

**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, Revised Statutes of Alberta 2000 (MGA).

between:

**1023262 Alberta Ltd.
(as represented by Colliers International), COMPLAINANT**

and

The City Of Calgary, RESPONDENT

before:

**C. J. Griffin, Presiding Officer
A. Wong, MEMBER
E. Reuther, MEMBER**

This is a complaint to the Composite Assessment Review Board (CARB) 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: 042100198
LOCATION ADDRESS: 4411 – 16th Avenue NW
HEARING NUMBER: 66236
ASSESSMENT: \$8,070,000.

This complaint was heard on 2nd day of October, 2012 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 6.

Appeared on behalf of the Complainant:

- G. Good
- C. MacMillan

Appeared on behalf of the Respondent:

- T. Howell

Property Description:

[1] The subject is, according to the *Property Assessment Detail Report* (Exhibit R-1 pg. 8), a 37,338 Sq. Ft., 'B' quality, low-rise suburban medical/dental office building that was constructed in 1982 and which is located in the Montgomery community of the city. The underlying site is reportedly 1.40 acres in size. The property has been valued for assessment purposes on the basis of the Income Approach with the following parameters having been applied:

Medical/Dental Office Space	31,870 Sq. Ft.	@	\$15/Sq. Ft.
Office Space	1,329 Sq. Ft.	@	\$14/Sq. Ft.
Retail Space	4,138 Sq. Ft.	@	\$15/Sq. Ft.
Enclosed Parking Stalls	127 Stalls	@	\$960/stall
Vacancy:			
	Parking	@	2.00%
	Medical/Dental Office	@	4.50%
	Office	@	4.50%
Operating Cost Recovery	Office	@	\$12.50/Sq. Ft.
	Parking	@	0.00%
Non Recoverable Allowance		@	1.00%
Capitalization Rate		@	7.75%

Issues:

[2] There are a number of interrelated issues outlined on the Assessment Review Board Complaint form; however, at the Hearing the Complainant reduced the issue to be considered by the CARB to:

1. The assessed market rents are too high and not reflective of market rent.

Complainant's Requested Value: \$7,400,000. Truncated (Exhibit C-1 pg. 9)

Party Positions:**Complainant's Position**

[3] The Complainant contends that the best indicator of market rent for the subject property is the rents actually being achieved by it. To this end the Complainant introduced (Exhibit C-1 pg. 11) a copy of the rent roll from the subject property for the period September 1, 2010 to May 1, 2011. All of the leases, with two exceptions, were signed in 2011. The exceptions include one 1,946 Sq. Ft. space that was leased in September 2010 and a retail space of 4,138 Sq. Ft. that is a month to month lease with no commencement date indicated. The mean of these leases is \$14.57/Sq. Ft. and the median is \$13.50/Sq. Ft. and it is the latter which forms the basis for the Complainant's request for a \$13.50/Sq. Ft. rental rate for all the space except the parking stalls.

Respondent's Position

[4] The Respondent introduced (Exhibit R-1 pg. 14) a 2012 Lease Comparables chart which summarizes eight (8) leases, notably including five (5) from the subject property all of which,

save two, have Lease Commencement Dates in 2011 prior to the valuation date of July 1. The two exceptions have commencement dates of July 1/2010 and Sept 1/2010. All of the leases come from northwest Calgary located medical/dental buildings with the same 'B' quality rating as the subject with two exceptions which have a 'B+' quality rating. The mean lease rate is \$15.63/Sq. Ft. and the median lease rate is \$15.25/Sq. Ft., both of which the Respondent contends support the assessed rate of \$15/Sq. Ft.

Board's Decision:

[5] The assessment is **confirmed** at: **\$8,070,000.**

Decision Reasons:

[6] The CARB is of the judgment that the lease comparables presented by the Respondent are much more representative of a typical rental rate for the property type being assessed. While the Complainant provided evidence to suggest the typical rental rates being achieved by the subject property would be a more appropriate indication, the CARB finds that same would not be indicative of a rental rate deemed typical for the subject's class of property and it is the latter that the Assessor is mandated to utilize. If one were to rely upon only the actual rents being achieved by a given property that may well be a good indication as to the market rent for that particular building; however, as stated, the Assessor is mandated to apply rents that are deemed typical for the property type being assessed. If actual rents were to be used exclusively this could easily lead to inequitable assessments being applied to that class of property.

DATED AT THE CITY OF CALGARY THIS 16 DAY OF OCTOBER 2012.


C. J. Griffin,
Presiding Officer

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

NO.	ITEM
1. C-1	Complainant's Submission
2. R-1	Respondent's Submission

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.*

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<i>Decision No. 2041-2012-P</i>		<i>Roll No. 042100198</i>		
<u>Subject</u>	<u>Type</u>	<u>Issue</u>	<u>Detail</u>	<u>Issue</u>
CARB	Medical/Dental Office	Market Value	Market Rent	Subject Rents