

**CALGARY  
COMBINED 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 Limited, COMPLAINANT***

**and**

***The City Of Calgary, RESPONDENT***

**before:**

***L.R. Loven, PRESIDING OFFICER***

***R. Deschaine, MEMBER***

***K. Farn, MEMBER***

This is a complaint to the Calgary Combined 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:

**ROLL NUMBER: 091029942**

**LOCATION ADDRESS: 5050 11 Street S.E.**

**HEARING NUMBER: 59411**

**ASSESSMENT: 1,890,000**

This complaint was heard on the 25<sup>th</sup> day of August, 2010 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 3.

Appeared on behalf of the Complainant:

- C. Van Staden, representing Altus Group Limited, on behalf of R.P. Taylor Holdings Ltd. c/o Courtesy Chrysler Dodge (1987) Ltd.

Appeared on behalf of the Respondent:

- R. Luchak, representing the City of Calgary

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

Both the Respondent and the Complainant confirmed to the Board that they had no procedural or jurisdictional matters to be raised.

### **Property Description:**

The subject property consists of a 9,450 square foot single tenant industrial warehouse (IWS), constructed in 1992 with 11% office finish, located in the Central region in the community of Highfield, on an 0.60 acre site with 36.072% site coverage. The property is zoned I-G (Industrial-General). The total assessment is \$1,891,476 or \$200.00 per square foot.

### **Issues**

1. Sales;
2. Equity; and,
3. Income.

**Complainant's Requested Value:** \$1,730,000

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

#### **Issue 1. Sales**

The Complainant submitted a table of five sales comparables located in the central region, three type IWS and two IWM varying from the subject properties as summarized below.

	Complainant Min	Respondent Min	Subject	Complainant Max	Respondent Max
Variance					
Year of Construction (year)	1957	1963	1992	1986	1976
Site Coverage (%)	24.3	-8.26	36.07	34.9	1.54
Finish (%)	11	9	11	32	43
Parcel Size (Acres)	0.57	0.46	0.6	2.12	0.86
Building Area (Sq.Ft)	-1,290	7,500	9,450	11,983	11,020
Rate (\$/Sq.Ft)	129	192	200	229	245

The Respondent submitted five sales comparables, three located in the central region, one in the

SE and one in the NE, and four type IWS. The ranges of the comparative factors are summarized above.

The Board notes the sales comparable located at 4640 Manhattan Drive SE and 5632 Burbank Road SE appeared in both the Respondents and Complainant's sales comparables tables.

Based on its consideration of the foregoing evidence and argument, the Board finds that subject property may have not have been assessed unfairly with respect to sales.

## Issue 2. Equity

The Complainant submitted a table of containing twelve equity comparables, all located in the central region in the districts of Manchester and Highfield, varying from the subject property as summarized below and indicated a rate of \$185 per square foot or \$1,748,250 truncated to \$1,740,000.

Variance	Complainant Min	Respondent Min	Subject	Complainant Max	Respondent Max
Year of Construction (year)	1957	1956	1992	1997	1997
Site Coverage (%)	11.58	12	36.07	54.58	42
Finish (%)	9	15	11	71	71
Parcel Size (Acres)	0.41	0.52	0.6	0.94	1.23
Building Area (Sq.Ft)	7,650	7,650	9,450	11,500	11,200
Rate (\$/ Sq.Ft)	168	195	200	265	273

The Respondent submitted six equity comparables, all zoned I-G, all located in the central region and five in the submarket of Highfield, all of IWS building type varying from the subject property as summarized above.

The Board notes that six of the Complainant's equity comparables were also given by the Respondent.

Based on its consideration of the foregoing evidence and argument the Board has little to rely upon to find that the subject property may have been unfairly assessed with respect to equity.

## Issue 3. Income

The Complainant provided a list of twenty-nine leases that showed the median rate of \$9.50 per square foot and a 2009 median rate of \$9.50 per square foot. The Complainant then applied a capitalization rate of 8.0% and a vacancy rate of 5% to determine a requested assessment of \$1,066,078. Using the same 5% vacancy/non-recoverable rate and 8% capitalization rate and the assessed value of \$1,890,000, the Complainant determined a rental rate of \$16.84 per square foot would be required to achieve this value and gave the opinion that this rate would be more typical of a B Class office building, not an industrial warehouse.

The Complainant provided a table comparing the time adjusted sales price of the Complainant's five sales comparables to the income value determined by the same \$9.50 per square foot rent rate, 5% vacancy/non-recoverable rate and 8% capitalization rate as used the Complainant, to show a median Assessment to Sales Ratio (ASR) of 0.54.

The Board finds that \$9.50 rent by the Complainant to determine the requested assessment of \$1,066,078 is not supported by the ASR for the Complainant's sales comparables.

**Summary:**

The Complainant referenced its submission C-2.

The Respondent referenced in tis submission *Calgary Assessment Review Board ARB 0552/2010-P, ARB 0638/2010-P and Alberta Municipal Government Board DL 068/08.*

The valuation method applied in this instance was the Sales Comparison Approach. The use of this approach to value is contextually allowed in the legislation. The Complainant advanced an argument based on the use of the Income Approach.

In weighing the sales and equity comparables of the Complainant and Respondent, the Board had little to rely upon to find support for the indicated assessment rates of \$184 and \$185 per square foot.

Finally, the indicated value \$1,066,078, or \$112.81 per square foot, given by the Complainant as determined by the income approach using a \$9.00 rent rate, 5% vacancy/non-recoverable rate and a 8% capitalization rate, is markedly lower than the requested value of \$1,730,000, and was shown by the Respondent to have an ASR of 0.54.

**Board's Decision:**

For the reasons set forth above, the assessment of the subject property is hereby confirmed as follows: \$1,890,000.

**DATED AT THE CITY OF CALGARY THIS** 13 **DAY OF** October **2010.**

  
**L.R. LOVEN**  
**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.*