

**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 Ltd., COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

C. Griffin, PRESIDING OFFICER

J. Mathias, MEMBER

D. Julien, MEMBER

This is a complaint to the Composite Assessment Review Board (CARB) 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: 066144999

LOCATION ADDRESS: 1802 – 10 Avenue SW

HEARING NUMBER: 59643

ASSESSMENT: \$ 6,280,000.

This complaint was heard on 1st day of November, 2010 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 4.

Appeared on behalf of the Complainant:

- J. Weber

Appeared on behalf of the Respondent:

- D. Grandbois

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

There were no Procedural or Jurisdictional matters brought forward.

Property Description:

The subject property is an older commercial property which was originally constructed in 1954. The property is located in the Beltline district of the city and it abuts the CPR railway line. The property has been converted into a veterinary clinic and that continues to be the current use.

Issues:

The grounds for appeal identified on the Complaint Form are as follows:

1. The subject property is assessed in contravention of Section 293 of the Municipal Government Act and Alberta Regulation 220/2004.
2. The use, quality and physical condition attributed by the municipality to the subject property is incorrect, inequitable and does not satisfy the requirement of Section 298 (2) of the Municipal Government Act.
3. The assessed value should be reduced to the lower of market value or equitable value based on numerous decisions of Canadian Courts.
4. The assessment of the subject property is in excess of its market value for assessment purposes.
5. The assessment market analysis has insufficiently and incorrectly considered and adjusted most recent property sales.
6. The market office rental rate should be \$14 psf.
7. The assessed rent should not be more than \$14 psf.
8. The below grade assessed rent should be \$3 psf if assessed at all.
9. The assessed capitalization rate is inequitable when compared to the assessments of similar and superior properties in the Downtown office district. The assessed cap rate is also unfairly low when compared to market capitalization rates. The assessed cap rate should be changed to 8% to establish fairness and equity among competing properties.
10. The assessed office and retail vacancy should be 12%.
11. The assessed office and retail operating cost adjustment should be \$18.
12. The apportionment of leasable area is incorrect.
13. The classification of the subject premise is neither fair, nor equitable nor correct.
14. The information requested from the municipality pursuant to Section 299 or 300 of the Municipal Government Act was not provided.
15. The municipality has failed to recognise the tax exempt status of one or more tenants of the subject property, based on the definition in Section 362 and 364 of the Municipal Government Act.
16. The assessment fails to take into consideration the adjacent land in the subject assessment. The land associated should be subtracted from the current assessment.
17. This notice is filed based on information contained in the Assessment Notice as well as preliminary observations and information from other sources. Therefore the requested assessment is preliminary in nature and may change.

At the Hearing the Complainant indicated that the *single issue to be given consideration* is the office rental rate that has been applied to derive the assessed value of the subject property.

Complainant's Requested Value: \$3,330,000. Revised (Exhibit C-2 pg 2) to \$4,010,000.

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

The Complainant contends that the subject property has been incorrectly classified as being an A+ building and that it is not capable of generating the rental rates applied by the Assessor to generate the assessed value. In support of this argument the Complainant introduced (Exhibit C-1 pgs 19 – 20) lease rates from various Beltline located properties. Additionally the Complainant introduced (Exhibit C-1 pg 21) equity comparables of B class buildings, which the Complainant contends is the appropriate classification for the subject property, which show assessed office rates of \$15 to \$20 per square foot being applied.

The Respondent provided evidence (Exhibit R-1 pgs 46 – 48) relating to the 2005 purchase of the subject property at \$2,870,000 together with (Exhibit R-1 pg 49) a history of building permits issued since that time which total some \$3,495,000 thus bringing the total capital investment of the property owner to approximately \$6,365,000. Additionally, the Respondent introduced into evidence (Exhibit R-1 pgs 36 - 38) the Assessment Request For Information (ARFI) which clearly indicates that the subject property is generating \$30/Sq. Ft. in office rents. The respondent also indicated to the CARB that the subject property, being a veterinary clinic was treated equitably with other, similar, medical facilities (Exhibit R-1 pg 64). Photographs of the interior of the subject property (Exhibit R-1 pgs 14 – 21) showing the main floor to be of very good quality.

The CARB is, in this instance, of the judgment that the ARFI for the subject property verifies that the property does in fact generate higher rental rates than those applied by the Assessor to derive the assessed value.

Board's Decision:

The assessment is **confirmed** at \$6,280,000.

DATED AT THE CITY OF CALGARY THIS 4th DAY OF NOVEMBER 2010.


C. J. GRIFFIN

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.*