



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:

***Healthcare Properties Holdings Ltd. (as represented by Altus Group Limited),
COMPLAINANT***

and

The City Of Calgary, RESPONDENT

before:

***M. Axworthy, PRESIDING OFFICER
B. Bickford, BOARD MEMBER
P. McKenna, 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 2014 Assessment Roll as follows:

ROLL NUMBER: 060150307

LOCATION ADDRESS: 1620 29 ST NW

FILE NUMBER: 76096

ASSESSMENT: \$14,200,000

This complaint was heard on 5 day of August, 2014 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 3.

Appeared on behalf of the Complainant:

- *K. Fong, Agent*

Appeared on behalf of the Respondent:

- *S. Bazin, Assessor*
- *T. Neal, Assessor*

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

- [1] No procedural or jurisdictional matters were raised.

Property Description:

[2] The subject property is a 60,928 square foot (SF), low-rise office building with 4,855 SF of retail space on the main floor located in the community of St. Andrew's Heights. The subject was constructed in 1980 and is classified as "A2" quality, with a Subproperty use code of CS0401 Medical/Dental Office. It is assessed using the Income Approach to value with rental rates ranging from \$3.00 to \$24.00 per SF, vacancy rates of 3.00% and 6.00% and a cap rate of 6.00%. The subject includes a total of 17,533 SF of exempt space which is not under complaint, leaving 53,385 SF as taxable and before the Board.

Issues:

[3] The only issue argued at the hearing was that the medical/dental office space is inequitably assessed at \$23.00 per SF and should be assessed at a rental rate of \$22.00 per SF.

Complainant's Requested Value: \$13,630,000

Board's Decision:

- [4] The Board confirmed the assessment.

Legislative Authority, Requirements and Considerations:

[5] Under the Act Section 460.1(2) and subject to Section 460(11), a composite assessment review board has jurisdiction to hear complaints about any matter referred to in section 460(5) that is shown on an assessment notice for property, other than property described in subsection 460.1 (1)(a).

[6] The Board will limit its comments to the relevant facts pertaining to this case and materials which led to the decision.

Position of the Parties

Complainant's Position:

[7] The Complainant stated that the subject is a high quality office building known as the Foothills Professional Building, located across from the Foothills Hospital. It is mainly comprised of medical offices, with a small amount of retail space on the main floor. There are four "exempt" roll numbers in the building that are not under appeal.

[8] The Complainant stated that the subject was incorrectly assessed and that the rental rate should be reduced from \$23.00 to \$22.00 per SF.

[9] In support of its request for a rental rate of \$22.00 per SF, the Complainant provided a the April 2013 rent roll for the subject and created a table of 10 leases from the subject dating from 09/01/2011 to 04/01/2013 with a median rental rate of \$22.00 per SF and a weighted mean of \$22.22 per SF [C1, p. 66].

[10] The Complainant also provided a 2014 "A2" Class Rental Rate Study with the ten leases from the subject and an additional 11 leases from two NW properties within a mile radius of the subject, also indicating a median rental rate value of \$22.00 per SF and a weighted mean of \$22.64 per SF [C1, p. 67].

[11] The Complainant stated that the Respondent's 2014 Suburban Medical/Dental Office Analysis: A quality in the NW, [R1, p. 35] did not include the four leases from the subject that were within the evaluation period and that if these leases were added to the Respondent's analysis, the median rental rate was \$22.00 per SF.

Respondent's Position:

[12] The Respondent stated that the Complainant's 2014 Rental Rate study was flawed as it contained six leases from the subject that commenced prior to the July 1, 2012 evaluation period and should be excluded from the 2014 study [R1, p. 32].

[13] The Respondent provided an "Altus's A2 Rental Rate Study Corrected [R1, p.33] which indicated an average of \$22.83 per SF and a median of \$23.00 per SF.

[14] The Respondent stated that it preferred to use the weighted mean to determine rental rates where there were wide variations in leasable areas, as it produced a more accurate result.

[15] In support of its assessed rental rate of \$23.00 per SF, the Respondent provided its 2014 Suburban Medical/Dental Office Analysis: A quality in the NW, [R1, p. 35], noting that it includes A-, A2 and A+ buildings in its analysis.

[16] The Respondent stated that it had missed the four leases in the subject and was unable to comment on them.

Board's Reasons for Decision:

[17] The Board finds that the Complainant's 2014 "A2" Class Rental Rate Study is flawed as

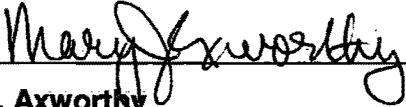
it contains dated leases in the subject and is limited to A2 buildings only [C1, p.59].

[18] The Board added the missing four leases in the subject to the Respondent's 2014 Suburban Medical/Dental Office Analysis: A quality in the NW, [R1, p. 35] and calculated the median as \$22.50 per SF and the weighted mean as \$23.13 per SF.

[19] The Board agrees with the Respondent that the weighted mean is a more accurate reflection of rental rates given the variation in leasable areas within the analysis.

[20] The Board supports the assessed rental rate of \$23.00 per SF and confirms the taxable assessment at \$14,200,000.

DATED AT THE CITY OF CALGARY THIS 18 DAY OF August 2014.



M. Axworthy

Presiding Officer

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

NO.	ITEM
1. C1	Complainant Disclosure
2. R1	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.*

For Administrative Use Only

Municipal Government Board use only: Decision Identifier Codes				
Appeal Type	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	Office	Medical/Dental Office	Rental rate	