

**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(4).

between:

Altus Group Limited, COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

L.R. Loven, PRESIDING OFFICER

K. Farn, MEMBER

R. Deschaine, 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 2010 Assessment Roll as follows:

ROLL NUMBER:	090039900
LOCATION ADDRESS:	4444 Builders Road S.E.
HEARING NUMBER:	59287
ASSESSMENT:	\$3,620,000

This complaint was heard on 23rd day of August, 2010 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:

- C. VanStaden Agent, Altus Group Limited

Appeared on behalf of the Respondent:

- J. Young Assessor, The City of Calgary

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

Both the Respondent and the Complainant confirmed to the Board that they had no procedural or jurisdictional matters to be raised.

Property Description:

The subject property consists of 16,635 square foot industrial warehouse with 22% office finish located in the central community of Manchester on a 2.83 acre site. The property is zoned I-G Industrial-General. The total assessment is \$3,620,000, including a land adjustment of \$1,239,740, for 1.63 acres of extra land.

Issues:

1. Equity - the land rate applied to the subject property is incorrect, and creates inequity for the subject property;
2. Sales - the sale prices of similar sized property indicates the subject is over assessed, and;
3. Income - the income approach indicates the subject property is over assessed.

Complainant's Requested Value: \$2,830,000

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

Issue 1. Equity

The Complainant submitted a table showing 2 sets of equity comparables. The first consisted of 8 similarly sized buildings with site coverage from 16.85% to 47.24% assessed from \$132 to \$189 per square foot. The Complainant noted the property located at 7309 Flint Road SE was the most comparable; assessed at \$185 per square foot, constructed in 1966 with 40% finish. The subject property is assessed at \$214 per square foot including extra land, constructed in 1954, with 20% finish.

The second set of equity comparables consisted of 8 properties with site coverage ranging from 8.91% to 17.34%. Six were located in Manchester and none were noted as having out of model land assessments, compared to the subject property. The Complainant noted the extra land comparables support that the 13.54% site coverage of the subject property does not warrant an extra land assessment, and that the total assessment of the subject property should be at \$170 per square foot or \$2,830,000.

The Respondent submitted a table of 7 equity comparables, all having land adjustments, with slightly smaller buildings of newer construction and site coverage ranging from 12% to 36%. These comparables were assessed at rates, net of land adjustments to 30%, from \$164 to \$182 per square foot, compared to the subject property assessed at \$143 per square foot.

Based on its consideration of the above evidence and argument, the Board finds that the subject property was over assessed compared to comparables sites.

Issue 3. Sales

The Complainant firstly submitted a table of 5 sales comparables highlighting a site coverage ranging from 29.4% to 41.5 %, year of construction from 1964 to 1982, and time adjusted sale price ranging from \$125 to \$173 per square foot. The Complainant noted the property sale located at 3415 29 Street NE would require the least adjustment at \$175 per square foot and indicated the value for the subject property is \$175 per square foot or \$2,910,000.

The Complainant secondly submitted a table of 6 vacant land sales ranging in size from 0.83 acres to 1.82 acres, selling from \$805.00 per acre to 1,130,220 per acre, giving a median of 1.470 acres and \$619,231 per acre.

The Complainant thirdly submitted a table of 4 vacant land sales ranging in size from 5.51 acres to 9.50 acres, selling between \$524,950 and \$862,069 per acre, with a median of 7.120 acres and \$641,811 per acre, noting larger parcels of 4 to 10 acres sell for similar price per acre as smaller parcels, no sales of 1 acre or less show a price of 1,050,000 per acre, the rate applied by the City of Calgary is overstated, and a rate of \$620,000 is reasonable.

The Respondent firstly submitted a table of 4 industrial land sales under 1 acre ranging from 0.56 acre to 0.96 acre in size, and time adjusted sale prices per acre from \$1,089,449.54 to \$1,406,250; noting the sale of the land located at 112542 Avenue SE is the most comparable the subject property.

The Respondent secondly submitted a table of 19 industrial land sales over 1 acre ranging in size from 1.30 acre to 29.75 acres, time adjusted sales price from \$331,992 to \$1,213,318.28 per acre. The Board notes that the sale of 200, 8490-44 Street SE is also included in the Complainant's comparables.

Based on its consideration of the foregoing evidence and argument, the Board finds that the subject property may have been over assessed compared to sales of similar properties.

Issue 3. Income

The Complainant submitted that on an Income Approach using a 5% rate for vacancy and nonrecoverables, and 8% capitalization rate, at the assessed value a rent rate of \$18.00 per square foot would be required, and this rate is not typical of industrial warehouse leases. A table of 14 warehouse 2008-2009 leases, ranging from \$5.00 to \$9.50 per square foot (in the southeast quadrant) shows a median rate of \$8.25, however it is noted that a median of \$9.25 was used due to two higher leases in 2009. Applying this rate results in an indicated requested value of \$1,832,743.

The Respondent submitted that the Complainant incorrectly applied the components from which value is derived. However, the Respondent did not argue the vacancy, non-recoverable or capitalization rates used by the Complainant, nor was there any objection to the rental rate indicated by the Complainant.

Based on its consideration of the above evidence and argument, the Board finds that market lease rate of \$9.25 applied to the subject property and used by the Complainant to derive a market value net of extra land, based on 5% vacancy/non-recoverables rate and 8% capitalization rate, to be fair and equitable.

Summary:

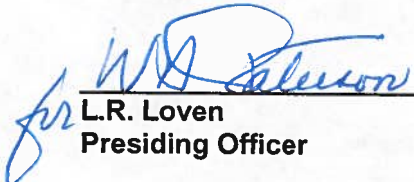
The Complainant additionally submitted the following: *Appendix A: 2010 Improved Industrial Properties Sales Used; Appendix B: Communication between the City of Calgary and Altus; Appendix C: 2010 Assessed Improved Industrial Properties; Appendix D: 2010 Assessment Explanation Supplement; and Appendix F: Introduction - Market Value and Mass Appraisal for Property Assessment in Alberta.* The Complainant also referred the Board to ARB 0533/2010-P and ARB 0535/2010-P.

The valuation method applied in this instance was the Sales Comparison Approach. The use of this approach to value is contextually allowed in the legislation. The Complainant advanced an argument that supports the use of the Income Approach when there are limited sales. In this case, the Complainant's requested assessment was supported by market lease rates. To not rely on this evidence, could result in inequity and unfairness in the assessed value of the subject property.

Board's Decision:

For the reasons set forth above, the assessment of the subject property is hereby adjusted as follows: \$3,070,000.

DATED AT THE CITY OF CALGARY THIS 27 DAY OF September 2010.



L.R. Loven
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.*