



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 N.E. GP INC. (as represented by Altus Group Ltd), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

R. Glenn, PRESIDING OFFICER

T. Usselman, BOARD MEMBER

D. Julien, 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 2013 Assessment Roll as follows:

ROLL NUMBER: 049002934

LOCATION ADDRESS: 2675 36 ST NE

FILE NUMBER: 73254

ASSESSMENT: \$15,900,000

This complaint was heard on Wednesday, the 26th day of June, 2013 at the offices of the Assessment Review Board located on Floor Number 4, at 1212 – 31 Avenue NE, in Calgary, Alberta, in Boardroom 4.

Appeared on behalf of the Complainant:

- Danielle Chabot, Agent

Appeared on behalf of the Respondent:

- Christina Neal, Assessor

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

[1] When asked, neither party raised any issues with regard to either Jurisdiction or, Procedure.

Property Description:

[2] The subject is a multi-tenanted suburban office building, built in 1984 in the Sunridge. District with an assessable area of 110,658 SF and assessed at: \$15,900,000. A considerable amount of the subject property is tax exempt. One portion of the subject has recently undergone a substantial renovation which decreased the usable square footage.

Issues:

[3] The Complainant suggests two issues, namely:

- [A] assessable area (size)
- [B] assessed office rental rate.

Complainant's Requested Value:

[4] \$14,220,000

Complainant's Position:

[5] The Complainant argues that the office space in the subject property should be divided into two different categories, namely, new versus old. They go on to argue that the older office space is only achieving \$18/SF, whereas, it is assessed at \$20/SF, and therefore, the rental rate

for that area should be \$18/SF. The Complainant presents some limited documentary proof of that assertion.

[6] The new (renovated) office space is renting at \$21/SF, but there is now less space because of the renovation and with a smaller size, this area would normally be expected to rent for more. The recent renovation involved converting a sloped floor movie theatre complex into the current conventional flat floor office space which is now used as a medical clinic. The Complainant claims to have lost approximately 4,000SF of usable space, and further, they claim the renovation cost some \$4.2 million dollars. The Complainant provides little actual evidence regarding the loss of space and the cost of the renovation.

[7] On rebuttal, the Complainant argues that their comparable A class property has an average rent of \$19/SF, suggesting that it is lower than the assessed amount, and therefore, the rental rate should not be \$20/SF, but the weighted average they provide does not support this. Finally, the Complainant argues that the Respondent's comparables are simply not comparable

Respondent's Position:

[8] The Respondents calculate a typical rental rate of \$20/SF, deriving that figure from actual rental data from ARFIs obtained from medical/dental offices in the NE quadrant during the time period of July 1, 2011 to July 1, 2012. They also state that because of the usage as a medical clinic, and the subject property being adjacent to a hospital and public transit, the rental rate of that area, should be higher. The subject property has 4 leases that the Respondent used in the rental rate analysis to derive the assessed rate of \$20/SF.

[9] The Respondents also present some documentary support for their position of \$20/SF. They also present additional information regarding a particular NE medical clinic, which is located in Martindale, and substantially smaller than the subject. The Martindale clinic information was not really comparable because of the extreme differences in the two properties. The Respondent also argues that market rental rates are increasing because trending indicates a higher rental rate.

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

[10] The Complainant is unable to provide any definitive evidence regarding or supporting the requested \$18/SF rental rate for the newer (renovated) portion of the property. The Respondent has provided a moderate amount of evidence to support the assessed value of the subject.

[11] On the other hand, on cross-examination, the Complainant admits that their evidence confirms that the renovated space will garner a higher rent. Also, they confirm through cross-examination that adding value to the renovated space does not add value to the older space.

[12] On the whole, however, the Complainant does not provide enough credible evidence to convince the Board that the subject assessment is incorrect. Some of what they rely on is an emailed commentary regarding loss of space and the cost of the renovation. This, as well as other evidence they provide is simply inadequate to prove their stated position of the assessment being incorrect. The Board therefore assumes the assessment is correct.

Board's Decision:

[13] The within assessment is herewith confirmed at \$15,900,000.

DATED AT THE CITY OF CALGARY THIS 26th DAY OF JULY, 2013.



R. Glenn,
Presiding Officer**APPENDIX "A"****DOCUMENTS PRESENTED AT THE HEARING
AND CONSIDERED BY THE BOARD:**

NO.	ITEM
1. C1	Complainant Disclosure
2. R2	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.*