

**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(4).

between:

Altus Group Ltd, COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

B. Horrocks, PRESIDING OFFICER

I. Fraser, MEMBER

A. Zindler, MEMBER

This is a complaint to the Calgary Assessment Review Board in respect of the property assessment prepared by the Assessor of The City of Calgary and entered in the 2010 Assessment Roll as follows:

ROLL NUMBER:	092025535
LOCATION ADDRESS:	4138-16 St. SE.
HEARING NUMBER:	56321
ASSESSMENT (2010):	\$1,560,000

This complaint was heard on 22nd day of July, 2010 at the office of the Assessment Review Board located at Floor Number Four, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 3.

Appeared on behalf of the Complainant:

- *R. Worthington* *Altus Group*

Appeared on behalf of the Respondent:

- *D. Kozak* *City of Calgary*

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

There were no preliminary matters. The merit hearing proceeded.

Property Description:

The subject property is a 9000 sq. ft. multi bay warehouse situated on a 0.29 acre parcel in the Alyth/Bonneybrook community of Calgary. The building was constructed in 1979. The building type is IWS.

Issues/Grounds for Complaint:

The Complainant identified 10 issues as initial grounds for appeal (Page 2).

At the merit hearing, the Complainant advised that there were 3 issues remaining in dispute, namely:

- 1) The characteristics and physical condition of the subject property support the use of the income approach utilizing typical market factors for rent, vacancy, and cap rates; indicating an assessment market value of \$95/sq. ft.
- 2) The rent needed to achieve the subject assessed value is unattainable in the market for the subject property.
- 3) The aggregate assessment per sq. ft. applied to the subject property does not reflect market value for assessment purposes when using the direct sales comparison approach and should be \$153/sq. ft.

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

Issue (1):

The characteristics and physical condition of the subject property support the use of the income approach utilizing typical market factors for rent, vacancy, and cap rates; indicating an assessment market value of \$95/sq. ft.

- There was no evidence submitted by the Complainant with respect to the characteristics and physical condition of the subject.
- Among other things, the Complainant referred to Page 19 of his evidence package and argued that utilizing a previously accepted vacancy rate of 5% and a previously accept cap rate of 8%, the Income Approach would yield a market value of \$853,860, generously

rounded to \$1,000,000.

- The Complainant also argued that the direct sales approach to value as utilized by the Respondent on 1586 industrial warehouse sales yielded a wide range of Assessment to Sales Ratios (ASR's) and was therefore a flawed methodology.
- The Complaint utilized a sale at 3829-15A St. SE. to demonstrate that the direct sales comparison approach did not work as evidenced by a resultant adjusted ASR of 1.37 (P21).
- The Respondent did not challenge the Complainant's argument.

Board Findings on Issue (1)

- The Board finds that applying the same parameters in the Income Approach Formula (8.00/sq. ft. rental rate, 5% allowance for vacancies, and 8% CAP Rate) to the singular sale identified by the Complainant on Page 21 results in an ASR of 0.62 which is in sharp contrast to the ASR from the direct sales approach as utilized by the Respondent.
- The Board finds a lack of relevant evidence to test the argument as presented by the Complainant.

Issue (2):

The rent needed to achieve the subject assessed value is unattainable in the market for the subject property.

- The Complainant provided a reverse calculation of the Income Approach on Page 18 of his evidence package which illustrated that the subject would have to command a rental rate of \$14.62/sq. ft. to achieve the assessment value.
- The Complainant introduced lease rates from 8 comparables on Page 18 yielding an average lease rate of \$7.89/sq. ft.
- The Complainant further provided actual lease rates for the subject on Page 20 which would support a lease rate of \$8.00/sq. ft.
- The Respondent did not challenge the Complainant's argument.

Board Findings on Issue (2):

- The Board accepts that a rental rate of \$8.00/sq. ft. would be appropriate for the subject based on the evidence presented.

Issue (3):

The aggregate assessment per sq. ft. applied to the subject property does not reflect market value for assessment purposes when using the direct sales comparison approach and should be \$153/sq. ft.

- The Complainant utilizing the previously identified sales on Page 21 offered an alternative value based on the direct sales comparison method, yielding a value of \$1,376,692 or \$153.00/sq. ft.
- The Respondent utilizing Page 27 of his evidence package argued that the sales comparable as utilized by the Complainant was, in fact, not comparable, vis a vis, the subject site is 0.29 acres vs 0.15 for the comparable and the net rental area of the subject is more than twice that of the comparable. Furthermore, the degree of finishing varies significantly (subject at 5% and comparable at 52%).

Board Findings on Issue (3):

- The Board finds that the one comparable relied upon by the Complainant is not comparable.

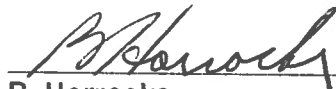
Board Decision:

The assessment is confirmed.

Reasons for Decision:

The Complainant failed to convince the Board that the assessed value (\$1,560,000) was in error.

DATED AT THE CITY OF CALGARY THIS 4 DAY OF August 2010.


B. Horrocks
Presiding Officer

BH/sd

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.*