

**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:

1169009 Alberta Ltd. (as represented by Altus Group Ltd.), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

***L. Wood, PRESIDING OFFICER
D. Julien, MEMBER
P. Charuk, 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:	066144999
LOCATION ADDRESS:	1802 10 AV SW
HEARING NUMBER:	63008
ASSESSMENT:	\$4,720,000

This complaint was heard on 14 day of October, 2011 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 6.

Appeared on behalf of the Complainant:

- *Ms. S. Sweeney-Cooper* *Agent, Altus Group Ltd.*

Appeared on behalf of the Respondent:

- *Ms. Y. Wang* *Assessor, City of Calgary*

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

At the commencement of the hearing, the parties advised the Board that the correct assessment value before it was \$4,720,000, not \$4,660,000. The Respondent had sent an Amended 2011 Property Assessment Notice for the subject property on February 3, 2011. The Complainant had filed the complaint on the subject property on March 4, 2011. For some reason, the complaint was not linked to the amended assessment. The hearing proceeded on the basis that the \$4,720,000 assessed value is the value before the Board.

Property Description:

The subject property is a two – storey building, comprised of 30,870 sq. ft., located on a 0.35 acre site in the community of Sunalta. It was built in 1954. The property is used as a veterinary specialist centre. It has a mixed use of office/ retail. The land use designation is Commercial-Corridor 2.

Issues:

1. The subject property should be assessed as a B class as opposed to an A class.

Complainant's Requested Value: \$3,060,000

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

1. The subject property should be assessed as a B class as opposed to an A class.

The Complainant submitted the subject property is currently assessed as a class A2 building with an assessed rental rate of \$19.00 psf for office (20,000 sq. ft.) and \$8.00 psf for area below grade (10,870 sq. ft.). She indicated that \$19.00 psf is applicable for Class A office buildings located in the Beltline (Exhibit C1 pages 20 - 22). However the subject property is located outside of the downtown core in TA1 of which land sales reflect a much lower value than those located in the Beltline (Exhibit C1 page 11). The Complainant submitted 45 equity comparables of class B office buildings that were assessed at \$14.00 psf, an 8.5% capitalization rate and 13% vacancy rate (Exhibit C1 page 30). She argued those same income parameters should be applied to value the subject property.

The Respondent submitted the subject property was assessed as a Class A2 office building with a \$19.00 psf rental rate with a 7.5% capitalization rate. She argued that she could have

assessed it as a Class A retail building at \$24.00 psf, therefore, the property owner received the benefit (Exhibit R1 page 59).

The Respondent submitted the subject property sold in 2005 for \$2,870,000 (Exhibit R1 pages 53 – 55). It was indicated that the purchaser intended to develop the building into their own vet clinic. She submitted that extensive renovations had been undertaken after the purchase of this property. The Respondent submitted the building permits taken out on the property between 2006 and 2011 which totalled close to \$3.5 million (Exhibit R1 pages 56 & 57).

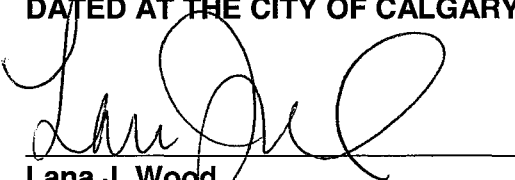
The Respondent submitted the Assessment Request for Information ("ARFI") for the subject property dated April 12, 2010 (Exhibit R1 pages 45 – 51). It indicates 20,000 sq. ft. is generating \$32.00 psf and basement area is achieving \$10.00 psf. The Respondent submitted a *2011 Beltline Office A Class Rental Analysis* (Exhibit R1 page 68). It shows 8 lease comparables (including the subject property's main and upper floors) are generating lease rates between \$17.00 - \$32.00 psf for a median of \$21.88 psf. She also submitted 15 equity comparables of Quality A2 buildings in support of the \$19.00 psf assessed rate (Exhibit R1 page 70). The Respondent submitted last year's board decision (CARB 1702-2010-P) in which the Board confirmed the assessment of the subject property (Exhibit R1 pages 33 – 36).

The Board could have accepted the Complainant's request of an assessed rate of \$14.00 psf as that is likely what similar properties located in TA1 and TA2 are generating in rents. However, the Complainant failed to provide any details regarding two equity comparables located in the submarkets TA1 and TA2 (specifically the properties located at 1638 10 AV SW and 1711 10 AV SW) and whether or not they are similar to the subject property (Exhibit C1 page 30). Although it could be argued the ARFI for the subject property supports the assessed rate, the Board finds the ARFI questionable. It appears that the owner (a numbered Alberta company) could be leasing the premises back to itself however neither party made any inquiries about the ARFI and no supporting evidence was provided to the Board.

Board's Decision:

The decision of the Board is to confirm the 2011 assessment for the subject property at \$4,720,000.

DATED AT THE CITY OF CALGARY THIS 14 DAY OF DECEMBER 2011.



Lana J. Wood
Presiding Officer

APPENDIX "A"**DOCUMENTS PRESENTED AT THE HEARING
AND CONSIDERED BY THE BOARD:**

EXHIBIT NO.	ITEM
1. C1	Complainant's Submission
2. R1	Respondent's Submission

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

SUBJECT	PROPERTY TYPE	PROPERTY SUB - TYPE	ISSUE	SUB - ISSUE
CARB	Office	Low Rise	Income Approach	Net Market Rents/Lease Rates