

**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 Combined 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: 101038800

LOCATION ADDRESS: 515 58 Avenue S.E.

HEARING NUMBER: 58884

ASSESSMENT: \$5,880,000

This complaint was heard on the 25th 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 Altus Group Limited, on behalf of Panterra (5258) Properties Inc., c/o GL Black Holdings Ltd.

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 a 46,880 square feet single tenant industrial warehouse, constructed in 1967 with 16% office finish, located in the central community of Manchester, on an 3.88 acre site with 0.52 acres of extra land. The property is zoned I-G (Industrial-General). The total assessment is \$5,885,402 or \$125.00 per square foot, truncated to \$5,880,000.

Issues

1. Sales;
2. Equity; and
3. Income.

Complainant's Requested Value: \$4,590,000

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

Issue 1. Sales

The Complainant submitted a table of five sales comparables two located in the central region, two in the SE and one in the NE, three of type IWM and two IWS, and all zoned I-G Industrial General varying from the subject property as summarized in the table below, and indicated a value of \$14.00 per square foot or \$4,870,000.

Variance	Complainant Min	Respondent Min	Subject	Complainant Max	Respondent Max
Year of Construction (year)	1960	1952	1967	1983	1981
Site Coverage (%)	31.8	18.24	27.73	51.9	38.26
Parcel Size (acres)	1.85	1.73	3.88	3.46	4.76
Building Area (Sq.Ft)	41,586	39,868	46,880	48,000	50,170
Rate (\$/Sq.Ft)	93	116	126	107	120

The Respondent submitted a table of four industrial sales one located in the central region one in the SE and two in the NE, three of type IWM, and confirmed the comparable located at 6030 3 Street SE at 38.86% site coverage, 1967 year of construction, 8% finish at \$120.00 per square foot time adjusted sale price was the best comparable.

Based on its consideration of the foregoing evidence and argument the Board finds that the subject

property may have been assessed unfairly.

Issue 2. Equity

The Complainant submitted a table of nine equity comparables all located in the SE quadrant, three of which were IWM (Industrial Warehouse Multi) and the balance IWS (Industrial Warehouse Single), varying from the subject as summarized below, indicating a value based on equity of \$104 per square foot or \$4,870,000.

Variance	Complainant Min	Respondent Min	Subject	Complainant Max	Respondent Max
Year of Construction (year)	1952	1952	1967	1990	1981
Site Coverage (%)	33.57	13	27.73	53.89	27
Parcel Size (acres)	1.8	3	3.88	2.96	10.09
Building Area (Sq.Ft)	40,093	41,149	46,880	50,170	52,296
Rate (\$/Sq.Ft)	92	120	126	134	160

The Respondent submitted a table containing seven 2010 industrial equity comparables all IWS, zoned I-G located in the Central district, varying from the subject property as summarized above, and indicated the best comparable located at 4005 11 Street SE, had a parcel size of 4.45 acres, 27% site coverage, 54,683 square foot building with 25% finish assessed at \$120 per square foot.

The Board notes that in comparison to the subject property the years of construction are similar, site coverage is lower, and the assessed rate is higher.

Based on its consideration of the foregoing evidence and argument the Board finds that weighing each parties comparables against each other provides nothing that the Board can rely on to find that the subject property was unfairly assessed with respect to equity.

Issue 3. Income

The Complainant submitted an argument supporting the use of the Income Approach to Value on income producing industrial property, and applied a rental rate of \$8.25 per square foot, to a 8% capitalization rate and a 5% vacancy rate, to determine a requested assessment of \$4,592,775, compared to the assessed rental rate of \$10.56, based on the same capitalization and vacancy rates. The Complainant also provided a table of business assessment rental rates for a property located at 3201 Ogden Road SE, showing a median lease rate of \$6.75 per square foot.

The Respondent provided a table using the business assessment rental rates to compare the time adjusted sales price of the Respondent's and Complainant's sales comparables to the amount given by applying the Complainant's income approach, showing an median assessment to sales ratio of 75%, or an assessed value 25% less than the time adjusted sale price

The Respondent did not argue the vacancy, non-recoverable or capitalization rates used by the Complainant; however the Respondent did argue the rental rate was higher than that indicated by the Complainant.

The Board finds that the indicated requested value as determined by the Income Approach was not supported by the Sales Comparison Approach. The rent rate used to determine the indicated requested value is not confirmed by the time adjusted sale price.

Based on its consideration of the above evidence and argument, the indicated request value as determined by the Income Approach was not substantiated by the business assessment rent rate used.

Summary:

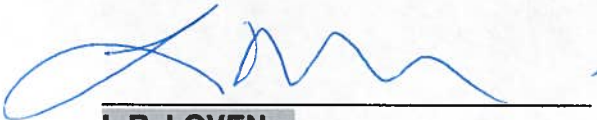
Complaint referred the Board to *Calgary Assessment Board Orders 0756, 0757 and 0521*.

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 supported the use of the Income Approach. In this case, the Complainant's requested assessment as determined by the Income Approach was not supported by the rental rates used, nor was the rental rate used substantiated by the Complainant. Furthermore, the requested assessment as determined by the Complainant was lower than the requested assessment determined by either its equity or sales comparables. Finally, neither provided the Board with persuasive arguments or evidence that the assessed value was unfair or inequitable.

Board's Decision:

For the reasons set forth above, the assessment of the subject property is hereby confirmed as follows: \$5,880,000.

DATED AT THE CITY OF CALGARY THIS 13 **DAY OF** October **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.*