

**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 Ltd., COMPLAINANT***

**and**

***The City Of Calgary, RESPONDENT***

**before:**

***Steven C. Kashuba, PRESIDING OFFICER***

***M. Peters, 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: 091035402**

**LOCATION ADDRESS: 4040 Blackfoot Trail SE**

**HEARING NUMBER: 56319**

**ASSESSMENT: \$10,940,000**

This complaint was heard on 30<sup>th</sup> day of September, 2010 at the office of the Assessment Review Board located at Floor Number 4, 1212-31 Avenue NE, Calgary, Alberta, Boardroom 4.

Appeared on behalf of the Complainant:

- C. Van Staden

Appeared on behalf of the Respondent:

- Todd Luchak

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

There were no procedural or jurisdictional matters raised.

**Property Description:**

The subject property, located at 4040 Blackfoot Trail SE in the Highfield subdivision, has a Land Use Designation of I-G, a building type of *industrial warehouse multiple-bay*, and its year of construction is 1956. The area of the site is 4.82 acres and the warehouse covers 47% of this area. The footprint of the warehouse is 98,282 square feet with a rentable area of 146,781 square feet, of which 36% is *finished office space*. The warehouse is assessed at \$74 per square foot for a total assessment of \$10,940,000.

**Issues:**

1. The income stream of the subject property does not support the assessment, and
2. Equity comparables indicate that the subject property is over-assessed.

**Complainant's Requested Value:** \$9,500,000

**Issue #1: Income Approach to Market Value:**

**Position of Complainant:**

In support of their request for a reduction in the assessment, the Complainant presented four pictorial graphs (C-1, pages 21 – 22) which reflect market trends for the past two years. Specifically, references are made to *the lack of real estate investment dollars, vacancy and capitalization rate in the Calgary commercial, retail and industrial markets*. This report, in the view of the Complainant, does support their request for an application of a rent rate of \$5.45 per square foot as opposed to the Respondent's use of a \$6.28 rate per square foot (C-1, page 24). By applying this rate per square foot to the total rental area, the Complainant arrives at a reduced assessment of \$9,380,000.

As regards a request for the application of a rent rate of \$5.45 per square foot, the Complainant submitted the subject's rent roll as at December 01, 2009 which shows the following:

1. An *expected* rate of \$5.06 for 12,516 square feet of vacant space since August 31, 2009,

2. A base rate of \$11.60 per square foot for 47,925 square feet of cash casino space, and
3. A base rate of \$2.02 per square foot for 84,559 square feet of *Blackfoot Self Storage*.

**Position of Respondent:**

The Respondent did not submit evidence in way of the use of an income approach to market value.

**Findings and Decision of Board as Regards Issue #1:**

In examining the rental rates obtained in the subject property, the Board finds that the rate of \$5.06 for '*expected rent*' is not supported in the evidence provided by the Complainant. In this regard the Board notes that this particular area of the warehouse has been vacant since August 31, 2009 without the provision of any information as to the reason for the vacancy. As for the 84,559 square feet of Blackfoot Self Storage, the Board notes, from the photographs presented, that this area of the warehouse does not give the appearance of being utilized in the traditional way as '*self storage*' space thereby bringing into question its actual use. As for the area of the warehouse set aside as *Cash Casino* space, the Board concludes that a rental rate of \$11.60 per square foot exceeds the Respondent's application of a rate of \$6.28 per square foot for the warehouse.

**Issue #2: Equity Approach to Assessment:****Position of Complainant:**

To support a request for a reduced assessment based upon equity, the Complainant presented two comparables (C-1, page 26). While the subject is assessed at \$74 per square foot, the two comparables are assessed at \$73.75 and \$68.87 per square foot, respectively. As to the question of these values being close to the assessment value, the Complainant submitted that *the comparables would need a considerable age adjustment downwards in order to be comparable* through which a lower value per square foot would be attained.

Finally, the Complainant, in support of their request for a lower assessment, presented five recent CARB decisions (C-1, pages 31 – 67).

**Position of Respondent:**

To support the assessment, the Respondent presented five equity comparables (R-1, page 21) which exhibit similar characteristics and which reflect a range of values per square foot of \$71 to \$87 while the subject is assessed at \$75 per square foot.

In addition to the equity comparables, the Respondent presented four sales comparables (R-1, page 22). These comparables show that the time-adjusted sale price per square foot ranges from \$71 to \$147. In this regard, the Respondent submitted that the best comparable is located at 536 – 42 Avenue SE and which reflects a time-adjusted value of \$115 per square foot.

Finally, the Respondent performed a mathematical test by using the Complainant's sales comparables (R-1, page 23), and applying to each the Complainant's request of a rental rate \$5.45. The resultant ASRs (Assessment to Sales Ratio) range from 0.42 to 0.86, thereby

bringing into question the use of rental rates which deviate considerably from the statistical norm of 1.00. In conclusion, the Respondent submitted that a rental rate of \$5.45 per square foot cannot be supported.

**Findings and Decision of Board as Regards Issue #2:**

The Board finds that the two equity comparables presented by the Complainant do support the assessment when a value of \$74 per square foot is applied to these. Although the two comparables are somewhat newer than the subject property, insufficient information was provided by the Complainant about the properties through which the Board would be able to accept the Complainant's position that *'the comparables would need a considerable age adjustment downwards in order to be comparable.'*

As for the Complainant's presentation of previous CARB decisions to support a reduced assessment, the Board finds that the particulars in these appeals differ from those in this particular appeal.

The Board finds the Respondent's equity and sales comparables to be compelling in that they support the assessment of the subject property.

**Board's Decision:**

It is the decision of the Board to confirm the assessment of the subject property for 2010 at \$10,940,000.

**Reasons:**

The Board is persuaded by the equity and sales comparables presented by the Respondent. As for the evidence submitted by the Complainant, the Board places little weight upon the use of the subject's income stream to support a reduction in the assessment.

DATED AT THE CITY OF CALGARY THIS 18 DAY OF OCTOBER 2010.



Steven C. Kashuba

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.*