

**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:

3509893 Canada Inc.(as represented by Altus Group), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

D. Trueman, PRESIDING OFFICER

Y Nesry, MEMBER

J. Rankin, 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: 024024200

LOCATION ADDRESS: 901 57 Avenue NE

HEARING NUMBER: 64089

ASSESSMENT: \$10,940,000

This complaint was heard on 6th day of October, 2011 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 11.

Appeared on behalf of the Complainant:

- *D Mewha, C VanStaden*

Appeared on behalf of the Respondent:

- *K Cody*

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

The parties agreed that there was neither procedural nor jurisdictional matters that would affect this hearing.

Background

The hearing began with the Complainant advising the Board that this complaint is part of an agenda for hearings this week which related to generally larger industrial warehouse properties. In respect of this he advised the panel that he had prepared evidentiary documents that would be common to most of the decisions that the panel would make throughout the week and which had been presented at the first hearing. He said that these documents pertained to an Income Approach to value which he said was more appropriate, for valuation purposes, than the Direct Sales Comparison Approach used by the assessor. Without a re-presentation of his argument he asked the Board to be reminded of his comments in this regard and that they should be referenced in this decision. The Respondent accepted this general argument submission and agreed that such evidentiary material had been exchanged. The panel acknowledged the documents which had been marked as Complainant exhibits GC 1, GC 2, GC 3, GC 4 and GC 5 which would be used accordingly when referenced throughout this hearing.

Property Description:

The subject property is a single user, warehouse/office building located in the "Deerfoot Business Centre" district of northeast area Calgary. It was constructed in 2000 and contains a footprint building area of 89,567 ft.² with a net rentable building area of 99,000 ft.², situate on a land base of 4.37 acres. The building covers 47.01% of the site and the office finish is 19% of the warehouse improvement.

Issues:

A variety of issues were described on the original complaint form however at hearing the panel determined that the issues are:

- 1/ Does the Complainant's Income Approach, supported by a Comparison Approach yield a more convincing value conclusion than the assessor's Direct Sales Comparison Approach?
- 2/ Has the requirement of equity with similarly assessed properties (fairness) been achieved with the current assessment amount?

Complainant's Requested Value: \$7,820,000**Complainant's position**

Issue #1 The Complainant presented market lease information relating to industrial buildings, not the least of which was the lease rate from the subject building itself, together with information from business assessments which also described current lease rates. This information generally supported market lease rates for the subject property in a range from \$5.25 a square foot to \$7.30 a square foot. He had earlier testified and supplied evidence that a 5% vacancy allowance and 7.75% capitalization rate were appropriate factors. He said that when applying a rental rate of \$6.45 a square foot; this was his primary support for his requested assessed value of \$7,827,387. This suggests that a unit value for the subject property is \$82 a square foot. In order to support this Income Approach finding the Complainant presented a chart of two comparable sales at page 15 of exhibit C1, which were of similar size and age buildings, having sold in the period from May to August 2009. The Complainant suggested that the average selling price range on a per square foot basis was \$83 a square foot and that this was support for his Income Approach.

Issue #2 The Complainant provided a chart of five assessed properties which he determined to be comparable to the subject. After an analysis of the differences the Complainant advised the Board that the equity comparables demonstrated a \$94.80 a square foot average assessment. This suggested an assessed value for the subject property of \$9,385,200, which was also support for a reduced assessment.

Respondent's position

Issue #1 The Respondent presented three industrial sales comparables at page 16 of his exhibit R1, in support of his assessment. The buildings demonstrated similarity to the subject with respect to region, age, size and site coverage. Given that the median market value, on a per square foot basis was \$128, he reasoned that this was more than adequate support for his mandated mass appraisal approach of approximately \$111 a sq. foot for the subject property.

Issue #2 The Respondent provided seven equity comparables which were all located in the same Northeast quadrant of the city as the subject property. The Respondent testified that because similarity of neighbourhood, land-use classification, age, site and building size it was not surprising that his equity comparables on average presented an assessed value per square foot within \$0.43 of being identical to that of the subject.

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

Issue #1 The Board notes that the lease rate information supplied by the Complainant is in line with the actual lease rate achieved in the subject property. The Board prefers the market lease rate of \$6.65 as the subject lease at \$6.45 was terminated. The Board also notes that the Complainant's sales, the results of which are in support of his Income Approach, are reasonably comparable to the subject property. Furthermore, it is noted that the sales comparables provided by the City are generally multi-tenanted and the one single tenanted

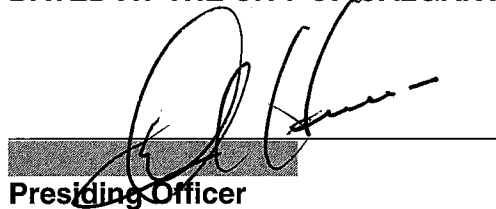
property, which is similar to the subject, lends support for a reduced assessment. As a result the Board was not convinced that the Direct Sales Comparison Approach, as presented by the Respondent in this case, supported the assessment of the subject property. Conversely, the Board decided the evidence of the Complainant indicated that a reduction was in order. Most particularly the Board noted at page 30 exhibit C1, a transmittal page from a recent appraisal report pertaining to the subject property. Without evidence or argument to the contrary the Board was unable to find a reason to understand why this document did not provide eminent support for the reduced assessment requested by the Complainant.

Issue #2 Following the direction of the Bentall decision the Board understands that market value (assessment value) is found within a range. It is therefore necessary to firstly establish the market value of the subject property; and then determine if the range in which this value lies falls outside of the range in which the assessed value is found, which is the direction provided by the Bramalea decision. In this case the Complainant has convinced the Board of the validity of his requested assessed value for the subject property. The Complainant equity comparables suggest a corrected assessment of \$9,385,200 which exceeds the market value established and so the Board cannot reduce the assessment based upon equity.

Board's Decision:

The complaint is allowed and the assessment is reduced to \$8,070,000.

DATED AT THE CITY OF CALGARY THIS 10 DAY OF November 2011.



Presiding Officer

APPENDIX "A"

**DOCUMENTS PRESENTED AT THE HEARING
AND CONSIDERED BY THE BOARD:**

NO.	ITEM
1. GC 1	Complainant "Generic" Disclosure
2. GC 2	" " "
3. GC 3	" " Rebuttal
4. GC 4	" " "
5. GC 5	" " "
6. C1	Complainant Disclosure
7. 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.*

FOR ADMINISTRATIVE USE

Subject	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	Warehouse	Warehoue single-tenant	Valuation Approach	Equity Comparables