

**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: 091026401

LOCATION ADDRESS: 1135 – 44 Avenue SE

HEARING NUMBER: 59681

ASSESSMENT: \$3,240,000.

This complaint was heard on 30th 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:

- *T. Luchak*

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

There were no procedural or jurisdictional matters raised.

Property Description:

Located at 1135 – 44 Avenue SE in the Community of Highfield, the subject property is an industrial warehouse with multiple bays. Constructed in 1978, the warehouse sits on 84,506 square feet of land, has a floor rental area of 21,504 square feet, and 18% of its space is finished and allocated to offices. The warehouse is assessed at a rate of \$150 per square foot, and the current assessment is \$3,240,000.

Issues:

1. The income stream of the subject property does not support its assessment, and
2. Sales comparables do not support the assessment.

Complainant's Requested Value: \$2,270,000.

Issue #1: Income Approach

Position of Complainant

It is the position of the Complainant that a rental rate of \$8.75 should be applied to the subject property rather than the \$12.69 as applied by the Respondent. In support of this position, the Complainant presented the rent roll as at July 1, 2009 (C-1, page 22) which shows that the lease rates are at \$10, \$7, and \$8.75 per square foot for the three leases. To further support their request for a reduced rent rate, the Complainant presented five lease comparables (C-1, page 23) which reflect a median of \$7.75 per square foot. By taking into consideration the area of each lease and applying the appropriate lease rate as gleaned from the lease comparables of \$10, \$7.25, and \$7.75, respectively, per square foot, and inserting these amounts into the Pro-Forma (C-1, page 24), the Complainant calculates an assessment value of \$2,100,000.

Position of Respondent

The Respondent presented four equity comparables to support the assessment (R-1, page 18) which are located in the same sector of the City as the subject property and which

show that the rate of \$151 per square foot is supported. The equity comparables exhibit similar characteristics with respect to site coverage, rentable area, and finish. The Respondent pointed out that the assessment amount per square foot in each case exceeds the rate applied to the subject property.

Findings and Decision of Board

The Board places little weight upon the Complainant's request for the application of a lease rate less than that determined by the Respondent in that the rent rates evident in the subject property and applied by the Complainant in their Pro-Forma do not necessarily reflect industry *typicals*. Further to this, the lease comparables presented by the Complainant lack sufficient detail through which the Board might be able to make a valid judgement as to their applicability.

Although the Respondent did not present lease comparables to support the assessment, the Board finds that the equity comparables presented by the Respondent do support the assessment.

Issue #2: Sales Comparisons

Position of Complainant

To support a reduction in the assessment, the Complainant presented one sales comparison (C-1, page 26) which shows that the property sold for a value of \$117.99 per square foot as opposed to the assessed value of \$151 per square foot (R-1, page 18).

Position of Respondent

To support the assessment, the Respondent presented four sales comparables (R-1, page 19) which show that the sales attained a median value of \$207 per square foot. In addition, the Respondent analyzed the four sales by applying the Complainant's request of \$8.90 per square foot to its sales and a rate of \$8.25 to the one sale presented by the Complainant. The resultant Assessment to Sales Ratio (R-1, page 26) falls in the range of 0.41 to 0.81 with a median of 0.50. This, in the submission of the Respondent, proves that a far higher value per square foot must be used in order to arrive at an ASR value closer to the statistical value of 1.00.

Finally, the Respondent presented several CARB and MGB decisions in support of their assessment (R-1, pages 27 – 92).

Findings and Decision of Board

The Board finds that the *one* sale comparable as presented by the Complainant is not sufficient proof that the assessment is too high. The Complainant did present several recent CARB decisions in support of their request; however, the Board finds that the particulars of those decisions are considerably different from the particulars of this complaint.

In contrast, the Board finds that the Respondent presented four sales which reflect characteristics similar to those of the subject property and which do support the assessment.

Board's Decision:

It is the decision of the Board to confirm the assessment of the subject property for 2010 at \$3,240,000.

Reasons:

The Board is persuaded by the equity and sales comparables presented by the Respondent and places little weight upon the one sales comparable presented by the Complainant. As for the rent rates currently in place in the subject property, the Board concludes that these rates do not necessarily reflect the typical rates found in industrial warehouses in this particular sector of the City. Further to this, the Board places little weight upon the Complainant's rent comparables in that too little detail is provided through which the Board might be able to make a valid judgement as to their applicability.

For these reasons, the Board concludes that the current assessment should not be disturbed.

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.*