

**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:

Colliers International Realty Advisors, COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

T. Hudson, PRESIDING OFFICER

D. Cochrane, MEMBER

D. Julien, 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 2010 Assessment Roll as follows:

ROLL NUMBER: 033029901

LOCATION ADDRESS: 4404 – 10 St. NE

HEARING NUMBER: 57485

ASSESSMENT: \$4,440,000

This complaint was heard on the 25th day of August, 2010 at the office of the Assessment Review Board located at 4th floor, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom #4.

Appeared on behalf of the Complainant: Mr. Michael Urhyn
Representative, Colliers International Realty Advisors

Appeared on behalf of the Respondent: Mr. Marcus Berzins
Representative, The City of Calgary

PROPERTY DESCRIPTION:

The subject property is a multi-tenanted industrial warehouse building located in the McCall industrial district of North East Calgary. The building includes 54,000 sq. ft. of net rentable area with 10% office finish. The parcel area is 3.06 acres with site coverage of 41%. The current assessment is based on a rate of \$82 per square foot for a total of \$4,440,000 rounded. The requested assessment is based on a rate of \$52 per square foot or \$2,817,000 rounded.

ISSUES/GROUNDS FOR COMPLAINT:

The current assessment amount exceeds market value and does not reflect equity with comparable properties.

POSITION OF THE COMPLAINANT ON THE ISSUES:

The Complainant submitted a capitalized income approach to value pro forma using a \$5.00 per square foot (PSF) rent rate, a 9.5% vacancy allowance, 2% for non-recoverable expenses and a Cap rate of 8.5%, to arrive at the requested reduction in the assessment. The Complainant suggested that the direct sales approach used by the Respondent to prepare the current assessment is not sufficiently responsive to changing market conditions and therefore results in an assessment value which exceeds market value. To illustrate the point the Complainant submitted four (4) sales comparables, which unadjusted for market conditions, support the current assessment. The three (3) equity comparables submitted by the Complainant also appear to support the assessment. However, the Complainant insists that the current assessment exceeds market value and should be reduced to reflect the income approach to value estimate.

POSITION OF THE RESPONDENT ON THE ISSUES:

The Respondent submitted that the rent rate of \$5.00 PSF chosen by the Complainant in the income approach pro forma does not reflect market rates. The bay sizes of the subject are 2,880 sq. ft. The rent rate comparables submitted by the Complainant show rent of \$6.00 PSF for 8,192 sq. ft., \$5.00 PSF for 11,500 sq. ft., and \$9.50 PSF for 3,600 sq. ft. The more likely market rent for 2,880 sq. ft. is at least \$10 PSF. The Respondent submitted that using \$10 PSF in the Complainant's income pro forma will produce an assessment very close to the current

assessment. Given that all of the other market sales and equity comparable evidence submitted by both parties support the current assessment, the Respondent requests confirmation.

BOARD FINDING ON THE ISSUES:

The Board concurs with the Respondent that the rent rate chosen by the Complainant in the income pro forma does not reflect typical market rent for the subject property bay sizes. Therefore the resulting and requested assessment value does not achieve market value or equity with comparable properties.

DECISION:

The assessment is confirmed at \$4,440,000.

DATED AT THE CITY OF CALGARY THIS 31 DAY OF AUGUST, 2010.



T. HUDSON
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.*