

**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:

T. Hudson, PRESIDING OFFICER

C. McEwen, MEMBER

D. Julien, MEMBER

This is a complaint to the Calgary Assessment Review Board in respect of Property assessment prepared by the Assessor of The City of Calgary and entered in the 2010 Assessment Roll as follows:

ROLL NUMBER:	100012905
LOCATION ADDRESS:	6170 12 Street SE
HEARING NUMBER:	57497
ASSESSMENT:	\$11,440,000

This complaint was heard on June 8th, 2010 at the office of the Assessment Review Board located at 4th Floor, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 4.

Appeared on behalf of the Complainant:

- *Mr. Randall Worthington*
Representing Altus Group Inc.

Appeared on behalf of the Respondent:

- *Mr. Marcus Berzins*
- *Mr. Ian McDermott*
- *Mr. Jason Lepine*

Representing the City of Calgary

Property Description:

The subject property is a multi-tenanted (IWM) located in the Central region which includes four (4) single story industrial buildings constructed in 1990 on a 5.28 acre site, with a total net rentable area of 67,228 sq. ft. Site coverage is 29.21%. The four buildings vary in size from a high of 22,151 sq. ft. to a low of 10,536 sq. ft. The assessed values vary from a high of \$208 psf. to a low of \$153.69 psf. The aggregate of the assessment is 67,228 sq. ft. at \$170 psf. or \$11,440,000 rounded. All of the buildings have significant degree of office finish with a high of 76% and a low of 43%.

Issues/Grounds for Complaint:

The Complainant's main issue centred around the practice of the Respondent to assess individual buildings developed on one site. The Complainant takes the view that these properties would only sell as one property and therefore should be assessed in the same way in order to prepare an assessment which reflects market value and equity with other similar properties in the same market area.

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

The Complainant prepared three (3) different estimates of value for the subject property based on an income approach (\$139 psf.); the direct sales approach (\$122 psf.); and equity with similar properties (\$126 psf.). The Respondent prepared the assessment based on the direct sales comparison approach resulting in \$170 psf. Due to the almost complete lack of comparable properties produced by either party, the Board determined that the best approach to valuation was the income approach. The Complainant produced the income approach for the subject based on a 12 per square foot lease rate, 3% vacancy, 2% management and an 8% CAP rate. The lease rate was based on the rent roll for the subject property. The Board reviewed the ARFI for the subject property and found that \$13 per square foot was the more appropriate value.

The other factors (other than the lease rate) were not in dispute based on the evidence. When the lease rate of \$13 is utilized the assessment estimate resulting is \$154.00 psf. for a total assessment of \$10,380,000.00

Decision:

The assessment for the subject property is reduced to \$10,380,000.00

Reasons for the Decision:

The Board determined that the lack of comparable sales of properties in the same market area; no evidence in support of a cost approach and poor comparables to the subject to determine equity, that the best evidence was lease information from the subject property. The Board also is of the view that the rationale for assessing the four buildings on the subject property as individual units is sound due to differences in size and office finish in particular. However, given the lack of comparable information for similar properties, a site specific valuation is likely the most reasonable method of arriving at a defensible estimate of market value.

MAILED FROM THE CITY OF CALGARY THIS 12 DAY OF July 2010.



T. Hudson
Presiding Officer

TH/kc

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.*