

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

between:

Centre 1000 Capital Corp., as represented by Altus Group Limited, COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

***S. Barry, PRESIDING OFFICER
J. Rankin, MEMBER
A. Wong, MEMBER***

This is a complaint to the Calgary 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:	057201188
LOCATION ADDRESS:	1000 CENTRE ST NE
HEARING NUMBER:	67879
ASSESSMENT:	\$11,340,000

This complaint was heard on the 9th day of October, 2012 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 2.

Appeared on behalf of the Complainant:

- *D. Chabot, Altus Group Limited*

Appeared on behalf of the Respondent:

- *M. Lau, City of Calgary*

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

[1] The Parties requested and the Board concurred that all relevant evidence, argument and questions be carried forward from File No. 67877, Decision 2124/2012-P which was heard immediately preceding the subject Complaint Hearing.

Property Description:

[2] The property under complaint is a B quality, multi-tenanted, suburban office building, known as Centre 1000, located in the community of Crescent Heights at 1000 Centre St. NE. The land use district is Direct Control (DC). It was built in 1981 and has an assessable building area of 55,536 square feet (sq.ft.). It is assessed using the Income Approach to value applying rent rates of \$14 per sq.ft. for the office space and \$15 per sq.ft. for the retail space.

Issues:

[3] The issues raised by the Complainant are:

- (a) Should the office and retail space be assessed using the same rent rate?
- (b) Would a rent rate of \$13 for both types of space better reflect the market value of the property based on site specific leasing?

[4] None of the other inputs, applied by the Respondent to the calculation of the Income Approach, were contested. Additionally, the Complainant confirmed that documentation relative to s. 299/s. 300 of the Act, was not relevant for this Complaint.

Complainant's Requested Value:

[5] The Complainant requested that the assessment be reduced to \$10,590,000 based on a rental rate of \$13 per sq.ft. for both office and retail space.

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

[6] The Complainant contended that Crescent Heights is the only community in the City in which a separate rent rate is applied to retail space in office buildings. By way of support, the Complainant provided assessment reports for medical/dental office space in the Foothills Professional Building and for Centre 70 at 555 69 Av. SW in which the assessed rent rates for both types of space are the same.

[7] In support of her request, the Complainant charted six leases as being most current to the valuation period: four in the property in Centre Eleven and two in the subject building. Two of the leases in Centre Eleven had free rent during the valuation period and, of the other two, rents were \$10 and \$13 per sq.ft. The two leases in the subject were \$16.83 and \$12.00 per sq.ft. When the latter two leases were analyzed with the two from Centre Eleven, the weighted average was \$13.03. The Complainant provided a partial rent roll, heavily redacted, to support the lease rates in the charts. She noted that the higher rates shown on another chart dated from 2008 leases, at the top of the market. Those lease rates ranged from \$18.50 to \$20.11 per sq.ft.

[8] The Complainant noted that the retail space in the subject was paying \$18.50 to \$24 per sq.ft. A partial, redacted rent roll for the leases was provided.

[9] With respect to the office/retail rent split, the Respondent noted that Foothills Professional is classified as a medical/dental building and these are considered a separate type of building and assessed using different parameters.

[10] The Respondent provided part of its office lease analysis for 2012 that detailed eight leases in six B quality north-west office buildings which included the subject property and Centre Eleven. The leases commenced starting December 1, 2010 through to July 1, 2011; the rates ranged from \$10 to \$16.83 per sq.ft. The weighted mean for these leases was \$13.83 which, the Respondent contended, supported the assessed rate of \$14 per sq.ft. Photographs of the properties were included in the R1 document.

[11] The Respondent also provided four retail leases in three north-west B quality buildings that had leases starting September 1, 2010 through to October 1, 2011. Rents ranged from \$18 to \$21 per sq.ft. The weighted mean was \$19.49 per sq.ft., considerably in excess of the assessed retail rate of \$15 per sq.ft. The Respondent, in addressing the discrepancy, said that the City was not assessing retail as aggressively as these rates would indicate because there were only four leases on which to rely.

[12] The Respondent also included four pages of Assessment Request for Information (ARFI) documents. These were so heavily redacted as to provide no information for the Board or any opportunity for Rebuttal by the Complainant.

Board Decision and Reasons:

[13] The Board confirmed the assessment.

[14] The Board had a sense that the office and retail rent rates should be, as argued by the Complainant, the same. However, two properties, one of which was a medical/dental building

which the Respondent contended is treated differently than typical office buildings, were not sufficient evidence to make a ruling in this regard.

[15] The Board recognized that the Complainant's request was based on site-specific circumstances and was also mindful of the Respondent's position that the assessment must be reflective of the July 1, 2011 valuation date and using mass appraisal. On that basis, the Board found that the Respondent's office lease analysis, although unsupported, gave credence to the assessed office rate. Unfortunately, neither Party provided good evidence to support either the assessed or the requested retail rate. The Complainant's rent rolls for the subject property did not support the requested rate.

[16] The Board noted that, in this and other Complaints before it, the evidence necessary to support a position, in this case the rent rolls, was so heavily edited as to be meaningless. Both Parties need to ensure that the Board can properly evaluate their submissions if they expect to have reasoned and reasonable decisions.

[17] In this case, the Complainant's evidence was insufficient to change the assessment.

Board's Decision:

The 2012 Assessment is confirmed at \$11,340,000

DATED AT THE CITY OF CALGARY THIS 22 DAY OF OCTOBER 2012.



S. Barry
Presiding Officer

APPENDIX "A"

**DOCUMENTS PRESENTED AT THE HEARING
AND CONSIDERED BY THE BOARD:**

NO.	ITEM
1. C1	Complainant's Disclosure
2. R1	Respondent's 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.*

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Decision No.: 2125/2012-P		Roll No.: 057201188		
Subject	Property Type	Ppty Sub-type	Issue	Sub-Issue
CARB	Office	Low Rise	Income	Split Rate – Office/Retail