

**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:

Standen's Limited (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: 100013903

LOCATION ADDRESS: 1222 58 Avenue Southeast

HEARING NUMBER: 64198

ASSESSMENT: \$11,510,000

This Complaint was heard on 5th 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, R Worthington*

Appeared on behalf of the Respondent:

- *G Bell*

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.

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

The parties agreed that there were no procedural or jurisdictional matters prior to the commencement of this hearing.

Property Description:

The subject property is an owner/user industrial manufacturing facility located in the Burns Industrial neighbourhood of southeast Calgary. It was built in 1973 and contains a net rental area of 138,757 ft.² on a building footprint of 132,203 ft.² situate on a land base of 8.7 acres.

Issues:

- 1/ Does the Complainant's Income 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: \$9,180,000**Complainant's position**

Issue #1 The Complainant presented one sale comparable located at 303 58 Avenue SE, which indicated a market value, near to the subject valuation date, of \$72.09 a square foot. Also, the Complainant presented a great deal of market lease information relating to industrial buildings in various size categories, together with information from business assessments, which 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 \$7.25 a square foot. He had earlier testified and supplied evidence that a 5% vacancy allowance and an 8.25% capitalization rate were appropriate factors. He said that applying a rental rate of \$5.75 a square foot yielded his primary support for his requested assessed value of \$9,180,000 and that these factors also accounted for building features not properly accounted for by the City's comparable sales approach.

Issue #2 The Complainant presented a chart of six equity properties which he said were similar to the subject, although they were located in the Foothills industrial district. The average assessment for these properties was \$65.41 a square foot and he said that this would yield an indicated assessment for the subject property of \$9,076,095, which supported his request for \$9,180,000

Respondent's position

Issue #1 The Respondent presented seven industrial sales comparables at page 26 of his exhibit R1, in support of his assessment. The buildings were similar in that they were roughly the same age as the subject and individually they were representative of the size and site coverage of the subject. Given that the median market value, on a per square foot basis, was \$89, he reasoned that this was more than adequate support for his mandated mass appraisal approach of approximately \$83 a sq. foot for the subject property.

Issue #2 The Respondent provided six equity comparables which were all located in the same Central assessment district as the subject property. The Respondent testified that because of location, these properties are better suited to establish fairness in assessment than those properties chosen by the Complainant.

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

Issue #1 The Board did not accept the Complainant's sale comparable on account of absence of proof of similarity with the subject. As well, the Board were not convinced that either the Complainant's market rental information or the vacancy and capitalization factors were supported, given the manufacturing nature of the subject property. Value conclusions can only be made from known values of properties which are considered similar. To this end, the similarity of the properties presented must be established before the Board, in order for a complaint to succeed. Furthermore, the Board decided that the Respondent's sale index number one, was a reasonable comparable and supported the assessment, even though it was a multi-tenanted building and should have thus been at a lesser value.

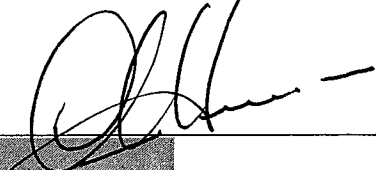
Issue #2 Given that the equity comparables as presented by the Respondent are, without exception, located in the same "Central" region as the subject property and the equity comparables as presented by the Complainant, are located in the "Foothills" industrial district,

the Board is unable to establish sufficient comparability to agree with a reduction in assessment.

Board's Decision:

The assessment is confirmed at \$11,510,000

DATED AT THE CITY OF CALGARY THIS 8 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	Whse Multi-tenant	Valuation Approach	Lease rate