

**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 Ltd., COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

L. Wood, PRESIDING OFFICER

P. Grace, MEMBER

B. Jerchel, 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:	090089806
LOCATION ADDRESS:	201 42 AVENUE SE
HEARING NUMBER:	58873
ASSESSMENT:	\$10,130,000

This complaint was heard on 30th day of August, 2010 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 9.

Appeared on behalf of the Complainant:

- *Mr. R. Worthington*

Appeared on behalf of the Respondent:

- *Mr. J. Young*

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

There were no procedural or jurisdictional matters raised by the parties during the hearing.

Property Description:

The subject property is comprised of two single tenant warehouses located on a 9.03 acre site in Manchester Industrial. The first warehouse has 52,296 sq ft of rentable building area, built in 1967; the second has 11,918 sq ft of rentable building area, built in 1973. The land is zoned I-G, Industrial General. The site coverage ratio is 16.25.

Issues:

1. The characteristics & physical condition of the subject property support the use of the income approach utilizing typical market factors for rent, vacancy, management, non recoverables and cap rates, indicating an assessment market value of \$116 psf.
2. The aggregate assessment per square foot applied to the subject property does not reflect the market value for assessment purposes when using the direct sales comparison approach and should be \$99 psf.
3. The aggregate assessment per square foot applied is inequitable with the assessments of other similar and competing properties and should be \$108 psf.
4. The additional land adjustment is incorrect because of topography, rights-of-way influences, inability to sub-divide, encumbrances, shape, access and influences.

Complainant's Requested Value: \$6,100,000

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

The Board notes that there were several statements on the appendix to the complaint form; however, it will only address those issues that were raised at the hearing. The issues reflect the rates per square foot as indicated at the hearing as opposed to the complaint form.

The characteristics & physical condition of the subject property support the use of

the income approach utilizing typical market factors for rent, vacancy, management, non recoverables and cap rates, indicating an assessment market value of \$116 psf.

The Complainant submitted several lease comparables for the Board's consideration and indicated a typical rental rate of \$8.00 psf (Exhibit C1 page 15). The Complainant submitted an 8% capitalization rate and 5% vacancy rate, which were uncontested by the Respondent, to arrive at an assessed value of \$6,100,330 (Exhibit C1 page 16).

The Board is not convinced the income approach to value is appropriate in this instance. The Complainant did not provide any income data that was pertinent to the subject property. The Board also had questions in regards to the lease comparables that were provided by the Complainant (Exhibit C1 page 15). It was unclear as to why two lease charts were presented. The Board also noted that the site coverage was not provided for any of the lease comparables.

Moreover, there is a substantial amount of land which was not accounted for in the Complainant's calculation.

The income approach to value appears to under value every sale that was presented by both parties and as a result, the Assessment to Sales Ratios (ASRs) are too low (Exhibit C1 page 19; Exhibit R1 pages 50 & 51).

The aggregate assessment per square foot applied to the subject property does not reflect the market value for assessment purposes when using the direct sales comparison approach and should be \$99 psf.

The Complainant presented several sales comparables to suggest a rate of \$99 psf but he was unable to show how that rate was derived (Exhibit C1 page 19). The Board is unable to draw any conclusions from the Complainant's sales comparables because they require too many adjustments. The Board also notes that the site coverage for the comparables is twice that of the subject property.

The Board prefers the sales comparables presented by the Respondent as they are more similar to the subject property (Exhibit R1 page 50).

The aggregate assessment per square foot applied is inequitable with the assessments of other similar and competing properties and should be \$108 psf.

The Complainant presented several equity comparables to show the assessment for the subject property should be \$108 per square foot for the subject property (Exhibit C1 page 17). The Board is unable to draw any conclusions from the Complainant's equity comparables because they require too many adjustments.

However, the Board finds two of the Complainant's best comparables, located at 3005 Ogden Road SE and 4668 25 Street SE, which are assessed at \$173 psf and \$162 psf respectively, support the assessment of the subject property at \$157 psf.

The Board prefers the equity comparables presented by the Respondent because they are more similar to the subject property (Exhibit R1 pages 48 & 49).

The additional land adjustment is incorrect because of topography, rights-of-way influences, inability to sub-divide, encumbrances, shape, access and influences.

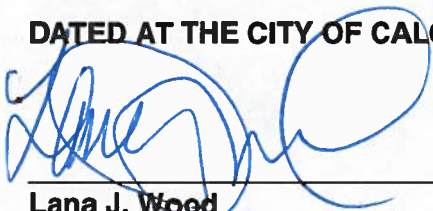
The Board notes that the subject property has a substantial amount of excess land that was not in dispute. The Complainant admitted the excess land provides additional value; however, it was not mentioned or accounted for in the Complainant's calculations or comparables. The Board finds the land component is the biggest consideration to a value change in this instance.

The Board also notes that the Complainant did not take issue with the triangular shape of the parcel of land. There was no evidence put forward that a shape influence is warranted or what adjustment is required.

Board's Decision:

The decision of the Board is to confirm the 2010 assessment for the subject property at \$10,130,000.

DATED AT THE CITY OF CALGARY THIS 14 DAY OF SEPTEMBER 2010.



Lana J. Wood
Presiding Officer

APPENDIX A**DOCUMENTS RECEIVED AND CONSIDERED BY THE ASSESSMENT REVIEW BOARD:**

NO.	ITEM
Exhibit C1	Evidence Submission of the Complainant
Exhibit C2	Altus Binder
Exhibit C3	Assessment Review Board decisions & legislation excerpts
Exhibit R1	City of Calgary's Assessment Brief

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.*