



## **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:**

***Marblehead Equities Inc., 1224347 Alberta Ltd., (as represented by Colliers International Realty Advisors Inc.), COMPLAINANT***

**and**

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

**before:**

**T. B. Hudson, PRESIDING OFFICER  
P. Charuk, BOARD MEMBER  
J. Joseph, BOARD 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 2013 Assessment Roll as follows:

**ROLL NUMBER: 079032504**

**LOCATION ADDRESS: 320 23 AV SW**

**FILE NUMBER: 71651**

**ASSESSMENT: \$7,110,000**

This complaint was heard on the 21st day of October, 2013 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 5.

**Appeared on behalf of the Complainant:**

- No representative attended the hearing on behalf on the Complainant.

**Appeared on behalf of the Respondent:**

- C. Fox

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

- [1] There were no procedural or jurisdictional matters raised by the parties.

**Property Description:**

[2] The subject property is a 0.75 acre parcel of commercial land located in the Beltline, and is improved with a four storey C quality office building with medical/dental uses. The structure was built in 1978 and includes 34,641 square feet (sf.), of net rentable office space, and 296 sf. of storage. The property is assessed based on capitalized income, applying typical C quality Beltline office valuation factors including \$14 per square foot (psf.) rent for office space; \$3 psf. for storage, an 8% vacancy rate, and a 5.75% capitalization rate.

**Issues:**

[3] Should the following typical valuation factors applied in the assessment of suburban low rise(1-4 storey) medical/dental office properties, be applied in the assessment of the subject property, in order to reduce the assessment to a more equitable amount?

- Office/retail rent rate \$15 psf.
- Vacancy rate 15%
- Cap rate 6.75%

**Complainant's Requested Value:** \$5,370,000.

**Legislative Authority, Requirements and Considerations:**

[4] The Composite Assessment Review Board (CARB), derives its authority from Part 11 of the Municipal Government Act (MGA) RSA 2000:

*Section 460.1(2): Subject to section 460(11), a composite assessment review board has jurisdiction to hear complaints about any matter referred to in section 460(5) that is shown on an assessment notice for property other than property described in subsection (1) (a).*

**[5] For purposes of the hearing, the CARB will consider MGA Section 293(1):**

*In preparing an assessment, the assessor must, in a fair and equitable manner,  
Apply the valuation and other standards set out in the regulations, and  
Follow the procedures set out in the regulations.*

**[6] The Matters Relating to Assessment and Taxation Regulation(MRAT) is the regulation referred to in MGA section 293(1)(b). The CARB consideration will be guided by MRAT Part 1 Standards of Assessment, Mass appraisal section 2:**

*An assessment of property based on market value  
Must be prepared using mass appraisal  
Must be an estimate of the value of the fee simple estate in the property, and  
Must reflect typical conditions for properties similar to that property.*

**Complainant's Position:**

[7] The Complainant suggested in their written submission (Exhibit C1), that the subject property should be assessed as a C quality suburban medical/dental office , rather than as a C quality Beltline office/retail building.

[8] In support the Complainant submitted the rent rolls for the subject property effective for both July 1, 2011 and January 1, 2012.(Exhibit C1 pages 11-20). This evidence shows base rent in the range of \$16 to \$18 psf.

[9] Typical assessed vacancy rate of 15%, and \$15 psf. typical assessed operating costs for South suburban medical/dental offices are included in the submission (Exhibit C1 pages 22 and 23).

[10] Typical C quality suburban office cap rate of 6.75% is also proposed in Exhibit C1 page 24.

[11] The Complainant also submitted the assessment of an suburban medical /dental office building located at 31 Sunpark PZ SE in support of their request.(Exhibit C1 pages 25-27).

**Respondent's Position:**

[12] The Respondent noted that the one equity comparable submitted by the Complainant shares a similar use with the subject (i.e. medical/dental office), but that they have very little else in common. The comparable is newer (i.e.2003), larger (i.e. 125,238 sf.), A+ quality, and located outside the Beltline.

[13] The Respondent submitted three equity comparables in support of the current assessment. All of the comparables are located in the Beltline sub market area of FS1, have a medical /dental use, and have been assessed by applying typical valuation factors for Beltline C quality office buildings, similar to the subject.(Exhibit R1 pages 547-554, and 560-565).

**Board Decision and Reasons:**

[14] The Board confirms the assessment at \$7,110,000, and the value factors that were applied by the Respondent to calculate the amount.

[15] The only equity comparable property submitted by the Complainant is located outside the Beltline, and is superior to the subject property.

[16] The three equity comparable properties submitted by the Respondent were located in FS1 district of the Beltline, and are all quite similar to the subject property.

[17] The Board notes that while the Respondent provided previous decisions in support of assessment, the Board is not bound by those decisions. The foregoing decision is based on the evidence and argument heard and considered at this hearing.

DATED AT THE CITY OF CALGARY THIS 30<sup>th</sup> DAY OF October 2013.



T. B. Hudson

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. 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 MGB Administrative Use Only**

<i>Decision No. 71651P-2013</i>			<i>Roll No.079032504</i>	
<u>Subject</u>	<u>Type</u>	<u>Sub-Type</u>	<u>Issue</u>	<u>Sub-Issue</u>
CARB	Commercial	Low rise offices	Equity	Beltline vs Suburban Value Factors