

**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:

ARTIS CENTRE 70 LTD as represented by Fairtax Realty Associates Inc., COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

R. Glenn, PRESIDING OFFICER

D. Morice, MEMBER

J. Mathias, 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 2011 Assessment Roll as follows:

ROLL NUMBER: 111102505
LOCATION ADDRESS: 555 69 AV SW
HEARING NUMBER: 64252
ASSESSMENT: \$27,390,000

This complaint was heard on the 28th day of September, 2011 at the office of the Assessment Review Board located on Floor Number 4, at 1212 – 31 Avenue NE, in Calgary, Alberta, in Boardroom 10.

Appeared on behalf of the Complainant: Syd Storey (Agent)

Appeared on behalf of the Respondent: Christina Neal (Assessor)

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

No issues of procedure or jurisdiction were raised.

Property Description:

The subject is a large "A" class nine storey suburban office building, known as "Centre 70".

In total there is 130,148 SF of Net rentable Area (NRA), consisting of 127,889 SF of office space assessed at a rate of \$19.00/SF, and 2,258 SF of medical/dental space assessed at \$20.00/SF. There are also 228 enclosed parking stalls assessed at \$1,080 per year. Centre 70 was constructed in 1977, and is located in the Kingsland community of south west Calgary.

Issues:

Whether the subject building is properly assessed in light of the assessed rental rate?

Complainant's Requested Value:

\$22,342,413 less the exempt portion of \$2,430,000, leaving \$19,912,413

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

The Complainant argues the market rents used by the Respondent are not correct, suggesting the subject is actually a "B" class building, and should be assessed as such.

They go on to say that the potential revenue is considered to reflect current market rent for "B" class suburban office building space as at July 1, 2010, as per CB Richard Ellis and a review of the current leases.

They say that assuming enclosed parking space and medical office space is not in dispute, the owner's position is that the overall market rent should be \$2,081,846, less vacancy and expenses, as shown in the exhibit C2 workup sheet, or \$1,675,681.

The exempt space must be included in the original calculations, but then deducted at the appropriate time. The actual value of the exempt space is \$1,732,413, which must be deducted.

The Complainant states the building should be assessed on the rent it garners. The rent in the subject building is \$5/SF less than the comparables shown. Vacancy is not an issue as per exhibit C2.

The Complainant's argument that for the 2nd quarter of the relevant year, "B" class market rent is \$14/SF, is backed up the third party information, as is their argument on subject leasing.

The Respondent argues that this is an income approach calculation and that the office space including retail space should be assessed at \$19/SF, and the medical dental space should be assessed at \$20/SF. They go on to argue that the subject is located close to the Chinook Centre and that it has good exposure. They also provide a number of "A" class lease comparables, and some equity comparables.

Based on evidence presented by both of the parties, the Board finds that the Complainant's request for a \$14/SF rate is well supported, based on the building's performance with 2010 leasing. In addition, the Respondent's analysis does not adequately support the assessed office rate of \$19/SF for the subject. The Respondent's own evidence supports the Complainant's request, however the exempt portion needs to be reduced accordingly.

The assessment should be: \$22,342,413 less the actual exempt portion of \$1,732,413, leaving \$20,610,000. Accordingly, the assessment is reduced to: \$20,610,000.

DATED AT THE CITY OF CALGARY THIS 8th DAY OF NOVEMBER, 2011.



R. Glenn
Presiding Officer

APPENDIX "A"

DOCUMENTS PRESENTED AT THE HEARING AND CONSIDERED BY THE BOARD:

| NO. | ITEM |
|------------|----------------------------|
| 1. C1 | Complainant Disclosure |
| 2. C2 | Complainant's Workup sheet |
| 2. R1 | 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.*

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| <i>Decision No. 2423-2011-P Roll No.111102505</i> | | | | |
|--|--------------------|---------------------|----------------------|---------------------|
| <u><i>Subject</i></u> | <u><i>Type</i></u> | <u><i>Issue</i></u> | <u><i>Detail</i></u> | <u><i>Issue</i></u> |
| CARB | Office | Low rise | Income Approach | Net Market Value |