

**CALGARY  
COMPOSITE ASSESSMENT REVIEW BOARD  
REVISED 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. Reuther, 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: 067093906**

**LOCATION ADDRESS: 601 10 Avenue S.W.**

**HEARING NUMBER: 58259**

**ASSESSMENT: 7,760,000**

This complaint was heard on the 28<sup>th</sup> 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:

- B. Ryan, representing Altus Group Limited, on behalf of BRE (Kipling Square) Ltd.

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.

This matter was originally scheduled to heard on October 1<sup>st</sup>, 2010, and was brought forward at the request of the Complainant and the Respondent.

**Property Description:**

The subject property consists of two story 50,261 square foot office building known as Kipling Square, located in the Beltline Community. The assessment is \$7,760,000.

**Issues:**

1. Office rental rate should be \$15.00 per square foot.

**Complainant's Requested Value:** \$5,120,000

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

**Issue 1: Office Rent Rate**

The Complainant submitted a City of Calgary 2010 Explanation Supplement showing 22,684 square feet of land area assessed at \$215 per square foot for a 2010 Roll value of \$5,120,000, and an Income Approach Valuation showing an assessed value of \$7,760,000 as summarized below, suggesting that an office rental rate of \$16.50 be applied.

The Respondent confirmed the income approach, not land value, was used to assess the subject property.

Component	Area (sf)	Rent/Rate	Income	Value
Office	34,847	\$ 17.00	\$ 592,399	
Storage	1,754	\$ 3.00	\$ 5,262	
Office - Below	13,660	\$ 8.00	\$ 109,280	
Subtotal	50,261		\$ 706,941	
Vacancy (-)	0	8.5%	\$ 60,090	
OC (VS Short Fall)(-)		\$ 12.00	\$ 51,266	
Non Recoverable (-)		2%	\$ 12,937	
NOI			\$ 582,648	
Cap Rate		7.5%		\$7,768,637
Assessment				\$7,760,000

The Respondent referenced *Calgary Assessment Review Board ARB 0436/2009-P*.

The Respondent provided a table of the Complainant's Beltline 2009 Office Rental Rate Analysis for 13 leases from January 2009 to July 2009 showing a mean, median and weighted average of \$17.90, \$17.00 and \$16.21 per square foot, respectively; the mean, median and weighted average for six leases for BL3 zone only at \$17.28, \$16.60 and \$16.82 per square foot, respectively.

The Respondent further provided a table of four leases of the subject property showing a mean, median and weighted average of \$17.00, \$15.50 and \$18.28 per square foot, respectively; and three above grade only leases, showing a mean, median and weighted average of \$19.67, \$18.00 and \$20.25 per square foot, respectively.

Based on its consideration of the above evidence and argument, the Board finds that the base market rent rate for the above grade office space is fairly and equitably assessed.

### **Summary:**

The only issue argued by the Complainant was the base market office rental rate.

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 did not argue that this approach was inappropriate.

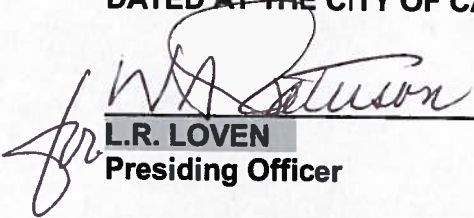
The Board finds that the lease information presented by the Respondent did not support a reduction in the assessed base market rate for the office space to \$16.50 per square foot.

The Board further finds that a recent office leases for the subject property support the assessed rent rates.

**Board's Decision:**

For the reasons set forth above, the assessment of the subject property is hereby confirmed as follows: \$7,760,000.

DATED AT THE CITY OF CALGARY THIS 19 DAY OF November 2010.

  
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**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.*