

**CALGARY  
COMPOSITE 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: 091031609**

**LOCATION ADDRESS: 1345 Highfield Crescent S.E.**

**HEARING NUMBER: 59417**

**ASSESSMENT: 3,600,000**

This complaint was heard on the 25<sup>th</sup> 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:

- R. Worthington, representing Altus Group Limited, on behalf of Pockar Holdings Ltd.

Appeared on behalf of the Respondent:

- R. Luchak, 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 14,191 square foot single tenant industrial warehouse, constructed in 1997 with 41% office finish, centrally located community of Highfield, on an 1.92 acre site with 0.90 acres of extra land. The property is zoned I-G (Industrial-General). The total assessment is \$3,603,424 including a \$946,214 land adjustment, or \$253.00 per square foot total assessment, or \$187.00 per square foot for the building only plus the land adjustment.

**Issues**

1. Land Sales;
2. Sales;
3. Equity; and,
4. Income.

**Complainant's Requested Value:** \$2,430,000

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

**Issue 1. Land Sales**

The Complainant submitted table of six vacant land sales giving a median lot size of 1.47 acres and \$619,231 per acre.

The Respondent firstly submitted a table of six industrial land sales, excluding Dufferin, ranging parcel size from 0.56 to 1.77 acres and time adjusted sale price from \$840,381.99 to \$1,693,023.26 per acre, noting a sale of a 0.96 acre parcel at \$1,406,250.00. The Respondent secondly submitted three additional land sales varying in parcel size from 0.56 to 4.05 acres and time adjusted sale price from \$449,382.72 to \$1,254,480.29 per acre, illustrating the economies of scale .

Based on its consideration of the foregoing argument and evidence, the Board finds that given no application to sub-divide the subject property was heard, then it does not arbitrarily follow that that the 0.96 acres extra land be deemed potentially sub-dividable, and possibly saleable as separate property, nor should it be assessed at \$946,214 or \$1,050,000 for the first acre. The Board further finds that the highest and best use of the extra land is an integral part of its existing use, and should be valued accordingly. Therefore, the Board accepts the evidence and argument of the Complaint that the value of the extra land is \$619,000 per acre.

## **Issue 2. Sales**

The Complainant stated that there was no single tenant sales with low site coverage.

The Respondent submitted a table containing four 2010 industrial equity comparables all IWS, zoned I-G and three located in the Central district, varying from the subject property as summarized below.

<b>Influence</b>	<b>Respondent Min</b>	<b>Subject</b>	<b>Respondent Max</b>
Year of Construction (Year)	1970	1997	1996
Site Coverage (%)	25.14	27.73	28.24
Finish (%)	14	41	18
Parcel Size (Acres)	0.57	1.92	1.98
Building Area (Sq.Ft)	8,160	14,191	16,190
Rate (\$/Sq.Ft)	191	187	198

Based on its consideration of the foregoing evidence and argument the Board finds that the value subject property, excluding land, may have not been assessed unfairly.

## **Issue 3. Equity**

The Complainant submitted a table of eight equity comparables all IWS (Industrial Warehouse Single) centrally located in the SE quadrant, , varying from the subject as summarized below, indicating a median value based on equity of \$207 per square foot or \$2,936,686.

<b>Influence</b>	<b>Complainant Min</b>	<b>Respondent Min</b>	<b>Subject</b>	<b>Complainant Max</b>	<b>Respondent Max</b>
Year of Construction (Year)	1957	1957	1997	1999	1995
Site Coverage (%)	9	9	27.73	16	30
Finish (%)	0	0	41	48	47
Parcel Size (Acres)	1.38	1.38	1.92	22	22.53
Building Area (Sq.Ft)	10,736	10,736	14,191	15,600	15,600
Rate (\$/Sq.Ft)	162.61	166	187	235.98	232

The Respondent submitted a table containing seven 2010 industrial equity comparables, four zoned I-G, all centrally located, two in Highfield, and all IWS, varying from the subject property as summarized above.

The Board notes that in weighing the equity comparables of the Complainant and the Respondent, the range of the years of construction are similar. The range of the Respondent's site coverage captures the subject, and the range of per cent finish, parcel size, building area, and assessed rate

are all similar.

Based on its consideration of the foregoing evidence and argument the Board finds little that the Board can rely on to find that the subject property was unfairly assessed with respect to equity.

**Issue 4. Income**

The Complainant firstly provided a table of five leases all in the central district, four in Highfield, for buildings ranging in year of construction from 1965 to 1968, lease area from 11,846 to 12,019 square feet, showing an average lease rate of \$7.25 per square foot, and an Assessment Request for Information showing a 5 year lease for 19,500 plus 1,500 square feet commencing July 1<sup>st</sup>, 2007 at \$7.86 per square foot.

The Complainant then put forward an argument supporting the use of the Income Approach to value on income producing industrial property, and applied a rental rate of \$7.25 (revised at the hearing to \$7.86) per square foot to a capitalization rate of 7.5% and a vacancy rate of 5% to determine a requested assessment of \$1,412,856, plus land at \$517,120 (or \$619,000 per acre) or \$128.27 per square foot.

The Respondent submitted a table comparing the value of the Respondent's four sales comparables using the Complainant's rental rate of \$7.25 per square foot, vacancy/non-recoverable rate of 5% and a capitalization rate of 8% to the time adjusted sale price showing a median Assessment to Sales Ratio of 41%.

The Complainant provided a table showing a rental rate of \$14.78 per square foot would be required to reach the indicated assessed value of \$2,657,028 using the capitalization and vacancy rates of 7.5% and 5%, respectively.

The Respondent did not argue the vacancy, non-recoverable or capitalization rates used by the Complainant; however, the Respondent did argue the rental rate of \$6.25 used by the Complainant to determine the requested value would not achieve the time adjusted sales prices of the Respondent's sales comparables.

The Board finds that, in this case, the rent rate used to determine the indicated requested value, excluding the extra land adjustment, is supported by comparable lease information.

**Summary:**

Complainant referred the Board to *Calgary Assessment Board Order 0553/210-P* regarding the value of additional land.

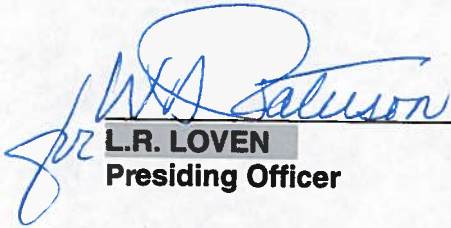
The valuation method applied in this instance was the Sales Comparison Approach. The use of this approach to value is contextually allowed in the legislation. The Complainant advanced an argument that supported the use of the Income Approach. In this case, the rental rates used by the Complainant to determine the requested assessment were supported.

Furthermore, for reasons set out in Issue #1 above, the Board accepts the argument and evidence that the extra land be adjusted to a rate of \$619,000 per acre.

**Board's Decision:**

For the reasons set forth above, the assessment of the subject property is hereby adjusted as follows: \$2,680,000.

DATED AT THE CITY OF CALGARY THIS 18 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.*