

**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-26.1, Section 460(4).

between:

ALTUS GROUP LTD., COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

S. Barry, PRESIDING OFFICER

R. Clark, MEMBER

D. Cochrane, MEMBER

This is a complaint to the Calgary Composite Assessment Review Board (CARB) in respect of Property assessment prepared by the Assessor of The City of Calgary and entered in the 2010 Assessment Roll as follows:

ROLL NUMBER: 067088229

LOCATION ADDRESS: 1232 11 Av., S.W., Calgary, Ab

HEARING NUMBER: 58250

ASSESSMENT: \$2,750,000

This complaint was heard on 21 day of September, 2010 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 9.

Appeared on behalf of the Complainant:

- *B. Nesson, Altus Group Ltd.*

Appeared on behalf of the Respondent:

- *D. Lidgren, City of Calgary*

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

There were no Procedural or Jurisdictional matters raised by the Parties.

Property Description:

The property is a mixed use commercial office and retail building in the Beltline, commonly known as Crabtree House. It is assessed as an A+ building and was constructed in 2002. The total rentable area is 10,812 sq.ft. of which 2,169 sq.ft. are retail space located on the main floor. The land use designation is City Centre Mixed Use District and is assessed using the Income Approach.

Issues:

The Complaint Form identified some 13 issues or grounds for appeal. At the hearing the Complainant reduced these to two:

1. The assessment of the retail portion of the subject property at \$30 per sq.ft. is in excess of its market value for assessment purposes;
2. The assessed rent for the retail space should be \$24 psf. This was later changed at the hearing to \$22 psf by the Complainant.

Complainant's Requested Value: \$2,550,000

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

The Complainant's position is that the adjacent property, Chintz & Company, is the best comparable and that its effective retail assessment rate is \$22/sq.ft. Further, a chart of other properties along 11th and 12th Ave., detailing information taken from the City of Calgary's assessment roll demonstrates retail space renting at between \$20 to \$32/sq.ft. The rental rate of \$22 rather than \$20 or \$24 was selected because of the Chintz and Company retail rate. The areas involved range from 1,238 to 13,003 sq.ft. The buildings in this chart are classed as AA to C+ properties. In calculating the revised assessment, the Complainant has retained the vacancy rate, capitalization (cap) rate and other parameters employed by the Respondent in calculating the assessment.

The Respondent notes that the assessment on the adjacent property referenced by the Complainant

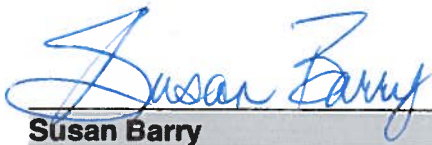
is the Business, not the Property, Assessment and that Chintz is owner occupied and does not generate actual rents for valuation purposes. It is assessed at highest and best use, not on the Income approach. It is not a valid comparable. Further, the 2009 Assessment Request for Information (ARFI) on the subject property reveals rent on the disputed retail space was signed at \$33/sq.ft. for a period commencing June 1, 2008 for a lease term of 4.3 years with allowance for an additional step up of \$1/sq.ft. as shown in the March 2010 ARFI. The Respondent further noted that the Complainant's comparables did not account for year of construction which, with the exception of the much larger IBM building, are considerably older than the subject which are unable to command the same rents as the subject.

The Board agrees that comparables must be evaluated using the same valuation methodology and that using a business assessment to determine a property assessment is not credible. The Complainant's other comparables do not align with the subject property.

Board's Decision:

The Complainant has failed to prove that the subject has been inequitably assessed and the assessment, therefore, is confirmed at \$2,750,000

DATED AT THE CITY OF CALGARY THIS 13 DAY OF October 2010.



Susan Barry
Presiding Officer

APPENDIX "A"

DOCUMENTS RECEIVED AND CONSIDERED BY THE CARB:

NO. ITEM

- | <u>NO.</u> | <u>ITEM</u> |
|-------------------|--------------------------------------|
| 1. | Complaint Form for Roll #: 067088229 |
| 2. | Complainant's Assessment Brief |
| 3. | Respondent's Assessment Brief |

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.*