

**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

P. Grace, MEMBER

J. Massey, 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: 048040109

LOCATION ADDRESS: 2216 – 27 Avenue NE

HEARING NUMBER: 59778

ASSESSMENT: \$5,470,000

This complaint was heard on 26th day of October, 2010 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 2.

Appeared on behalf of the Complainant:

- *G. Kerslake*

Appeared on behalf of the Respondent:

- *R. Powell*

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

There were no procedural or jurisdictional matters presented.

Property Description:

The subject property, located at 2216 – 27 Avenue NE, is a multi-tenant industrial warehouse constructed in 1980. It consists of two buildings both of which are two-storey in height with a total net rentable area of 51,500 square feet. Building #1 has a rentable area of 30,712 square feet while Building #2 has a net rentable area of 20,848 square feet. The current assessment is based upon a value of \$107 per square foot while the Complainant requests that a value of \$89 per square foot be applied for a total of \$4,590,000. The current assessment is set at \$5,470,000.

Issues:

1. The income approach to market value does not support the current assessment, and
2. Equity comparables indicate that the subject property is over-assessed.

Complainant's Requested Value: \$4,590,000.

Complainant's Position as Regards the Income Issue:

In support of their request for a reduction to the assessment amount based upon the subject's income stream, the Complainant extended their argument that the Income Approach to Value is the most appropriate approach for establishing the 2010 property assessments on income producing industrial properties by making reference to legislation, the TSX Composite Index, and the Collier capitalization rate information (C-1, pages 12 – 20). By applying the median net rental rates derived from the subject property of \$8.00, \$7.33, and \$6.04 per square foot, the Complainant arrived at an assessment value of \$89 per square foot applied to a total rentable area of 51,560 square feet for a requested assessment value of \$4,590,000 (C-1, page 21).

Respondent's Position as Regards the Income Approach to Market Value:

The Respondent did not provide any direct evidence on the issue of the use of an income approach to establishing market value.

Findings and Board Decision as Regards the Income Issue:

The Board finds in favour of the Complainant that in this particular case, the income approach to establishing market value can be used and, as a consequence, does support the Complainant's position that the assessment requires a downward adjustment.

Complainant's Position as Regards the Equity Issue:

The Complainant presented six equity comparables which contrast the total rentable area of the subject of 51,560 square feet to that of equity comparables ranging from 43,448 square feet to 58,876 square feet (C-1, page 22). The other variables presented in the table deal with year of construction, finish, lot size, and site coverage. It is the submission of the Complainant that the characteristics of the equity comparables do reflect the attributes of the subject property and by applying a median value of \$90 per square foot, a reduction in the assessment amount is warranted.

Respondent's Position as Regards the Equity Issue:

In support of the current assessment, the Respondent presented two groups of equity comparables, one for Building #1 (R-1, page 21) and a second grouping for Building #2 (R-1, page 22). It is the submission of the Respondent that the assessment of the subject property, which consists of two distinct buildings, should be compared to like buildings. As a result, the first grouping of equity comparables contrasts Building #1 which has a rentable area of 30,712 square feet to similar buildings, while the second grouping contrasts the rentable area of Building #2 of 20,848 square feet to buildings of similar rentable area.

Findings and Board Decision as Regards the Equity Issue:

As to the use of the methodology wherein the total area of the two buildings of 51,560 square feet is compared to the total area of similar buildings, the Board finds in favour of the Complainant and, as a result, places considerable weight upon the rent rates which can be applied to this larger rentable area as opposed to the position of the Respondent wherein they compared the rental rates of the two individual buildings to like areas of equity comparables.

Board's Decision:

It is the decision of the Board to reduce the assessment of the subject property for 2010 from \$5,470,000 to \$4,590,000.

Reasons:

The Board reaches its decision to reduce the assessment of the subject property based upon two considerations:

1. The income stream of the subject property as presented by the Complainant would indicate that the property is over-assessed, and
2. The application of the total area of the two subject buildings to like properties of similar rentable area as presented by the Complainant as being substantially more valid to arrive at an assessment amount in contrast to the Respondent's use of the market value of each building and comparing these to like properties.

It is for these reasons that the Board concludes that the assessment should be reduced in order to arrive at a fair and correct amount.

DATED AT THE CITY OF CALGARY THIS 3 DAY OF November 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.*