

**CALGARY  
COMPOSITE ASSESSMENT REVIEW BOARD (CARB)  
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:**

***J. Fleming, PRESIDING OFFICER***

***T. Usselman, MEMBER***

***P. Pask, 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: 067233007**

**LOCATION ADDRESS: 1215 9 Ave, SW**

**HEARING NUMBER: 57486**

**ASSESSMENT: \$14,250,000**

This complaint was heard on 7<sup>th</sup> day of September, 2010 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom.11.

Appeared on behalf of the Complainant:

- G. Worsley *for the Complainant*

Appeared on behalf of the Respondent:

- D. Thistle; City of Calgary *for Respondent*

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

There were no procedural or administrative matters raised.

**Property Description:**

The property is a 79,222 square foot parcel of land improved with a 24,398 square foot, 1 storey building built in 1995, and leased to Staples. The property is zoned Direct Control with guidelines "to provide for a mix of commercial, light industrial and residential uses". The property was valued on the Sales Comparison Valuation Approach.

**Issues:**

What is the appropriate method of valuation for the subject property?

**Complainant's Requested Value:**

\$4,390,000

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

The Sales comparison method of valuation is an appropriate method to be used for the subject property.

**Board's Decision:**

The complaint is denied and the assessment is confirmed at \$14,250,000

**REASONS:**

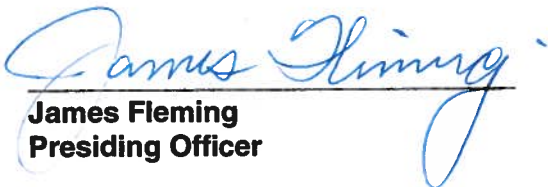
The Complainant noted that the previous year's assessment had been completed based on the income approach to value, and there had been no change to the zoning or the leasing in the property which would justify a change in the method of assessment. The requested value of \$4,390,000 is the same as the 2007 assessment and is calculated based on a rent of \$15.00 per square foot established from the Business Assessment for Staples (the tenant in the subject) in other parts of the City. The Complainant objected to the Respondents use of the land value (as if vacant) asserting that the highest and best use of the property was as developed, and that at the very least, the land value did not recognize lease buy-out costs or demolition cost of the improvement.

The Respondent acknowledged that the previous year's assessment had been based on the income approach to value but noted that the Assessment is an annual activity and the City is entitled to select the method of valuation from among the acceptable options. This year they had selected the sales comparison approach which was well supported by sales comparables in the vicinity with identical zoning (R1 pg. 41) and land sales in the same area (R1 pg. 43). These sales dated from June 2006 to July 2009; were not time adjusted, and they supported values averaging \$221.84 and medians of 233.13. The subject property was assessed at \$200.00 per square foot.

The CARB considered the evidence of both parties. The Complainant was potentially under a dual burden in this complaint. The first burden was to convince the CARB that the Sales Comparison method was not the appropriate valuation method for the property and the second burden was to establish the attributes for the Income Approach if that method was found to be appropriate. The Complainant argued that the principle of Highest and Best Use (H&BU) would support valuation on the income approach. The CARB reviewed the information of the Complainant and accepted that "the highest and best use generates the highest net return over a reasonable period of time" (C2 pg.45). The argument continued that H&BU also required a deduction for demolition and buying out any lease interest in the property. The CARB notes that the assessment is based on "fee simple" which would not recognize the lease buyout costs. The CARB concludes that the land value approach would generate the highest net return over a reasonable period of time (with a value three times the value of the income approach) and that the lease buyout cost should not be considered in a fee simple analysis (the demolition cost was admitted to be under 2% of the value and so not particularly significant in the analysis). The Respondent included reference to two MGB decisions MGB 160/02 and MGB 020/03 both of which speak to the City's ability to choose the method of valuation. While these decisions are both over 7 years old, there was no evidence brought forward to invalidate the principles contained in the orders. The Complainant raised a number of questions concerning the validity of the Respondents land value comparables, but in the final analysis did not offer any alternative reasonable land values for the CARB to consider.

Accordingly, based on the CARB's acceptance of the Sales Comparison method, it was not necessary to consider the appropriate attributes of the income approach to value. In addition, the lack of any specific alternatives to the land value put forward by the City leads the CARB to confirm that assessment as noted above

DATED AT THE CITY OF CALGARY THIS 17 DAY OF September 2010.

  
James Fleming  
Presiding Officer

#### APPENDIX "A"

#### DOCUMENTS RECEIVED AND CONSIDERED BY THE CARB

No.	Item	
1.	Exhibit C1	Completed Complaint Form
2.	Exhibit C2	Complainant's Brief
3.	Exhibit C3	Complainant's Rebuttal
4.	Exhibit R1	Respondent's 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.*