

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

between:

708214 Alberta Ltd. (as represented by Altus Group Ltd.), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

M. Chilibeck, PRESIDING OFFICER

K. Farn, MEMBER

P. Charuk, 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 2011 Assessment Roll as follows:

ROLL NUMBER: 100014109

LOCATION ADDRESS: 1035 – 64 AV SE

HEARING NUMBER: 64634

ASSESSMENT: \$6,530,000

This complaint was heard on 7th day of July, 2011 at the office of the Assessment Review Board located in Boardroom 2 on Floor Number 4 at 1212 – 31 Avenue NE, Calgary, Alberta.

Appeared on behalf of the Complainant:

- R. Worthington

Appeared on behalf of the Respondent:

- T. Luchak

Observer:

- L. Yakimchuk, MGB Member

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

Neither party objected to a member of the Board hearing the complaint.

Property Description:

Subject is a single tenant property, constructed in 1977 with an assessable building area of 61,401 sq ft with 91% office finish and a footprint of 35,343 sq ft. on a parcel of land containing 2.63 acres. The site coverage is 30.8% and the Land use Guideline (LUG) is IG (Industrial General). It is located in the Burns Industrial District of Central Region of SE Calgary.

The property is assessed at \$106 per sq ft of building area and is determined by the sales comparison method.

Issues:

The Complainant identified several issues on the complaint form and in the documentary evidence disclosure. Basically the issue is:

1. The assessment for the subject property should be determined by the capitalized income method

Complainant's Requested Value: \$5,120,000

Board's Findings in Respect of Each Issue:

1. Income Method

The Board in decision 1292-2011-P, file 63068 accepted the request from the Complainant and Respondent to carry forward their evidence and argument regarding the income method and cap rate analysis and the Board's decision on this issue to the hearing of this complaint. The Board quotes the decision on this matter as follows.

"The Board finds that the Complainant has made their point regarding the income method however; the Board finds the Assessor is not bound by any legislation to use a specific method of valuing property. The

assessor is required to assess property at its market value and the Board accepts there are three generally accepted methods of valuing property, one of them being the income method and another being the sales comparison method. It is not the responsibility of the Board to pass judgement as to the method to be used by the assessor. The Board's responsibility is to make a decision whether an assessment is correctly valued at market value or equitably assessed to similar property. In making a decision, the Board will determine each decision based on evidence and argument presented on each complaint. This issue has been decided by several previous Board decisions and the Board is not persuaded to make a decision otherwise."

The Complainant provided the following in support for the rent rate of \$7.25 used in the capitalized income method for a requested assessment of \$5,120,000.

- 1) Seven business assessment rate comparables with a median of \$5.75 per sq ft.
- 2) The business assessment rate of \$7.25 of the subject.
- 3) Seven lease rate comparable from two buildings, one in Alyth/Bonnybrook District and one from Manchester Industrial District.

The Respondent provided the following in rebuttal to the complainant's rent rate.

1. An ARFI (Assessment Request for Information) for the subject showing the property occupied by one tenant and the annual rental rate at \$9.41 per sq ft.

The Board finds that the significant amount of office finish in the subject (at 91%) is a significant characteristic influencing the valuation of the subject. The Complainant did not provide the amount of office finish for the lease rate comparables or the business assessment rate comparables. Therefore the Board placed little weight on these comparables.

The Board finds the ARFI compelling. At the actual lease rate of \$9.41 per sq ft, and using the Complainant's capitalized income factors, this would produce a value in excess of the assessment.

Therefore, based on the foregoing, the Board is not persuaded to change the assessment.

Board's Decision:

The Board's decision is to confirm the assessment at \$6,530,000.

DATED AT THE CITY OF CALGARY THIS 11th DAY OF AUGUST 2011.



**M. Chilibeck
Presiding Officer**

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

NO.	ITEM
1. C1	Complainant Disclosure
2. R1	Respondent Disclosure
3. C3	Complainant Rebuttal for Multiple Roll #'s

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.*

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<i>Decision No. 1322-2011-P</i>		<i>Roll No. 100014109</i>		
<u><i>Subject</i></u>	<u><i>Type</i></u>	<u><i>Issue</i></u>	<u><i>Detail</i></u>	<u><i>Issue</i></u>
CARB	Warehouse	Single Tenant	Income Approach	Net Market Rent