

**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

R. Deschaine, MEMBER

K. Farn, 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: 091036004

LOCATION ADDRESS: 1115 34 Avenue S.E.

HEARING NUMBER: 58900

ASSESSMENT: 12,270,000

This complaint was heard on the 27th 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 MBI Limited/Limitee Superior 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 173,352 square foot single tenant industrial warehouse (IWS), constructed in 1968 with 7% office finish, located in the Central region in the community of Highfield, on an 7.09 acre site with 54.56% site coverage. The property is zoned I-G (Industrial-General). The total assessment is \$12,279,089 or \$70.00 per square foot.

The Board notes the Assessment Explanation Supplement provided by the Complainant varied from that provided by the Respondent as summarized below.

	Complainant	Respondent
Footprint	182,621	168,554
Rentable Building Area	182,621	173,352
Rate per SF	67.34	70.00
Site Coverage	59.12	54.46
Total	12,298,358	12,279,089

Issues

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

Complainant's Requested Value: \$8,670,000

Board's Findings in Respect of Each Matter or Issue:**Issue 1. Sales**

The Complainant submitted that there were no sales comparables.

Influence	Respondent Min	Subject	Respondent Max
Year of Construction (Year)	1976	1968	1990
Site Coverage (%)	26.76	55	57.21
Finish (%)	2	7	12
Parcel Size (Acres)	4.44	7.09	11.71
Building Area (Sq.Ft)	108,800	173,352	217,398
Rate (\$/Sq.Ft)	69	70	114

The Respondent submitted four sales comparables, one located in the central region, two in the SE and one in the NE, all type IWM the ranges of the comparative factors are summarized above.

Based on its consideration of the foregoing evidence and argument, the Board finds that subject property may not have been assessed unfairly with respect to sales.

Issue 3. Income

The Complainant firstly provided two tables of lease rates for IWS and IWM type buildings located in the SE quadrant. The first containing three leases for older pre-1995 buildings showing a median rate of \$4.00 per square foot and the second containing five leases for newer post-1995 buildings showing a median lease rate of \$5.75 per square foot.

The Complainant then put forward an argument supporting the use of the Income Approach. Firstly, the Complainant applied 182,621 square feet to a \$4.00 per square foot rental rate, a 8% capitalization rate and a 5% vacancy rate to determine a requested assessment of \$8,674,498 or \$47.50 per square foot; and secondly, applied the same area to a \$4.50 per square foot rental rate, a 8% capitalization rate and a 5% vacancy rate to determine a requested assessment of \$9,758,810 or \$53.44 per square foot.

Thirdly, the Complainant provided a table showing the business assessment lease rate for five properties located in the Foothills Industrial District, all at \$4.50 per square foot; and, using the business assessment lease rate for the subject property for 182,621 square feet at \$5.25 per square foot, the same 5% vacancy rate and 8% capitalization rate as above, the Complainant indicated the assessed value as \$11,380,000 or \$62.34 per square foot.

The Respondent firstly provided a table comparing the time adjusted sale price of its four comparables to the value determined by using the \$4.00 per square foot business assessment rent rate, 5% vacancy rate and \$8.00 capitalization rate, to show a median Assessment to Sales Ratio (ASR) of 61%.

The Respondent secondly provided a table of five warehouse leases for addresses located in the SE that gave a median rate of \$6.07 and average of \$6.72 per square foot.

The Board finds that the three rent rates use to determine the indicated assessed values of

\$8,700,000, \$9,750,000 and \$11,380,000, or \$47.40, \$53.44 and \$62.34 per square foot respectively, all support a lower assessed value.

Issue 2. Equity

The Complainant submitted a table of containing two sets of equity comparables the first containing two located in central region of Manchester, and the second eight located in the SE region of Foothills, varying from the subject property as summarized below. The average of the two medians was given by the Respondent as \$59.02 per square foot, indicating an assessed value of \$10,770,000.

Influence	Complainant Min	Respondent Min	Subject	Complainant Max	Respondent Max
Year of Construction (Year)	1961	1961	1968	1978	1981
Site Coverage (%)	47	46	55	89	70
Finish (%)	1	4	7	16	16
Parcel Size (Acres)	3.01	4.57	7.09	13.83	12.77
Building Area (Sq.Ft)	119,377	130,184	173,352	346,545	262,250
Rate (\$/Sq.Ft)	51.15	60	70.78	65.95	83

The Respondent submitted seven equity comparables, all zoned I-G, two located in the central region and five in the SE, all of IWS building type varying from the subject property as summarized above.

Based on its consideration of the foregoing evidence and argument the Board finds that the subject property may not have been fairly assessed with respect to equity, and that \$59.02 per square foot represents a more fair indication of value for 308,840 square feet or \$10,776,291.

Summary:

The Complainant referenced *Alberta Municipal Government Board Order MGB 037/99, Notice of Decision DL 041/06, and the City of Calgary 2005 Capitalization Rate Study*, as well as its submission C-2.

The Respondent referenced in tis submission *Calgary Assessment Review Board ARB 0638/2010-P, ARB 0522/2010-P and Alberta Municipal Government Board DL 068/08*.

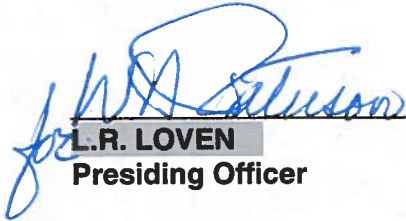
The valuation method applied in this instance was the Sales Comparison Approach. The use of this approach to value is contextually allowed in the legislation. The Complainant advanced an argument that supported the use of the Income Approach.

The \$59.02 per square foot indicated assessment rate was supported by the Complainant's requested values per square foot as determined by the income approach and the Complainants equity comparables.

Board's Decision:

For the reasons set forth above, the assessment of the subject property is hereby adjusted as follows: \$10,770,000.

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.*