

**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, Section 460(4).

between:

Altus Group Limited, COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

L.R. Loven, PRESIDING OFFICER

D. Cochrane, MEMBER

E. Reuher, MEMBER

This is a complaint to the Calgary Combined 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: 067095307

LOCATION ADDRESS: 550 11 Avenue S.W.

HEARING NUMBER: 58260

ASSESSMENT: \$23,590,000

This complaint was heard on the 27th day of September, 2010 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 10.

Appeared on behalf of the Complainant:

- G . Worsley, representing Altus Group Limited, on behalf of 550 Capital Corp.
c/o Strategic Equity Corp.

Appeared on behalf of the Respondent:

- D. McCord, representing the City of Calgary

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

Both the Respondent and the Complainant confirmed to the Board that they had no procedural or jurisdictional matters to be raised.

Property Description:

The subject property consists of a 97,322 square foot office/highrise building known as Pattison Square, constructed in 1982, located in the Beltline Community, on an 0.26 acre site on a main traffic corner. The property is zoned Commercial I-G. The assessment is \$23,590,000

1. Exempt Area; and
2. Office Rental Rate.

Complainant's Requested Value: \$14,290,000

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

Issue 1. Exempt Area

The Complainant submitted a rent roll for the subject property dated, December 29, 2009, showing Canadian Baptists of Canada as tenant in Suite 1100, containing 6,408 square feet of space.

The Respondent submitted that the above named tenant occupied the premises after the tax notice was sent, and accepts that this portion of the subject property is tax exempt.

Based on its consideration of the foregoing evidence and argument, the Board finds that subject property contains an exempt portion of 6,408 square feet.

Issue 2. Office Rental Rate

The Complainant submitted that based on discussions with the Respondent that:

- a) the office space rental rate for offices should be \$17 per square foot, not \$16 as requested or \$20 a assessed;

- b) The vacancy rate should be 8.5% as assessed, not 20% no equity as requested; and
- c) The operating cost should be \$12 per square foot, not \$14 as requested.

Based on the above changes, the revised requested assessment is summarized below.

| | Area (sf) | Rent/Rate | Income | Value |
|--------------------------|-----------|-------------|--------------|--------------|
| Office | 93,916 | \$ 17.00 | \$ 1,596,572 | |
| Retail | 3,405 | \$ 26.00 | \$ 88,530 | |
| Subtotal | 97,321 | | \$ 1,685,102 | |
| Parking | 50 | \$ 2,100.00 | \$ 105,000 | |
| TOTAL | | | \$ 1,790,102 | |
| Vacancy (-) | 0 | 8.5% | \$ 143,234 | |
| OC (VS Short Fall)(-) | | \$ 12.00 | \$ 99,267 | |
| Non Recoverable (-) | | 2% | \$ 30,837 | |
| NOI | | | \$ 1,516,764 | |
| Cap Rate | | 7.5% | | \$20,223,514 |
| Assessment | | | | \$20,220,000 |

The Respondent confirmed the above changes.

Based on its consideration of the foregoing evidence and argument, the Board accepts the parties change of the assessed rate of the office space to \$17 per square foot., and confirms their submission of a revised assessment of \$20,220,000 as summarized above.

Summary:

The Complainant withdrew issues regarding retail rental rate, vacancy rate and operating costs.

The Respondent confirmed the tax exempt value of \$1,210,000 as summarized below.

| Exempt | Area (sf) | Rent/Rate | Income | Value |
|--------------------------|-----------|-----------|------------|-------------|
| Office | 6,408 | \$ 17.00 | \$ 108,936 | |
| Retail | | | \$ - | |
| Subtotal | 6,408 | | \$ 108,936 | |
| Parking | | | \$ - | |
| TOTAL | | | \$ 108,936 | |
| Vacancy (-) | 0 | 8.5% | \$ 9,260 | |
| OC (VS Short Fall)(-) | | \$ 12.00 | \$ 6,536 | |
| Non Recoverable (-) | | 2% | \$ 1,994 | |
| NOI | | | \$ 91,147 | |
| Cap Rate | | 7.5% | | \$1,215,290 |
| Assessment | | | | \$1,210,000 |

The valuation method applied in this instance was the Income Approach. The use of this approach to value is contextually allowed in the legislation. The Complainant and Respondent supported the office rental rate of \$17.00 per square foot.

The tax exempt space of 6,408 square feet was supported by the rent roll.

Board's Decision:

For the reasons set forth above, the assessment of the subject property is hereby adjusted as follows: \$20,220,000 less the tax exempt amount of \$1,210,000 or \$19,010,000.

DATED AT THE CITY OF CALGARY THIS 15th DAY OF October 2010.


for. L.R. LOVEN
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.*