

**CALGARY
COMPOSITE 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***

This is a complaint to the Calgary Combined 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: 091027102

LOCATION ADDRESS: 65 Highfield Place S.E.

HEARING NUMBER: 59399

ASSESSMENT: \$3,130,000

This complaint was heard on the 26th day of August, 2010 at the office of the Assessment Review Board located at 4th Floor, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 3.

Appeared on behalf of the Complainant:

- R. Worthington, representing Altus Group Limited, on behalf of Southland Transportation 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 25,114 square foot single tenant industrial warehouse, constructed in 1981 with 14% office finish, located in the Central region in the community of Highfield, on an 1.62 acre site with 35.60 % site coverage. The property is zoned I-G (Industrial-General). The total assessment is \$3,130,000 or \$124.00 per square foot.

Issues

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

Complainant's Requested Value: \$2,660,000 (Preliminary)

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

Issue 1. Sales

The Complainant submitted a table containing one sales comparable, also a single tenant warehouse (IWS) located in Highfield. Stated in the grounds for appeal, the aggregate assessment per square foot applied to the subject property does not reflect market value when using the direct sales comparison approach and requested an assessed rate of \$106.00 per square foot be applied to determine the assessment value of the subject property..

The Respondent submitted a table containing seven industrial sales comparables all either IWS or IWM, three located in the Central district and four in the SE, varying from the subject property as summarized below, and stated the sales comparable located at 4301 9 Street SE to be the most comparable at \$125.00 per square foot.

Influence	Complainant	Respondent Min	Subject	Respondent Max
Year of Construction (Year)	1971	1953	1981	1992
Site Coverage (%)	44.4	25.14	35.6	46.89
Finish (%)	21	14	14	44
Parcel Size (Acres)	1.55	0.92	1.62	1.98
Building Area (Sq.Ft)	29,988	14,630	25,114	28,313
Rate (\$/Sq.Ft)	106.28	125	124.75	198

Based on its consideration of the foregoing evidence and argument the Board finds that comparing the range of values for the sales comparables presented gives the Board little to reply upon to determine the value subject property may have been assessed unfairly.

Issue 2. Equity

The Complainant submitted two tables of equity comparables. The first table contained of eleven equity comparables all IWM (Industrial Warehouse Multi) centrally located in the Highfield or Manchester districts, varying from the subject as summarized below, indicating a median value based on equity of \$114.09 per square foot. The second table contained two equity comparables given in the first table, showing a median assessed rate of \$116.11 per square foot.

Influence	Complainant Min	Respondent Min	Subject	Complainant Max	Respondent Max
Year of Construction (Year)	1961	1971	1981	1973	1974
Site Coverage (%)	32	27	35.6	40	44
Finish (%)	5	15	14	42	32
Parcel Size (Acres)	1.41	0.94	1.62	2.06	1.96
Building Area (Sq.Ft)	25,063	15,242	25,114	30,000	22,889
Rate (\$/Sq.Ft)	114.78	118	124.75	116.17	152

The Respondent submitted three equity comparable tables. The first containing six 2010 industrial equity comparables, all zoned I-G, all centrally located, three in Highfield, and all type IWS, varying from the subject property as summarized above. The second and third each containing of six of the equity comparables (two of the comparables were given in each table) submitted by the Complainant. The Respondent noted that the assessed rate for all the Complainant's comparables given the Respondent's second and third tables were lower than assessed rate of \$125 per square foot for the subject property.

The Board notes that in weighing the equity comparables of the Complainant and the Respondent, the range of the years of construction are similar, the range of the Respondent's site coverage captures the subject, and the range of per cent finish, parcel size, building area, assessed rate are all similar.

Based on its consideration of the foregoing evidence and argument the Board finds that the subject property may been unfairly assessed with respect to equity.

Issue 3. Income

The Complainant firstly provided a table of seven leases all in the central district, two in Highfield, for buildings ranging in year of construction from 1969 to 2002, lease area from 19,495 to 30,720

square feet, showing an average lease rate of \$7.88 per square foot.

The Complainant then put forward an argument supporting the use of the Income Approach, and applied a rental rate of \$7.88 per square foot to a capitalization rate of 8.0% and a vacancy rate of 5% to determine a requested assessment of \$2,350,043 or \$93.58 per square foot.

The Respondent submitted a table comparing the value of the Respondent's six sales comparables using the Complainant's rental rate of \$7.88 per square foot, vacancy/non-recoverable rate of 5% and a capitalization rate of 8% showing a median Assessment to Sales Ratio of 67%.

The Complainant provided a table showing a rental rate of \$14.78 per square foot would be required to reach the indicated assessed value of \$42,657,028 using the capitalization and vacancy rates of 7.5% and 5%, respectively.

The Respondent did not argue the vacancy, non-recoverable or capitalization rates used by the Complainant; however, the Respondent did argue the rental rate of \$7.88 used by the Complainant to determine the requested value would not achieve the time adjusted sales prices of the Respondent's sales comparables.

The Board finds that, in this case the rent rate of comparable leases, in part, supports a lower indicated requested value.

Summary:

The Complainant referred the Board to *Calgary Assessment Review Board Order ARB 0522/210-P* regarding the valuation.

The Respondent's submission referenced *Calgary Assessment Review Board ARD 0638/2010-P*, *Calgary Assessment Review Board Order ARB 0522/210-P*, and *Municipal Government Board Notice of Decision No. 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 that supported the use of the Income Approach. In this case, the rental rate used by the Complainant supports the requested assessment as determined by the equity comparison or \$116.11 per square foot.

Board's Decision:

For the reasons set forth above, the assessment of the subject property is hereby adjusted as follows: 25,114 square feet at \$116.11 per square foot or \$2,915,987, truncated to \$2,910,000.

DATED AT THE CITY OF CALGARY THIS 18 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.*