

**CALGARY
COMBINED 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 Property assessment prepared by the Assessor of The City of Calgary and entered in the 2010 Assessment Roll as follows:

ROLL NUMBER: 090083304

LOCATION ADDRESS: 315 Manitou Road S.E.

HEARING NUMBER: 58868

ASSESSMENT: 6,790,000

This complaint was heard on the 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. Van Staden, representing the Altus Group Limited, on behalf of Canada Safeway Limited

Appeared on behalf of the Respondent:

- J. Young, representing 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 78,056 square foot industrial warehouse with 15% office finish and 45.62% site coverage, constructed in 1968, located in the Central region on a 2.83 acre site. The property is zoned I-G Industrial-General. The total assessment is \$6,790,000.

Issue

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: \$5,590,000

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

Issue 1. Equity

The Complainant submitted a table showing one set of equity comparables. The table consisted of seven similarly sized buildings with site coverage from 41.41% to 54.46% assessed at from \$73 to \$100 per square foot. The Complainant noted the property located at 4155-75 Avenue SE was the most comparable assessed at \$73 per square foot, constructed in 1980 and with 10% finish; versus, the subject property assessed at \$87 per square foot, constructed in 1968, with 15% finish. The Complainant noted the comparables indicate that a rate of \$73 per square foot is reasonable for the subject property, and indicates a market value of \$5,690,000.

The Respondent submitted a table of seven equity comparables, with similarly sized buildings mostly of newer construction with site coverage ranging from 31% to 44%, assessed at rates,

assessed at rates from \$87 to \$112 per square foot, compared to subject property assessed at \$87 per square foot.

Based on its consideration of the above evidence and argument, the Board finds that the subject property may have been over assessed with regards to equity.

Issue 3. Sales

The Complainant firstly submitted a table of seven sales comparables highlighting a site coverage ranging from 21.5% to 59.4%, year of construction from 1966 to 1999 and time adjusted sale price ranging from \$63 to \$177 per square foot; and noted, the indicated the rate for the subject property is \$75 per square foot or a market value of \$5,850,000.

The Complainant secondly submitted a table of six industrial sales comparables ranging in size from 63,150 square feet to 92,023 square feet, and selling from \$78 to \$147 per square foot on a time adjusted basis. The Complainant put forward that the two best comparables at 3223-10 Street SE and 536-42 Street SE at \$78 and \$115 per square foot respectively indicates the subject property should be in the middle.

Based on its consideration of the foregoing evidence and argument, the Board finds that the subject may have been over assessed with respect to sales.

Issue 3. Income

The Complainant submitted that on an income approach using a 5% rate for vacancy and non-recoverables, 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.

The Complainant submitted a table showing 2 office/warehouse leases ranging from \$5.25 to \$6.25 per square foot with a median of \$5.75 per square foot and twenty-nine office/warehouse leases ranging from \$4.40 to \$13.69 per square foot with a median of \$6.04 per square foot, and noting that the Respondent had previously agreed that a vacancy rate of 5% and a capitalization rate of 8% was reasonable then the subject property would have to achieve a rental rate of \$7.32 per square foot to obtain an indicated value of \$6,790,000. Using the above vacancy and capitalization rates the Complainant indicated the market value on an income approach, based on a rental rate of \$6.00 per square foot, is \$5,561,490.

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 any objection to the rental rate indicated by the Complainant.

Based on its consideration of the above evidence and argument, the board finds that Complainant's requested assessment is supported by the Income Approach.

Summary:

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: \$5,560,000.

DATED AT THE CITY OF CALGARY THIS 14 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.*