

**CALGARY
COMPOSITE 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:

***Don H Marchand, PRESIDING OFFICER
Sherry Rourke, MEMBER
Phil Pask, MEMBER***

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

ROLL NUMBER:	067086801
LOCATION ADDRESS:	1324 - 11 AV SW
LEGAL DESCRIPTION:	Plan A1, Block 61, Lots 30-34
HEARING NUMBER:	59651
ASSESSMENT:	\$7,460,000

This complaint was heard on 26 day of August, 2010 at the office of the Assessment Review Board located at 4th Floor, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 11.

Appeared on behalf of the Complainant; *Altus Group Ltd.:* D. Mewha

Appeared on behalf of the Respondent; *City of Calgary:* D. Lidgren
A. Czechowskyj

Description and Background of the Property under Complaint:

The subject is identified with a sub-property use code CS1025-office/Retail. The subject's land use designation is Centre City Mixed Use District. The land area consists of 16,251 square feet. There are 29,488 square feet of rentable area. The property is known as the Winwood Plaza in the community of Beltline.

Prior to the opening of the hearing the Complainant advised that only 2 issues of the 15 points filed as **Grounds for Appeal** within the subject's Assessment Review Board Complaint form under *Section 5 – Reason(s) for Complaint* would be argued at this hearing. They have been reworded and restated as follows:

1. "The subject properties office rental rate is too high.
2. "The subject's parking income on the assessment is overstated."

An initial dispute as to the actual number of underground and surfaced parking was resolved between the parties. Based on that resolution the Respondent advised that the assessment should be amended to **\$7,400,000**.

Issue:

1. Should typical market rental rate be amended from the current assessed rate of \$17.00 to the Complainant's suggested rate of \$15.00?
2. Is the amount of potential parking revenue overstated?

Party Positions as to the rental rate for the office component:

The Complainant provided a summary of the subject actual leasing activity along with five equity comparisons for the CARB's consideration. Of the five, three were identified with a B- rating the same as the subject and were assessed using a \$15.00 office rate. The other two carried office rental rates of \$14.00 and \$9.00 respectively. The comparable assessed at the \$9.00 rate was given the label as the best comparable to the subject from all the physical attributes associated with both buildings, the comparable and subject. The Complainant acknowledged that the comparable is in a totally different market due to its location at 1615 - 10 Avenue SW. It does however, indicate that the rental rates decline as office space is moved west in the Beltline. The Complainant also provided an Avison Young, third quarter 2009 report that supports a decline in B class office rates to \$15.00 in the Beltline.

The Respondent provided a copy of the subject's Assessment Request for Information (ARFI) signed in May 2010. The office per square foot rental rates range from \$10.00 to \$27.00. Also, provided was a listing of 24 equity comparables within the Beltline where the use of \$17.00 for the Office space was applied. The Respondent focused the CARB's attention to three similar "B"

office complexes as their best comparables, the Duff building, the 707 building, and Sunrise Square. A summary of 8 leases within these complexes for the period July 1, 2008 to July, 2009 produces a mean of \$17.88, a median of \$17.00 and a weighted mean of \$17.83.

Party Positions as to the parking income level.

The Complainant provided a November, 2009 income statement wherein the parking income can be projected to be some \$54,300 per year. The Respondent is applying a parking income of \$100,800 within the assessment computation or a rate of \$175.00 per stall for 48 stalls. The Complainant's request accepts the rate of \$175 per stall but asks that it be applied to the underground; parking areas only. The request is for \$73,500 as the income level for parking. Neither party could advise the CARB as to whether or not the lease rates offered included parking or not.

Decision:

The assessment is revised to **\$7,000,000**

Reasons:

The CARB looked to the equity comparables put forth by both parties as well as the leasing activity within the subject itself. The subject's leasing activity was found to be more in line with the Respondent's equity comparables and the office rental rates they are achieving. However, the evidence presented does indicate that the subject is achieving the projected parking income put forth by the Respondent. An income level of \$73,500 for the parking is reasonable for the subject and the lease rate of \$17.00 per square foot is supported.

DATED AT THE CITY OF CALGARY THIS 28 DAY OF September 2010.



D. H. Marchand
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.*