

**CALGARY
ASSESSMENT REVIEW BOARD
DECISION WITH REASONS**

In the matter of the complaint against the Property/Business assessment as provided by the *Municipal Government Act*, Chapter M-26, Section 460(4).

between:

Altus Group Ltd., COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

L. Wood, PRESIDING OFFICER

P. Grace, MEMBER

B. Jerchel, 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: 101033603

LOCATION ADDRESS: 504 51 AVENUE SE

HEARING NUMBER: 56416

ASSESSMENT: \$2,880,000

This complaint was heard on 30th day of August, 2010 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 9.

Appeared on behalf of the Complainant:

- *Mr. R. Worthington*

Appeared on behalf of the Respondent:

- *Mr. J. Young*

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

There were no procedural or jurisdictional matters raised by the parties during the hearing.

Property Description:

The subject property is a single tenant warehouse comprised of 19,440 sq ft of rentable building area, located on a 1.53 acre site in Manchester Industrial. The warehouse was constructed in 1958. The land is zoned I-G, Industrial General. The site coverage ratio is 27.33.

Issues: (as indicated on the complaint form)

1. The characteristics & physical condition of the subject property support the use of the income approach utilizing typical market factors for rent, vacancy, management, non recoverables and cap rates, indicating an assessment market value of \$110 psf.
2. The aggregate assessment per square foot applied to the subject property does not reflect the market value for assessment purposes when using the direct sales comparison approach and should be \$130 psf.
3. The aggregate assessment per square foot applied is inequitable with the assessments of other similar and competing properties and should be \$135 psf.
4. The City has not recognized the poor shape of the land and restricted use.

Complainant's Requested Value: \$2,130,000

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

The Board notes that there were several statements on the appendix to the complaint form; however, it will only address those issues that were raised at the hearing. The issues reflect the rates per square foot as indicated at the hearing as opposed to the complaint form.

The characteristics & physical condition of the subject property support the use of the income approach utilizing typical market factors for rent, vacancy, management, non recoverables and cap rates, indicating an assessment market value of \$110 psf.

The Complainant submitted several lease comparables for the Board's consideration and indicated a typical rental rate of \$9.25 psf (Exhibit C1 page 21). The Complainant submitted an 8% capitalization rate and 5% vacancy rate, which were uncontested by the Respondent, to arrive at an assessed value of \$2,135,363 (Exhibit C1 page 22).

The Board is not convinced that the income approach to value is appropriate in this instance because it appears to under value every sale that was presented by both parties and as a result, the Assessment to Sales Ratios (ASRs) are too low (Exhibit C1 page 24; Exhibit R1 pages 42 & 43). Applying the rental rate of \$9.25 psf to sales of older buildings creates an even wider disparity in ASRs.

The aggregate assessment per square foot applied to the subject property does not reflect the market value for assessment purposes when using the direct sales comparison approach and should be \$130 psf.

The Complainant presented several sales comparables to suggest a rate of \$130 psf (Exhibit C1 page 24). However, the Board is unable to draw any conclusions from the Complainant's sales comparables because they require too many adjustments. The Board prefers the sales comparables presented by the Respondent because they are more similar to the subject property (Exhibit R1 page 42).

The aggregate assessment per square foot applied is inequitable with the assessments of other similar and competing properties and should be \$135 psf.

The Complainant presented several equity comparables to suggest a median rate of \$135 psf is appropriate for the subject property (Exhibit C1 page 23). However, the Board is unable to draw any conclusions from the Complainant's equity comparables because they require too many adjustments. The Board prefers the equity comparables presented by the Respondent because they are more similar to the subject property (Exhibit R1 page 41).

The City has not recognized the poor shape of the land and restricted use.

The Complainant submitted that a shape influence for the subject property is required because portions of the site are not utilized and there are railway lines adjacent to the property. However, the Complainant did not provide any evidence of how much of a reduction is warranted. The Board also notes the sales and equity comparables that the Complainant presented were not affected by a shape factor. As such, the Board finds that there is insufficient evidence in which to base a reduction.

Board's Decision:

The decision of the Board is to confirm the 2010 assessment for the subject property at \$2,880,000.

DATED AT THE CITY OF CALGARY THIS 13 DAY OF SEPTEMBER 2010.



Lana J. Wood
Presiding Officer

APPENDIX A**DOCUMENTS RECEIVED AND CONSIDERED BY THE ASSESSMENT REVIEW BOARD:**

NO.	ITEM
Exhibit C1	Evidence Submission of the Complainant
Exhibit C2	Altus Binder
Exhibit C3	Assessment Review Board decisions & legislation excerpts
Exhibit R1	City of Calgary's Assessment Brief

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.*