

**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, Revised Statutes of Alberta 2000 (the Act).

between:

Sun Life Assurance Company of Canada (as represented by MNP LLP), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

***Tom Golden, PRESIDING OFFICER
B Jerchel, MEMBER
J Lam, MEMBER***

This is a complaint to the Calgary Assessment Review Board in respect of a property assessment prepared by the Assessor of The City of Calgary and entered in the 2012 Assessment Roll as follows:

ROLL NUMBER: 094220308
LOCATION ADDRESS: 5251 48 AV SE
FILE NUMBER: 65894
ASSESSMENT: \$10,120,000.00

This complaint was heard on 02 day of August, 2012 at the office of the Assessment Review Board located at Floor Number 4 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 5.

Appeared on behalf of the Complainant:

- *M. Uhryn*

Appeared on behalf of the Respondent:

- *I. McDermott*
L. Cheng

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

[1] There were not procedural issue to consider.

Property Description:

[2] This is an industrial parcel occupied by a warehouse. The structure contains 96,076 square feet (sq ft) and was built in the year 2000. The parcel size is 5.42 acres. An assessment was prepared using the direct comparison approach to valuation and no adjustments were applied.

Issues:

[3] Is the direct comparison approach the proper method to value the subject property.

[4] Would an income approach be more applicable and should the assessment be adjusted based on the Complainant's calculations.

Complainant's Requested Value: \$9,460,000.00

Board's Decision in Respect of the Method of Valuation:

[5] The Complainant produced rent roles for the subject property for a three year period demonstrating that one bay has been vacant for three consecutive years. This vacant bay contains 32,234 sq ft and comprises approximately 30% of the entire area of the warehouse structure. The owners of the subject property had attempted to lease out the area via a leasing agent but had been unsuccessful to date.

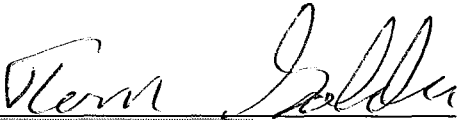
[6] A direct comparison approach does not recognise what the Complainant characterised as a chronic vacancy. To address this issue the Complainant prepared an income approach with a vacancy rate appropriate to the subject. A rental rate was developed from 3 comparable properties, a cap rate was taken from third party reports and the actual 30% vacancy rate was applied. The calculation resulted in the requested assessment.

- [7] The Respondent stressed that the inputs to the income approach presented by the Complainant were unsubstantiated and therefore the current method of assessment used should not be overturned. The City does not make an adjustment for vacancy in this type of industrial property.
- [8] The Board understood that there seems to be a 30% vacancy for some period of time. However the Complainant could not point to any particular feature of the structure or the property or land location that may account for the vacancy being experienced. The board then reviewed the inputs to the income approach and found the calculation to be flawed. Little weight was given to the cap rate used as there was no information about how the rate was developed by the third party source. A vacancy rate of 30% was also unreasonable and not considered to be typical for warehouse uses in the area.
- [9] In summary the Board was not convinced the subject property was substandard in any way and income approach was inadequate to move the Board to amend the assessment.

Board's Decision:

- [10] The assessment is confirmed at \$10,120,000.00.

DATED AT THE CITY OF CALGARY THIS 17th DAY OF Aug 2012.



Presiding Officer

APPENDIX "A"**DOCUMENTS PRESENTED AT THE HEARING
AND CONSIDERED BY THE BOARD:**

NO.	ITEM
1. C1	Complainant Disclosure
2. R2	Respondent Disclosure

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.*

Appeal Type	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	Industrial	warehouse	Sales Approach	Vacancy