

**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:

Project 58 Inc., (as represented by Altus Group Ltd.), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

***C. McEwen, PRESIDING OFFICER
S. Rourke, MEMBER
P. Pask, 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: 101013506

LOCATION ADDRESS: 444 58 AV SE

HEARING NUMBER: 64461

ASSESSMENT: \$7,420,000

This complaint was heard on 27th day of October, 2011 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:

- B. Neeson

Appeared on behalf of the Respondent:

- G. Bell

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

There were no jurisdictional or procedural matters raised.

Property Description:

The subject property is comprised of four, free-standing buildings classified as Office (11,739 square feet), Restaurant Fast Food (6,250 square feet) and Warehouse Storage (19,902 square feet) and is located on the corner of 58th AVE SE and 4th ST SE in the Manchester Industrial district of SE Calgary. The subject, constructed between 1973 and 2007, is classified as A+ for assessment purposes and is assessed using the Income Approach to Value.

Issues:

Is the subject property assessed higher than market value and is the subject assessment, therefore, inequitable to comparable properties? Specifically;

Should the assessed office rent rate be reduced from \$24 per square foot (psf) to either \$19 psf or, alternatively, \$15 psf?

Complainant's Requested Value:

\$5,700,000 at \$15 psf
\$6,470,000 at \$19 psf

Board's Findings and Reasons in Respect of Each Matter or Issue:

Should the assessed office rent rate be reduced from \$24 per square foot (psf) to either \$19 psf or, alternatively, \$15 psf?

The Complainant provided an equity argument that the office component of the subject property (15,932 square feet) should be assessed at a rate of either \$15 psf based upon five office comparables assessed at \$15 psf (C1, pages 25-55) or, alternatively, at \$19 psf based upon the Respondent's 2011 Lease Comparables chart (C1, page 85) of seven office leases showing a median lease rate of \$19 psf.

The Complainant drew the Board's attention to the comparable office space located within the COOP MACLEOD TRAIL SHOPPING CENTRE (C1, pages 26-28), which the Complainant described as a superior property with a better location, assessed at \$15 psf.

The Respondent argued that the Complainant's comparables were too dissimilar for comparison purposes based upon size, proximity, quality and the specific location of the office component space within the development. The subject area was described by the Respondent as main floor office space whereas photographs of the Complainant's equity comparables indicated second floor office space. The Respondent also provided a table (R1, page 23) which indicated the difference in quality ratings between the subject and the comparable properties.

The Respondent provided two 2008 lease comparables which indicated rates of \$33 psf and \$24 psf, for A+, second floor office space. The comparable properties were located in the Kensington district of NW Calgary.

The Respondent also provided the subject Assessment Request for Information (ARFI) which indicated two subject leases (R1, pages 35-36) for \$22 psf and \$14.25 psf.

The Board confirms the office rent rate of \$24 psf for the following reasons:

1. Neither party was able to provide the Board any clear understanding of the office area under dispute. In which building is the office space located? Is the office space located on the main floor or the second floor? Is the A+ quality rating accurate? How was the quality rating derived?
2. Neither the Complainant's nor the Respondent's comparables are found to be particularly compelling without the Board's full understanding of the preceding questions.
3. The allocation of space within the subject property is confusing. The ARFI shows lease rates of \$22 psf and \$14.25 psf for space that the city has assessed at \$2 psf. This suggests a misallocation of space between the office and storage classifications within the overall assessment, however, neither party could clarify what the correct allocation should be.

In summary, the Complainant has simply not persuaded the Board that an error in the subject of assessment has occurred. More detail regarding the subject is required to make a compelling case for a reduction in assessment.

The Board recommends that the Respondent conduct a site visit of the subject property to assure that the quality rating and the space allocation of the subject are accurately recorded for assessment purposes.

Board's Decision:

The assessment is confirmed at \$7,420,000.

DATED AT THE CITY OF CALGARY THIS 22 DAY OF November 2011.


C. McEwen
Presiding Officer

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

NO.	ITEM
1. C1	Complainant Disclosure
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.*

FOR ADMINISTRATIVE USE

Subject	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	Retail	Stand Alone	Income Approach	Net Market Rate