

**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:**

***Altus Group, COMPLAINANT***

**and**

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

**before:**

***Board Chair, J. Zezulka  
Board Member 1, E. Reuther  
Board Member 2, B. Jerschel***

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: 137041406**

**LOCATION ADDRESS: 12222 – 44 Street S.E.  
Calgary, Alberta**

**HEARING NUMBER: 56449**

**ASSESSMENT: \$2,900,000**

This complaint was heard on \_\_13\_\_ day of \_\_August\_\_, 2010 at the office of the Assessment Review Board located at Floor Number \_3\_, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom \_8\_.

Appeared on behalf of the Complainant:

- *D. Mewha*

Appeared on behalf of the Respondent:

- *K. Gardiner*

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

Not Applicable

**Property Description:**

A single tenant industrial premises, comprised of 1.51 acres of land, improved with an industrial warehouse of 14,000 s.f.. The location is the South Foothills Industrial Park.

**Issues:**

1. The assessed value is in excess of its market value as indicated by the income approach.
2. The assessed value is inequitable with similar and competing property assessments.
3. The value attributed to the land is in excess of market value.

**Complainant's Requested Value:** \$2,140,000

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

The Board notes that the overall assessment calculates to \$207.14 per s.f. of gross building area, including land. Within the assessment, the City categorizes 0.50 acres as extra land.

**Issue 1**

In support of his argument, the complainant presented a summarized rent roll for Hi-Tech Trailer Services, the existing tenant, for the month of March, 2009. The rent indicated is \$11.00 per s.f. , escalating to \$12.00 per s.f from Sept. 2009 to August, 2010, and to \$13.00 per s.f. in Sept. 2010, to the expiry of the term. Seven leasing comparables presented on page 27 of the complainant's submission offered support to the \$11.00 per s.f. rate.

The complainant adopted \$11.00 per s.f. in his value calculations. Other inputs utilized included a 5.0 per cent vacancy rate, and a 7.50 per cent capitalization rate. To the calculated result of \$1,950,667 was added the complainant's excess land calculation of \$189,720, for a total of \$2,140,387, or \$152.88 per s.f.

Other than generic publications, the complainant offered no specific evidence in support of the

vacancy and capitalization rates. Nor did the complainant take any cognizance of the rent escalation contained in the existing lease, which would have been known at the July 31, 2009 effective date.

The respondent offered no evidence relative to the income approach to value as it relates to the subject. Rather, the respondent presented four sales comparables on page 31 of their submission. These reflected selling prices ranging from \$191 to \$246 per s.f. Two of the comparables are discarded by the board because one is a dated (2007) agreement for sale, and one is a property developed for a specific tenant, with a higher-than-normal rent structure. The remaining two reflect per s.f. prices of \$191 and \$223, with an average of \$207.

## Issue 2

The complainant offered four equity comparables that reflect comparable assessments of \$128 to \$160 per s.f., for an average of \$144. However, all four have site coverage ratios ranging from 30.2 to 33.3 per cent, compared to 22.77 per cent for the subject. With the appropriate land adjustment, the average relative indicator calculates to \$184 per s.f.

The respondent presented five equity comparables that reflect assessments of \$192 to \$207 per s.f.. The average is \$202. However, interior finishing of the comparables ranges from 19 to 44 per cent, compared to eight per cent for the subject. Although specific mathematical adjustments were not applied, the implication is that the indicated \$202 average is high for the subject because of the extent of interior finishing.

## Issue 3

The complainant argues that the subject land should be valued at the same \$620,000 per acre rate as has been applied to Dufferin, a nearby industrial area. In support, the complainant presented five land comparables in the Dufferin area, but none in the subject area.

In support of the City's assessment, the City presented a number of land sales to demonstrate that land parcels under one acre sell for higher rates than larger parcels. They also offered four South East Calgary land sales , and 17 Dufferin land sales that add support to the City's position.

## **Board's Decision:**

*As for the premise that income capitalization is the preferred method of valuation, this Board, in keeping with CARB Order #0522/2010-P, "will not identify a preference as to which valuation approach should be used to determine the assessed value of any property. It is the assessed value that this Board is authorized to adjudicate. If any party can satisfy the Board, to the extent required by law, that in application of any applied approach to value errors have been made that have resulted in an incorrect assessed value, then it is those errors, supported by market based evidence, that should be given consideration". That is not to say that an alternative method of valuation cannot be applied. However, any alternative method must be as equally well founded in market evidence as the method already being employed. That is not the case in this instance. In the Board's opinion, the City's sales data is more convincing than the complainant's income data.*

As far as the equity argument is concerned, the comparables presented by both parties leads the Board to a value conclusion somewhat lower than the current assessment.

The Complainant did not, to the satisfaction of the Board, demonstrate sufficient similarity between

the Dufferin area and the South Foothills area to prompt any change in the land assessment, nor did they demonstrate that the City's land sales evidence was in error.

The assessment is reduced to \$185 per s.f. of building. That conclusion is based on the adjusted equity comparables presented by the complainant, as well, to a lesser extent, on the implicated value presented by the respondents equity data.

The assessment is reduced to \$2,590,000.

DATED AT THE CITY OF CALGARY THIS 9<sup>th</sup> DAY OF SEPTEMBER 2010.

  
\_\_\_\_\_  
J. Zezufka  
Presiding Officer

CC: Owner

**List of Exhibits**

C-1; Evidence submission of the Complainant  
C-2; Altus Group Industrial Argument  
C-3; Altus Group 2010 Rebuttal Evidence  
R-1; City of Calgary Assessment Brief  
R-2; Industrial CARB; Response to Altus 2010 Industrial Argument

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*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.*