

**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:

***2675 36 Street NE GP Inc COMPLAINANT
As represented by Altus Group Ltd.***

and

The City Of Calgary, RESPONDENT

before:

***J. Noonan, PRESIDING OFFICER
R. Roy, MEMBER
D. Julien, 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:	049002934
LOCATION ADDRESS:	2675 36 ST NE
HEARING NUMBER:	61237
ASSESSMENT:	\$9,600,000

This complaint was heard on the 16th day of June, 2011 at the office of the Assessment Review Board located at the 4th Floor, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 10.

Appeared on behalf of the Complainant:

- G. Worsley, Sr. Tax Consultant, Altus Group

Appeared on behalf of the Respondent:

- R. Fegan, T. Neal, Assessors, *The City of Calgary*

Property Description:

The subject is located at 2675 36 St. NE, Calgary. It is a 5-storey A quality medical/dental suburban office building built in 1984 known as the Sunridge Professional Centre. The property contains 71,053 sf of medical/dental office space assessed at a market rental rate of \$19 per sf, 12,852 sf of below grade office at \$8, 861 sf of storage at a \$3 rate and 24,268 sf of theatre space, now a church, at \$10. Three tax exempt accounts occupy portions of the property. The assessed value is \$9,600,000.

Issues:

The complaint form identified a number of issues or grounds for appeal, namely that the assessment was in excess of market value, unfair and inequitable in comparison to comparable properties, that the property details were incorrect and inconsistent with the characteristics and physical condition of the subject, that information requested pursuant to sections 299 or 300 of the *Municipal Government Act (MGA)* was not provided, the subject office classification was unfair, inequitable and incorrect, that the tax exempt status of one or more tenants had not been recognized, and the office rental rate should be no more than \$17 per sf.

The Composite Assessment Review Board (CARB) received evidence and heard argument on only the following issues:

1. Should the annual office rent rate used in the capitalized income approach be reduced from \$19 to \$16.50?

The below grade office, storage, and theatre rates were not at issue, but by effecting the \$16.50 rate for medical/dental office the requested assessment was \$7,910,000.

Issue 1: Rent rate

The Complainant introduced the same lease comparables as had been seen at other complaints the same week involving NE suburban offices: 3 from Sunridge Way, 4 from the Deerfoot Atria, and 1 from the former Westjet property. It was submitted that these leases from "A" quality buildings justified a rate of \$16.50 for the subject. A December 2010 rent roll showed a number of leases in the subject commencing in the Aug 2009-2010 timeframe, these new leases producing a median rate of \$17 and an average \$18. In questioning, Mr. Worsley conceded that the "A" offices rented at lower rates than the subject medical/dental and revised

the requested lease rate to \$18 on the basis of leasing activity at the subject.

The Respondent asked the CARB to simply examine the subject rent roll, which supported the assessment.

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

The CARB examined the rent roll, found an average rent for July 2009-2010 leases of \$18.45 and leasing activity shortly before and after that timeframe at about that rate or higher, and determined the property is not ill-served being accorded a \$19 market typical.

Board Decisions on the Issues:

The Board confirms the assessment of \$9,600,000.

DATED AT THE CITY OF CALGARY THIS 13th DAY OF JULY 2011.



Presiding Officer

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.*