

**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-26.1, Section 460(4).

between:

Altus Group Ltd., *COMPLAINANT*

and

The City Of Calgary, RESPONDENT

before:

J. Noonan, *PRESIDING OFFICER*

J. O'Hearn, *MEMBER*

K. Coolidge, *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:	048075204
LOCATION ADDRESS:	3000 15 St NE
HEARING NUMBER:	59805
ASSESSMENT:	\$8,690,000

This complaint was heard on the 20th day of October, 2010 at the office of the Assessment Review Board located at the 4th Floor, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 2.

Appeared on behalf of the Complainant:

- G. Kerslake, Sr. Director - Altus Group Ltd.

Appeared on behalf of the Respondent:

- M. Lau, A. Doborski, Assessors - *The City of Calgary*

Property Description:

The subject is located at 3000 15 St NE, Calgary. It is a single-tenanted warehouse with a 48,654 sq. ft. footprint and 54,774 sq. ft. of net rentable area built in 1999 on 6.12 acres for site coverage of 18.26%. The assessment includes 2.63 acres of extra land and works out to \$158 per sq. ft., prepared by the direct sales comparison approach. The assessed value is \$8,690,000.

Issues:

From a lengthy list of grounds for complaint identified on the complaint form, evidence and argument at the hearing addressed the following:

1. Is there merit in the Complainant's approach of testing the assessment by finding a value for the subject at typical site coverage and then adding a value for extra land?
2. In such a test, what is typical site coverage and how should the extra land be valued?

Board's Findings in Respect of Each Matter or Issue:

1. Value at typical coverage

The Complainant advanced 3 sales comparables and 7 equity comparables to find a per sq. ft. value for the subject as if it had typical site coverage. The 3 sales showed time-adjusted sales prices (TASP) of \$95, \$103, and \$135 per sq. ft. and the median \$103 was used to generate a building value of \$5.66 million. Alternately, an equity analysis showed assessments ranging from \$108 - \$129 per sq. ft., and the median \$110 when applied to the subject resulted in a value of \$6.03 million.

The Respondent defended the assessment with 3 sales comparables, 2 with site coverage in the 24% range, showing TASP's of \$131, \$149, and \$170 per sq. ft. and the subject being within this range at \$159. Five equity comparables were presented: two with site coverage's of 24% showed assessed rates of \$142 and \$150 per sq. ft., one comp. with 29% coverage was at \$129, and two comps had been adjusted to 30% coverage with extra land adjustments added. These two comps were valued at \$123 and \$127 prior to adjustment.

The Composite Assessment Review Board (CARB) finds the Complainant's method to be a variation of the cost approach, and is willing to at least examine the exercise.

The CARB found the sales comparables from both parties of limited use. The Complainant's sales were hampered by lack of comparability in improvement size in 2 cases, and the Board felt that the effort to find a reasonable value per sq. ft. with typical site coverage had not been fruitful. The Respondent's sales, advanced in support of a different premise, were somewhat supportive of the assessment, but did not convince the Board that the subject's lower site coverage had been treated fairly.

The equity comparables, on the other hand, were instructive: in the Respondent's list were 3 with site coverage of 29%-30%, the two at 30% having been adjusted as mentioned previously. These properties showed a tight range of value from \$123 - \$129. Using a median \$127 from this tight range is defensible, and yields an expected value of \$6,956,000 for the subject property if it exhibited typical site coverage.

2. Extra Land

The Complainant explained that prior to last year's assessment, the Respondent's methodology was to determine 30% typical site coverage for warehouses, and then value any remainder land at 60% or 100% of the vacant land rate, depending upon severability. Here, the Complainant took 60% of the vacant land value (\$900,000 on the basis of two sales) for the first 2 acres, and for the remaining .4 acre, 60% of \$300,000 applied to 2+ acres of vacant land. This calculation produced an extra land value of \$1,193,320 which when added to the equity request for the typical improvement yielded a final requested assessment of \$7,224,148 or \$132 per sq. ft.

The Respondent explained that the typical site coverage is now considered to be 32% and that extra land is now valued within the model.

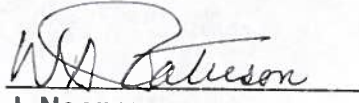
The model results were not clearly explained, or not clearly understood by the CARB. For instance, oral evidence was heard that typical site coverage is now deemed to be 32%, yet the Respondent's equity comparables which required an out-of-model extra land adjustment were shown with site coverage of 30%. In the interest of equity, the Board found the extra land here to be 2.4 acres rather than 2.63 acres. In a similar vein, the out-of-model extra land adjustments yielded dissimilar per acre values. The CARB found the valuation procedure related to extra land less than opaque. This finding lent credence to the Complainant's methodology, which the Board followed in arriving at its decision.

The Board found the appropriate vacant land rate to be \$350,000 per acre for 2+ acres as referenced in CARB 1366/2010P. For the subject's 2.4 acres, the resulting value is \$840,000 which when added to the typical building value of \$6,956,000 produces \$7,790,000 truncated, or \$142 per sq. ft.

Board Decisions on the Issues:

The Board reduces the assessment to \$7,790,000.

DATED AT THE CITY OF CALGARY THIS 28 DAY OF OCTOBER 2010.


J. Noonan
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.*