

**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, 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:

<b>ROLL NUMBER:</b>	<b>067232504</b>
<b>LOCATION ADDRESS:</b>	<b>999 8 St. S.W., Calgary, Ab</b>
<b>HEARING NUMBER:</b>	<b>58522</b>
<b>ASSESSMENT:</b>	<b>\$26,790,000</b>

This complaint was heard on the 21st 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. Neeson, 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:**

This is a mixed use office and retail building comprising 109,845 sq.ft. of assessable floor space, including approximately 17,300 sq.ft. of exempt space. It is situated on a 1.85 ac parcel in the Beltline area of the Centre City Mixed Use District. It was constructed in 1978, recently renovated, at least in part, approximately in 2004 and is classified by the City as a B+ building and is assessed using the income approach.

**Issues:**

The Complainant identified 15 issues or grounds for appeal on the Complaint form. These were reduced at the hearing to the following:

1. The assessment of the subject property is in excess of its market value for assessment purposes.
2. The assessment market analysis has insufficiently and incorrectly considered, and adjusted most recent property sales.
3. The Market office rental rate should be \$14 psf. This was adjusted at the hearing to \$16.50 psf
4. The classification of the subject premise is neither fair, nor equitable, nor correct. The current assessed classification is A. The subject is a B class office building.
5. This notice is filed based on information contained in the Assessment Notice as well as preliminary observations and information from other sources. Therefore the requested assessment is preliminary in nature and may change.

At the outset of the hearing the issues were further refined as follows:

1. Is the subject property improperly classified as a B+ building?
2. Is the rental rate of \$20 psf applied by the Respondent correct, fair and equitable having regard to typical rental rates for B buildings in the Beltline area?

**Complainant's Requested Value:** \$23,080,000

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

1. Based on the location of the property adjacent to 8<sup>th</sup> St., a busy downtown corridor, and the size and physical attributes of the property as demonstrated in the disclosure documents, the Board supports the Respondent's classification of B+.

The Complainant produced a chart of some 27 properties comparing the classification of these properties by the City versus the classification by Altus Insite and Avison and Young. In this instance the third party classifications were all lower than the City's classifications. A similar chart produced elsewhere in the Complainant's brief showed instances where some of the third party classifications were the same or lower than the City's classification. The Complainant did not take a position on the correctness or otherwise of the third party classifications. It was later noted that these reporting agencies do not typically stratify their classifications. The Complainant suggested that sub-classifications are somewhat subjective and believes that the City relies largely on the rental rate to drive the sub-class designation. The Respondent countered that, among other factors, the City evaluates the floor plate, number of floors, year of construction, finish, access to major traffic corridors, in addition to the rent rate the building is able to command in making these decisions.

2. The assessment of \$20 per sq.ft. is fair and equitable and reflects typical rental rates for this type of building in this location.

The Complainant's argument is only with respect to the assessed rental rate of \$20 per sq.ft. as applied by the City to the office space. He contends that the capitalization (cap) rate, vacancy rate and operating cost rates can stand as presented in the City's calculation of the assessment.

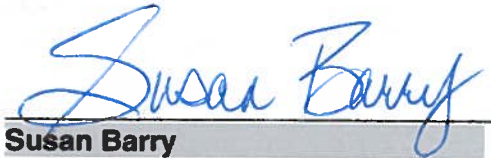
The Complainant provides listings of other properties to demonstrate the asking rental rate of \$16.50. Some of these, where supporting documentation is provided, are not comparable to the subject in terms of size or floor area or year of construction. In others, the lease rate information provided is for only a portion of the building and it is not possible to determine lease rate information for the total of the building. Again, only a few represent lease rates current on the valuation date and the others have not been time adjusted. Leases on or in very close proximity to the valuation date reflect rents of \$19 and \$20. A 2010 Assessment Request for Information (ARFI) contained in the Complainant's disclosure document is for a much smaller property and the 2010 ARFI for the subject, which seems to show the information requested for 2009, doesn't demonstrate leases for office space within the appropriate time frame.

The Respondent has charted 3 properties in the same B+ classification, in a similar area where the rents achieved on the valuation date range from \$18 to \$26 per sq.ft. with a median rate of \$20 which is supported by further analysis that shows a slightly higher median rent for May 1, 2009. While the Complainant argued that the Beltline Rental Rate Analysis graph for 2009 shows a decline in rent rates starting in January 2009, the Respondent clearly showed that a rental rate of \$19 to \$20 actually remained steady through to the valuation date.

**Board's Decision:**

The Complainant has failed to make the case for a reduction in rent either in terms of market value or equity. The assessment is confirmed at \$26,790,000

DATED AT THE CITY OF CALGARY THIS 5 DAY OF October 2010.

  
Susan Barry  
Presiding Officer

**APPENDIX "A"****DOCUMENTS RECEIVED AND CONSIDERED BY THE CARB:****NO.    ITEM**

- |    |                                      |
|----|--------------------------------------|
| 1. | Complaint Form for Roll #: 067232504 |
| 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.*