

**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, Section 460, Revised Statutes of Alberta 2000 (the Act).

**between**

***Healthcare Properties Holdings Ltd.  
(as represented by Altus Group Limited), COMPLAINANT***

**and**

***The City Of Calgary, RESPONDENT***

**before**

***L. Yakimchuk, PRESIDING OFFICER  
P. McKenna, MEMBER  
A. Huskinson, MEMBER***

This is a complaint to the Calgary Assessment Review Board in respect of a property assessment prepared by the Assessor of The City of Calgary and entered in the 2012 Assessment Roll as follows:

**ROLL NUMBER: 201695277**

**LOCATION ADDRESS: 1402 8 Av NW**

**FILE NUMBER: 68623**

**ASSESSMENT: \$9,720,000**

This complaint was heard on July 26, 2012 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 1.

Appeared on behalf of the Complainant:

- *D. Chabot, Altus Group Limited*

Appeared on behalf of the Respondent:

- *M. Lau, City of Calgary Assessment*

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

[1] The Respondent asked that the Rebuttal be excluded from the record because it contained new information. The Complainant argued that the information supplied was all in direct response to the Testimonial Evidence supplied by the Respondent and was not new evidence. The Board decided to have the Rebuttal evidence presented and asked the Complainant to refer each segment of the evidence to the portion of the Respondent's testimonial to which it applied. The Respondent was asked to object to anything which she felt was new evidence as it was presented by the Complainant, and was given the opportunity to ask questions following the rebuttal.

**Property Description:**

[2] The subject property has three buildings (main building, dormitory and garage), totalling 76,364 square feet (sf) in NW Calgary. It was formerly the Grace Hospital (built in 1926), was renovated within the last 20 years and is now a Medical Office.

**Issues:**

[3] Is this building appropriately classified as a hospital? Do the Direct Control (DC) restrictions on the property justify an influence adjustment of -25%?

**Complainant's Requested Value:** \$7,330,000

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

**Evidence and Arguments**

[4] The Complainant, D. Chabot, on behalf of Altus Group Limited, argued that the City had misclassified the specialized medical office as hospital space, thereby increasing its value. She presented photographs which showed that the main floor of the main building had been renovated with carpeted floors, a small entry, and narrow office-type hallways. It had one elevator.

[5] Ms. Chabot also asked for a -25% reduction on the Land portion of the assessment,

based on the DC designation for the property, which she said limited its potential for redevelopment. She included Bylaw #94Z2001 which defines the development limitations.

[6] The Complainant presented a Cost Approach calculation for the value of the property, based on Marshall and Swift rates for Medical Offices and included a 25% reduction for the DC restriction on the Land Value. She indicated the subject property had a larger area than the Respondent had used, based on the renovation numbers. The calculated value using the Cost Approach was \$7,331,857.

[7] Ms. Chabot also argued that the basement is a storage space, not an office space and should be valued at storage rates of \$3/sf, rather than \$8/sf should the property be assessed at Income Value. Using City rates for Medical Offices, she calculated that the taxable portion of the assessed value calculated this way would be \$8,810,752.

[8] The Respondent, Ms. M. Lau, City of Calgary Assessor, argued that although the current use of the main building is a Medical Clinic, it was designed and built as a hospital and could be reverted to a hospital, therefore it has been assessed as a hospital. She indicated that she had attempted to inspect the building but was unable to contact the property manager and could not inspect all parts of it. She had entered the building and viewed the public areas but was not certain what sort of facilities existed behind the doors she could not enter.

[9] Ms. Lau also pointed out that the property was assessed on the Cost Approach, and included a sample Income Approach using the area presented by the Complainant and City standard rates to calculate a value which supports the Cost Approach value.

#### Board Findings

[10] **Is this building appropriately classified as a hospital?** The board reviewed the documentation and concluded that there is some support for classifying the building as Medical Offices.

- 1) Other Medical offices in the Respondent's package offer surgical services, as does the subject.
- 2) The Marshall and Swift equipment list includes items that would be in hospitals which are unlikely to be in the subject building.
- 3) The Grace Hospital was built in 1926 to the standards required at that time. Considering that it has been out of commission as a hospital for some time, it is unlikely that this building could be put back into service as a hospital without extensive rebuilding.

[11] The building has not been inspected recently and the Assessor admits that she was unable to see much of it. The Complainant also stated that, while she had been able to see some parts of the building to photograph them, she had not been able to see all of the building. Further, no Assessment Request for Information (ARFI) had been requested for this property by the City, and none had been submitted. Without site specific information, it is impossible to guess what the building holds and how it should be classified.

[12] **Do the Direct Control (DC) restrictions on the property justify a -25% influence adjustment?** The Board reviewed the DC Bylaw applicable to this property and found that the restrictions allow for a large variety of development. Further, the property is assessed for its current use, which is not limited by the DC Regulations. Therefore, the Board is not recommending an influence adjustment.

[13] The Board finds that there is insufficient evidence to change the classification of the

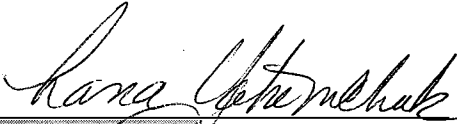
subject property. For this reason the Board cannot change the assessment based on reclassification.

[14] The Board recommends that an appropriate site assessment be done for the benefit of the property owner and for the citizens of Calgary.

**Board's Decision:**

[15] The Board confirms the assessment at \$9,720,000.

DATED AT THE CITY OF CALGARY THIS 1 DAY OF August 2012.



**Lana Yakimchuk**  
Presiding Officer

**APPENDIX "A"****DOCUMENTS PRESENTED AT THE HEARING  
AND CONSIDERED BY THE BOARD:**

<b>NO.</b>	<b>ITEM</b>
1. C1	Complainant Disclosure
2. C2	Complainant Rebuttal
3. R2	Respondent Disclosure

*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.*

**For MGB Administrative Use Only:**

Decision No. 0808-2012-P

Roll No. 092028703

<b>Subject</b>	<b>Type</b>	<b>Issue</b>	<b>Detail</b>	<b>Issue</b>
CARB	Medical Centre	Multiple	Cost Approach	Classification