 94, not including any income from the 51 parking stalls, he arrived at a value of \$3,530,000, or \$153.30/sq. ft. On page 95, including income from the parking stalls, he arrived at a value of \$5,050,000, or \$218.83/sq. ft.

The Complainant also provided documentation, on pages 41-61 of exhibit C2, indicating that the subject property had sold, in September, 2006, for \$5,103,450.

The Respondent stated that it is common to assess older or lower quality Beltline office buildings as vacant land at a rate of \$215/sq. ft. of land. On page 21 of exhibit R1, the Respondent submitted five sales comparables, with a value range of \$205 - \$364/sq. ft., and median value of \$233/sq. ft. Four of these properties had improvements on them and the RealNet reports provided indicated that, in at least some instances, the purchaser intended to renovate and lease the property.

On pages 99-102 of exhibit R1, the Respondent provided a number of equity comparables with assessed values that seemed to indicate that the assessment of the subject property, at \$215/sq. ft., was equitable.

The Respondent submitted, on pages 104-110 of exhibit R1, a brochure indicating that the subject property is currently listed for sale. On page 109, the asking price is listed as \$9,000,000, or \$229/sq. ft. of land.

### **Board's Decision:**

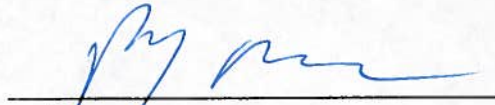
Regarding the issue of the assessment class, the CARB finds that the subject property is appropriately classed as non-residential property, pursuant to MGA S.297(1).

As to whether the subject property should be assessed as vacant land or as an office building, current market conditions do not support the notion that highest and best use is anything other than the current use, which, as of December 31, 2009, was as an office building.

The CARB accepts that it may be more appropriate to use the income approach to value the subject property. Notwithstanding the above, the CARB finds that the Complainant failed to demonstrate an appropriate alternate valuation. While the Complainant calculated two different valuations based on the income approach, he did not provide evidence to support his rental rate, vacancy rate or capitalization rate. Neither did he provide a rent roll for the subject property, citing issues of confidentiality.

The CARB finds that, given the evidence before it, there is no alternative but to confirm the assessment at \$7,310,000.

DATED AT THE CITY OF CALGARY THIS 7 DAY OF September 2010.

  
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R. Reimer  
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.*