

**CALGARY  
ASSESSMENT REVIEW BOARD  
DECISION WITH REASONS**

In the matter of the complaint against the Property/Business 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:**

***L. Wood, PRESIDING OFFICER***

***J. Massey, MEMBER***

***D. Pollard, MEMBER***

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

<b>ROLL NUMBER:</b>	<b>077027803</b>
<b>LOCATION ADDRESS:</b>	<b>2507 16 STREET SE</b>
<b>HEARING NUMBER:</b>	<b>59463</b>
<b>ASSESSMENT:</b>	<b>\$3,700,000</b>

This complaint was heard on 7th day of July, 2010 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 5.

Appeared on behalf of the Complainant:

- *Mr. R. Worthington*

Appeared on behalf of the Respondent:

- *Mr. G. Bell*

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

At the commencement of the hearing, the Complainant requested that comments he made in a previous case (file #57541), in regards to a recent board decision 0638/2010P, be carried forward to this case as well. The Respondent did not object. The Board agreed to carry forward his comments.

**Property Description:**

The subject property is a single tenant warehouse comprised of 41,625 sq ft located on 1.61 acres in Alyth. It was built in 1953. The warehouse is used for manufacturing furniture.

**Issues: (as indicated on the complaint form)**

1. The characteristics & physical condition of the subject property support the use of the income approach utilizing typical market factors for rent, vacancy, management, non-recoverables and cap rates; indicating an assessment market value of \$63 psf.

**Complainant's Requested Value:** \$2,710,000

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

The Board notes that there were several statements on the appendix attached to the complaint form; however, the Board will only address those issues that were raised at the hearing.

**The characteristics & physical condition of the subject property support the use of the income approach utilizing typical market factors for rent, vacancy, management, non-recoverables and cap rates; indicating an assessment market value of \$63 psf.**

The Complainant indicated that the warehouse is in poor condition. It has not received any renovations or upgrades. Its condition is reflected in the low lease rate of \$5.50 psf as compared to leases in newer warehouses that are attracting \$6.75 psf (Exhibit C1 page 22).

The Respondent submitted that all industrial properties are assessed based on the direct sales comparison approach. However, the Board finds the Respondent's sales and equity comparables

bear little similarity to the subject property in terms of age, location and site coverage (Exhibit R1 pages 15 & 16). The Board finds the Complainant's income approach provides a more reliable indication of market value especially given the age and condition of the subject property.

The Board notes that the Municipal Government Board reduced the subject property's assessment from \$3,510,000 to \$2,910,000 based on its age and condition for the 2009 assessment year.

During the course of the hearing, some of the numbers were recalculated by the Complainant (Exhibit C1 page 23). The Board notes that the vacancy rate, non recoverable rate and capitalization rate were uncontested by the Respondent.

The Board has set out the new calculations as follows:

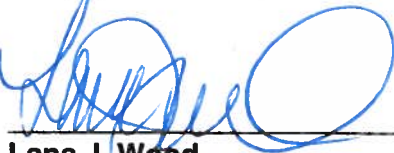
Area	Rent Rate	PGI	Vacancy Rate	Non-Recoverable Rate	NOI	Cap Rate	Indicated Value
41,625	\$5.50	\$228,937.50	3%	2%	\$217,490	8%	\$2,718,632

The Board finds the subject property's assessment should be reduced to \$2,710,000 (truncated).

**Board's Decision:**

It is the decision of the Board to reduce the assessment of the subject property from \$3,700,000 to \$2,710,000 for the 2010 assessment year.

DATED AT THE CITY OF CALGARY THIS 6<sup>th</sup> DAY OF AUGUST 2010.



**Lana J. Wood**  
**Presiding Officer**

*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.*