



## **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:

***Dundeal Summer 2011 Collection (GP) INC. (as represented by Altus Group Limited),  
COMPLAINANT***

and

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

before:

***M. Axworthy, PRESIDING OFFICER  
B. Bickford, BOARD MEMBER  
P. McKenna, 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 2014 Assessment Roll as follows:

**ROLL NUMBER: 046045308**

**LOCATION ADDRESS: 1701 Centre ST NW**

**FILE NUMBER: 75702**

**ASSESSMENT: \$12,200,000**

This complaint was heard on 6 day of August, 2014 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 3.

Appeared on behalf of the Complainant:

- *K. Fong, Agent*

Appeared on behalf of the Respondent:

- *S. Bazin, Assessor*
- *T. Neal, Assessor*

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

- [1] No procedural or jurisdictional matters were raised.
- [2] Both the Complainant and the Respondent requested that all evidence and argument be cross-referenced to File 74439.

**Property Description:**

- [3] The subject property is a 54,682 square foot (SF), high-rise office building with 715 SF of retail space on the main floor and 79 enclosed parking stalls, located in the community of Tuxedo Park. The subject was constructed in 1982 and is classified as "B" quality, with a Subproperty use code of CS0302 Suburban Offices. It is assessed using the Income Approach to value with rental rates ranging from \$16.00 to \$19.00 per SF, vacancy rates ranging from 2.00% to 6.00 % and a cap rate of 7.00%.

**Issue:**

- [4] While a number of issues were identified on the complainant form, the only issue argued at the hearing was that the office space is inequitably assessed at \$16.00 per SF and should be assessed at a rental rate of \$13.00 per SF.

**Complainant's Requested Value: \$10,050,000**

**Board's Decision:**

- [5] The Board reduces the assessment to \$10,050,000.

**Legislative Authority, Requirements and Considerations:**

- [6] Under the Act Section 460.1(2) and 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 460.1 (1)(a).

[7] The Board will limit its comments to the relevant facts pertaining to this case and materials which led to the decision.

### **Position of the Parties**

**Issue: Should the assessed office rental rate for the subject be reduced to \$13.00 per SF?**

#### **Complainant's Position:**

[8] The Complainant stated that the subject is an average quality office building on Centre ST. NW and that it and three other nearby properties were incorrectly assessed and the office rental rate should be reduced from \$16.00 to \$13.00 per SF.

[9] In support of its request the Complainant provided a 2014 "B" Class Office Rental rate Study with 12 leases, in four nearby buildings on Centre ST. N, including two in the subject. The Study indicated a median rental rate of \$13.00 per SF and a weighted mean of \$13.00 per SF [C1, p. 33].

[10] The Complainant argued that this portion of Centre St. N performed differently than the balance of the NW quadrant as shown by its study, and assessed rental rates should be reduced to provide a more fair and equitable assessment of value in this economic zone.

[11] The Complainant stated that in its opinion, this portion of Centre ST N was different in function and character from the Kensington RD NW area from where a number of leases in the Respondent's 2014 Suburban Office Rental Analysis: B Quality were drawn [R1, p. 26].

#### **Respondent's Position:**

[12] The Respondent stated that the Complainant's 2014 "B" Class Office Rental Rate study was flawed as it contained three leases that commenced prior to the July 1, 2012 evaluation period and should be excluded from the study; and two leases that should have been included in the study but were not [R1, p. 24].

*Note: the Respondent corrected an error on the lease information from 1121 Centre ST NW shown on p. 24 of R1, stating that the correct information for the subject (lease start date of 01 April 2013 and a leasable area of 2,996 SF) is provided on p. 26 of R1.*

[13] In support of its assessed rental rate of \$16.00 per SF, the Respondent provided its 2014 Suburban Office Rental Analysis: B Quality, [R1, p. 26], which indicated a median rental rate of \$17.00 per SF, a weighted mean of \$15.05 and an assessed rate of \$16.00 per SF.

[14] The Respondent stated that it had looked at all the calculation parameters resulting from its 2014 Study and determined that \$16.00 was a middle value and chose to use it for the 2014 assessment.

[15] The Respondent stated that it disagreed with the Complainant and that in its opinion; this portion of Centre ST N was equivalent in pedestrian traffic and character to the Kensington RD NW area.

**Board's Reasons for Decision:**

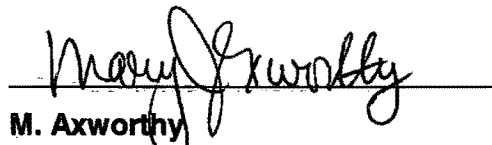
[16] The Board is persuaded that this portion of Centre ST N performs differently in the market place than the balance of the "B" Quality Suburban Office space in the NW.

[17] In coming to this conclusion, the Board considered the Complainant's 2014 "B" Class Office Rental Study for this portion of Centre ST N, removed the three dated leases that the Respondent objected to and added the two leases that the Respondent identified as missing from the Complainant's study. This calculation produced a median rental rate of \$13.00 per SF and a weighted mean of \$13.30 per SF.

[18] Therefore, the Board finds that the typical rental rate for the subject is less than the assessed rental rate of \$16.00 per SF and reduces the assessed rental rate for the subject to \$13.00 per SF.

[19] The Board reduces the assessment to \$10,050,000.

DATED AT THE CITY OF CALGARY THIS 18 DAY OF August 2014.

  
M. Axworthy  
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 Administrative Use Only**

<b>Municipal Government Board use only: Decision Identifier Codes</b>				
Appeal Type	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	Office	Suburban Office	Rental rate	