

**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 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: 091098400**

**LOCATION ADDRESS: 1360 HIGHFIELD CR SE**

**HEARING NUMBER: 58901**

**ASSESSMENT: \$22,640,000**

This complaint was heard on 31st 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:

- *Ms. M. Lau*
- *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 comprised of two single tenant warehouses; the first warehouse has a rentable building area of 90,735 sq ft, built in 1995; the second has a rentable building area of 104,299 sq ft, built in 1999. The two buildings are located on a 13.60 acre site in Highfield. The land is zoned I-G, Industrial General. The site coverage ratio is 32.64.

**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 \$73 psf.
2. The aggregate assessment per square foot applied is inequitable with the assessments of other similar and competing properties and should be \$79 psf.

**Complainant's Requested Value:** \$14,240,000

**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 \$73 psf.**

The Complainant presented three separate calculations based on the income approach to value for the subject property. The variables that he used for capitalization rate at 7.5% and vacancy rate at 5% remained the same; however, different rental rates were applied.

Firstly, the Complainant submitted a lease rate of \$5.75 psf based on five comparable lease rates to derive a value of \$14,240,000 (rounded) (Exhibit C1 pages 24 & 25).

The Board reviewed the five leases that the Complainant submitted which are based on three properties. These leases are dated, long term leases for buildings that are significantly larger than the subject property. There was no lease information provided for the subject property. The Board is not convinced that the lease rate as presented by the Complainant reflects the typical market rent for the subject property.

Secondly, the Complainant submitted a lease rate of \$5.50 psf (median) based on thirteen business assessment comparable to derive a value of \$13,620,000 (rounded) (Exhibit C1 page 27).

The Board placed little weight on the Complainant's business assessment comparables because nine of the thirteen comparables are much older than the subject property, ranging in year of construction from 1959- 1980 (Exhibit C2 pages 51- 80). The Board could not find supporting evidence for the comparable 5600 76 Avenue SE in the Complainant's evidence. The remaining three business assessments are based on properties that are similar in age as the subject property, however, only the property located at 5500 22 Street SE is similar in terms of building size and site coverage (Exhibit C2 pages 61, 71, 80).

Thirdly, the Complainant submitted the actual business assessment lease rates for the subject property to derive a value of \$17,950,000 (Exhibit C1 page 28).

In regards to the subject property's actual business lease rate, the Board placed little weight on this evidence as well. Although business assessments are based on the net annual rental value, there is no legislative requirement that business assessment lease rates and property assessment lease rates must be the same.

The Respondent submitted that the subject property's assessment was based on the direct sales comparison approach and he provided three industrial sales comparables that ranged from \$114 psf to \$135 psf (Exhibit R1 page 21). The two buildings on the subject property's site are assessed at \$112 psf and \$119 psf. He indicated that this is an atypical site based on its age and size and is the only large scale warehouse recently built in this area.

Based on the above, the Board is not convinced that the income approach is a preferred method of valuation compared to the direct sales comparison approach in this instance.

**The aggregate assessment per square foot applied is inequitable with the assessments of other similar and competing properties and should be \$79 psf.**

The Complainant submitted five equity comparables for multi building sites that ranged from \$73 psf to \$79 psf with a median of \$77.41 psf. He also provided eight equity comparables for single building sites that ranged from \$70 psf to \$79 psf with a median of \$74.91 psf (Exhibit C1 page 32). He suggested that the subject property be assessed \$79 psf based on the highest rate for newer multi building sites (Exhibit C1 page 31). The Respondent submitted five equity comparables that

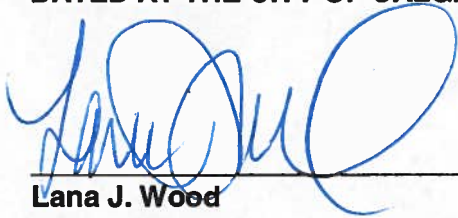
ranged from \$104 psf to \$135 psf in support of the two buildings on the subject's site that are assessed at \$112 psf and \$119 psf (Exhibit R1 page 22).

The Board placed less weight on the Complainant's equity comparables because the site coverage is significantly higher than the subject property. The Board preferred the equity comparables as presented by the Respondent because they are similar to the subject property.

**Board's Decision:**

The decision of the Board is to confirm the 2010 assessment for the subject property at \$22,640,000.

DATED AT THE CITY OF CALGARY THIS 18 DAY OF OCTOBER 2010.



**Lana J. Wood**  
**Presiding Officer**

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

<b>NO.</b>	<b>ITEM</b>
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.*