

**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 Limited, 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: 068117506

LOCATION ADDRESS: 1018 Macleod Trail SE

HEARING NUMBER: 58762

ASSESSMENT: \$4,910,000

This complaint was heard on 1st day of September, 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:

- *Giovanni Worsley, Altus Group Ltd., Agent*

Appeared on behalf of the Respondent:

- *Daniel Satoor, 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 "B" quality, two story office building constructed in 1910. It has a total rentable area of 30,317 sq. ft., including 4,855 sq. ft. of retail area.

Issues:

There were two issues identified on the Assessment Review Board Complaint Form. They were the assessment amount and the assessment class.

The Complainant only presented evidence regarding the assessment amount. Accordingly, the CARB will only address that issue.

Complainant's Requested Value:

On the Assessment Review Board Complaint Form, the Complainant requested a valuation of \$3,170,000. This was revised during the hearing to a requested value of \$4,290,000.

Position of the Parties:

The Complainant's position was that the office rental rate and the retail rental rate, used to calculate the potential income for the building, are too high relative to other buildings of equal or better quality. He asked for a reduction of the retail rental rate from \$24/sq. ft. to \$20/sq. ft. and a reduction of the office rental rate from \$17/sq. ft. to \$15/sq. ft.

In support of his request, the Complainant provided five equity comparables on pages 21 through 49 of exhibit C2. Three of these comparables have quality ratings of "B-", one is a "B" and the quality of the fifth is unclear. While the Assessment Summary Report listed the fifth as an "A+", the Respondent stated that was an error and the quality rating for that building was actually a "B-". He provided no evidence to support that assertion. Four of the buildings were assessed using an office rental rate of \$15/sq. ft. and the fifth was assessed using an office rental rate of \$14/sq. ft. Two of the buildings had retail space which was assessed at \$20/sq. ft.

On page 17 of exhibit C2, the complainant provided six lease comparables dated April 1, 2009 to July 1, 2009. These leases had a range of \$13.50 - \$20.00/sq. ft., with a median of \$15.50 and an average of \$15.92. He asserted that the building quality for these leases was equal to, or superior to, the subject building.

On page 18 of exhibit C2 the Complainant provided an abstract of a post facto lease negotiated July 31, 2009 and commencing on November 1, 2009. This lease had an office lease rate of \$15/sq. ft.

The Respondent provided a copy of the Assessment Request for Information (ARFI) for the subject property. The ARFI revealed that, as of July 1, 2009, the retail space on the main floor was generating \$25/sq. ft. and that 41% of the office space was leased at \$18/sq. ft and 10% was leased at \$30/sq. ft. The remainder was either vacant or subject to the post facto lease.

The Respondent stated that the Complainant had not provided interior photos of the subject building to illustrate the quality comparison with the Complainant's comparable properties nor had he provided interior photos of the equity comparables to allow the CARB to compare the finish of the interior spaces.

The Respondent provided an October, 2007 sales comparable which had sold for \$2,550,000, or \$188/sq. ft. The subject property is assessed at \$162/sq. ft.

The Complainant, in his rebuttal evidence, which was identified as exhibit C3, provided a number of photos of the interior of the sales comparable, claiming that the photos indicated that the sales comparable was of superior quality to the subject building. He did not provide photos of the interior of the subject building.

Board's Decision:

The CARB finds that, while the Complainant has provided examples of a number of buildings which have been assessed using office rental rates of \$15/sq. ft and retail space rental rates of \$20/sq. ft., the City's stratification of these buildings indicated that at least three are inferior to the subject. The Complainant has provided no evidence, other than the City's stratification, which substantiates for the CARB that the comparable buildings are equal to, or superior to, the subject property.

The ARFI, provided by the Respondent, indicates that the subject property is generating income exceeding the rental rates that have been used in the assessment. The CARB gave very little weight to the post facto lease which began November 1, 2009. The ARFI supports the current assessment.

The Assessment is confirmed at \$4,910,000.

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



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.*