

**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 Property assessment prepared by the Assessor of The City of Calgary and entered in the 2010 Assessment Roll as follows:

ROLL NUMBER: 101016400

LOCATION ADDRESS: 6439 2 STREET SE

HEARING NUMBER: 58948

ASSESSMENT: \$4,710,000

This complaint was heard on 2nd day of September, 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:

- Ms. C. Van Staden

Appeared on behalf of the Respondent:

- Mr. J. Lepine

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

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

Property Description:

The subject property is a multi tenant warehouse with a rentable building area of 30,000 sq ft., located on a 3.62 acre site in South Manchester. The building was constructed in 1969. The land use designation is I-G Industrial General. The site coverage ratio is 19.03.

Issues: (as indicated on the complaint form)

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 \$119 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 \$114 psf.
3. The aggregate assessment per square foot applied is inequitable with the assessments of other similar and competing properties and should be \$136 psf.

Complainant's Requested Value: \$3,420,000

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 \$119 psf.

The Complainant submitted that the subject property should be assessed based on the income approach to value. She presented the rent roll for the subject property in support of a rental rate of \$9.50 psf (Exhibit C1 pages 14 & 15). The Complainant submitted ninety lease rates that commenced during the period of 2007- 2009 to derive a typical lease rate of \$9.25 (Exhibit C1

pages 17-19). The Complainant presented a median lease rate of \$10.00 psf using those leases that commenced in 2008- 2009. Applying a \$10 psf rental rate, an 8% capitalization rate and a 5% vacancy rate, the Complainant derived a value of \$3,562,500 for the subject property (Exhibit C1 page 20).

The Board finds the rent roll provides little assistance because there are no start dates for the subject's leases, the areas are not identified, and the rents for each space are not clearly stated on the rent roll. The Board is also not convinced by the ninety lease rates as submitted by the Complainant because they lack specific details to determine comparability with the subject property such as the square footage of each of the respective leased spaces.

As such the Board is not convinced that the income approach to value is the preferred method of valuation in this instance.

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 \$114 psf.

The Complainant provided eleven sales comparables and indicated a rate of \$114 psf is appropriate for the subject property (Exhibit C1 page 22). The Complainant submitted that these sales comparables require numerous adjustments but failed to provide the Board with any parameters for these adjustments. The Respondent provided ten sales comparables with only one located in the Central quadrant and it has a time adjusted sales price of \$216 psf whereas the subject property is assessed at \$157 psf (Exhibit R1 page 41). As such, the Board finds the sales comparables presented by both parties inconclusive.

The aggregate assessment per square foot applied is inequitable with the assessments of other similar and competing properties and should be \$136 psf.

The Complainant presented sixteen equity comparables and suggested that the assessment be reduced between \$136 and \$149 psf (Exhibit C1 page 21). The Complainant submitted that these equity comparables require numerous adjustments but failed to provide the Board with any parameters for these adjustments. The Respondent provided seven equity comparables in support of the assessment. With the exception of one, the Respondent's equity comparables are multi building sites and none of the equity comparables are similar to the subject property (Exhibit R1 page 40). As such, the Board finds the equity comparables presented by both parties inconclusive.

The onus is on the Complainant to provide sufficient evidence to bring the assessment into dispute. This was not done in this instance.

Board's Decision:

The decision of the Board is to confirm the 2010 assessment for the subject property at \$4,710,000.

DATED AT THE CITY OF CALGARY THIS 28 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.*