

**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 property assessment prepared by the Assessor of The City of Calgary and entered in the 2010 Assessment Roll as follows:

ROLL NUMBER:	033025305
LOCATION ADDRESS:	4624 – 11 St NE
HEARING NUMBER:	57487
ASSESSMENT:	\$2,100,000

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

Appeared on behalf of the Complainant:

- *Mr. Michael Urhyn* *Agent, Colliers International Realty Advisors*

Appeared on behalf of the Respondent:

- *Mr. Marcus Berzins* *Assessor, City of Calgary*

Property Description:

The subject property is a multi-tenanted industrial building in the McCall industrial area of Northeast Calgary. The building includes 21,120 sq. ft. of net rentable area with 21% office finish. The parcel area is 1.32 acres with site coverage of 36.65%. The current assessment is based on a rate of \$100 per sq. ft. of net rentable area, or \$2,100,000 rounded. The requested assessment is based on \$83.50 per sq. ft. of rentable area, or \$1,763,000 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 an \$8.00 per sq. ft. rent rate, a 9.5% vacancy allowance, 2% allowance 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 that 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 current 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 \$8.00 per sq. ft. chosen by the Complainant in the income approach pro forma does not reflect market rates. The bay sizes of the subject are 1,933 sq. ft. The rent rate comparables submitted by the Complainant show a rent rate of \$6.00 per sq. ft. for 8,192 sq. ft., \$5.00 per sq. ft. for 11,500 sq. ft., and \$9.50 per sq. ft. for 3,600 sq. ft.

The more likely market rent for 1,933 sq. ft. is at least \$10.00 per sq. ft., which is supported by the rent roll on the subject property. Using \$10.00 per sq. ft. rent rate in the Complainant's income pro forma will produce an assessment value 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 Findings 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.

Board's Decision:

The assessment is confirmed at \$2,100,000.

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.*