

**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:

**924643 ALBERTA LTD.,
(as represented by Altus Group),
COMPLAINANT**

and

**THE CITY OF CALGARY,
RESPONDENT**

before:

**R. Glenn, PRESIDING OFFICER
A. Zindler, MEMBER
J. Joseph, 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: 048050009
LOCATION ADDRESS: 2222 - 16 AVE NE
FILE NUMBER: 68259
ASSESSMENT: \$9,290,000 (\$104/SF)

This complaint was heard on Wednesday, the 29th day of August, 2012 at the offices of the Assessment Review Board located on Floor Number 4, at 1212 – 31 Avenue NE, in Calgary, Alberta, Boardroom 4.

Appeared on behalf of the Complainant:

- C. Van Staden, Agent for Altus Group

Appeared on behalf of the Respondent:

- G. Bell and L. Cheng, Assessors for the City of Calgary

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

[1] The Complainant indicated that in the Respondent's Brief, in both the Summary of Testimonial Evidence, and the body of the brief, there were certain portions that had not been disclosed previously. The Respondent agreed that these portions of the brief should be redacted. The Board agreed and this was done.

Property Description:

[2] The subject property consists of an industrial warehouse type structure, built in 1968, which is used as a single tenant retail and warehouse facility, operating under the business name of Crossroads Furniture Mart, comprising a total net rentable area of 88,962 SF located in the South Airways district of the City, on a 10.07 acre parcel of land with 20.27% site coverage.

Issues:

- [3] [a] Whether the assessment on the subject property is too high based on:
- [i] sales comparisons,
 - [ii] equity comparisons,
 - [iii] The Income Approach and,
 - [iv] The Cost Approach.

Complainant's Requested Value:

- [4] \$5,450,000 (\$61/SF)

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

The Complainant's Position:

[5] The Complainant starts by asking that their argument and evidence from a previous file (CARB # 1603-2012-P) be applied to this and subsequent files in this series of matters because of the similarity of the properties. The Respondent did not object and so the Board confirmed that would be done and that evidence would be carried forward.

[6] The Complainants initiate their argument by stating that the subject has no direct access to 16th Avenue. They continue by presenting a number of equity and sales comparables as well as a commentary. They suggest that a site coverage adjustment is necessary and is based on the area difference between the subject site coverage ratio and the comparable site coverage ratio.

[7] They further state that adjustments were calculated based both on the site coverage for the footprint, and the actual building area site coverage. Both indicate a similar rate per square foot. However, there does seem to be some confusion as to what the actual requested assessment should be.

[8] The Complainant also comments that their sales comparables all require adjustments to bring them to the subject. The Cost Approach is discussed. No firm conclusions are reached, but an adjusted figure of \$7,910,00 is suggested.

[9] The Complainant goes on to discuss the Respondent's Income Approach to Value, noting a rent rate of \$8.52/SF, a PGI of \$757, 868, a 5.00% vacancy rate as well as a cap rate of 7.75%.to arrive at a market value of \$104.43/SF. The problem with this assessment is that the subject rent rate is only \$5.00/SF, which using the foregoing parameters yields a market value of \$61.29/SF.

[10] The Complainant also presents a Cap Rate Study, but all of the comparables are much newer (and much larger) than the subject.

The Respondent's Position:

[11] The Respondent begins their presentation by noting that the Complainant does a lot of adjustments, but has provided little to clarify the calculations used. They carry on to provide a series of sales and equity comparables, albeit with some noticeable age and size differences.

[12] On cross-examination, the Complainant admitted that they used older sales for comparables because they did not have anything more current. The Respondents note that their best equity comparable for the subject comes from the Complainant's sales comparables located at 3905-29 St NE. The sale price simply supports the subject assessment. They add that you cannot alter a sale.

[13] They go on to say that the Complainant has adjusted many parameters of their comparables, but, they say, the market is determinative.

Board's Decision:

[14] The Board notes that the Complainant's comparables present a range of values on assessment per square foot. The property at 3905 29St NE, (which the Complainant suggests is a sales comparable and the Respondent suggests is its best equity comparable) when all parameters are considered indicates an assessment of \$83/SF. The comparable at 824 41 Ave

NE (which both parties agree is an equity comparable) indicates an assessment of \$77/SF. The third comparable located at 1939 Centre Ave NE (which the Complainant indicates is its best sales comparable) suggests an assessment of \$93/SF.

[15] The comparable at 1939 Centre St NE has the same assessable area as the subject, 14% smaller lot size, slightly higher site coverage and is 38 years old whereas the subject is 43 years old. Unfortunately, there is no Real Net Report to provide assistance.

[16] The Respondent presents 7 sales comparables which are much newer buildings and the only similar vintage property is at 7130 Fisher Road Rd SE, which is not a comparable location. The Respondent's 3 NE comparables were built in 1990, 1997, and 2000 respectively.

[17] In light of the comparables presented, the Board believes the assessment should be reduced, however, the Complainant has not provided an adequate rationale for the requested reduction to \$5,450,000 (\$61/SF). The straight numerical average of the first 3 assessments which were commented on earlier is: \$84.33/SF, or a total assessment of \$7,502,000. The Board feels that the median of the three comparables, \$83/SF or, \$7,380,000 is an appropriate compromise between what the Complainant was originally requesting and its subsequent request.

[18] The within assessment is herewith reduced to \$7,380,000.

DATED AT THE CITY OF CALGARY THIS 13th DAY OF NOVEMBER, 2012.



R. Glenn
Presiding Officer

APPENDIX "A"

DOCUMENTS PRESENTED AT THE HEARING AND CONSIDERED BY THE BOARD:

NO.	ITEM
1. C1	Complainant Disclosure
2. C2	Complainant Rebuttal Disclosure
3. R1	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.

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<i>Decision No.1608-2012-P Roll No.048050009</i>				
<u>Subject</u>	<u>Type</u>	<u>Issue</u>	<u>Detail</u>	<u>Issue</u>
CARB	Industrial Warehouse	Equity	Sales Approach	Market Value