

**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:

***Board Chair, J. Zezulka
Board Member 1, A. Zindler
Board Member 2, I. Zacharopoulos***

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: 201276367

LOCATION ADDRESS: 1832 – 115 Avenue N.E., Calgary, Alberta

HEARING NUMBER: 56465

ASSESSMENT: \$32,850,000

This complaint was heard on 8 day of September, 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:

- *R. Worthington*

Appeared on behalf of the Respondent:

- *K. Buckry*

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

Not Applicable

Property Description:

The property is a single tenant industrial facility, built in 2008. The building is 356,288 sq. ft., set on a 16.26 acre site. The site coverage is 50.30 per cent. The community is Stoney Industrial Centre.

Issues:

Of the various issues listed, the complainant confined his argument to the following.

1. The aggregate assessment per square foot applied to the subject property does not reflect market value for assessment purposes when using the direct sales comparison approach and should be \$82 when the income approach is used.
2. The aggregate assessment per square foot applied is inequitable with the assessments of other similar and competing properties and should be \$88 per sq. ft.
3. The aggregate assessment per square foot applied to the subject property does not reflect market value for assessment purposes and should be \$83 per sq. ft.

Complainant's Requested Value: \$29,400,000

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

The current assessment calculates to \$92 per sq. ft. overall.

Issue 1. (income approach)

In support of his argument, the Complainant presented ten lease comparables on page 25 of his submission. All are multiple tenant warehouse leases. Lease rates ranged from \$4.46 to \$6.45 per sq. ft. The Complainant adopted a lease rate of \$6.50 per sq. ft. for the income calculations. Other inputs adopted included a 5.0 per cent vacancy rate, and a 7.5 per cent capitalization rate. Other than generic publications, the Complainant offered no specific evidence in support of the vacancy and capitalization rates. However, these were not refuted or questioned by the Respondent. The resulting calculations produced a relative indicator of \$29,334,379.

The Respondent submitted no evidence relative to the income approach to value. However, the Respondent submitted two Assessment Request for Information sheets, one showing that the subject building is currently leased for \$6.95 per sq. ft., and that the building next door is leased for

\$7.30 per sq. ft. for 439,275 sq. ft.

If the subject's actual rent is injected into the income capitalization equation, and the Complainant's other undisputed inputs are utilized, a capitalized value of \$31,365,220 (\$88.03 per sq. ft.) appears for the subject.

Issue 2. (equitable)

In support of his equity argument, the Complainant presented seven comparables on page 27 of its submission. Two are single tenant buildings, and five are multi-tenant. The single tenant properties reflected a median assessment of \$88.07 per s.f. The multi-tenant properties reflected a \$90.86 per sq. ft. median. All of the comparables were built between 1997 and 2002, compared to 2008 for the subject. Site coverage ranges from 41 to 45 per cent, compared to 50.3 per cent for the subject.

No equity evidence was submitted by the Respondent.

Issue 3. (market value)

The Complainant presented two comparables on page 26. The adjusted per sq. ft. rate appeared at \$80.56 to \$85.53 per sq. ft.. The average appeared at \$83.04. The subject building is newer than either of the comparables. In addition, the subject is significantly larger than one of the comparables.

The Respondent presented one transaction on page 25 of his submission. The transaction reflects a selling price of \$93 per sq. ft. The transaction took place in 2006. The location is South East Calgary. The building was built in 2005. Overall, the Board finds this property not comparable to the subject property.

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.

The Board finds that the evidence submitted by the Complainant to be more compelling than any evidence submitted by the Respondent. The assessment is reduced to \$88 per sq. ft overall. That rate is based on the adjusted income calculations as submitted by the Complainant, as well as the two single tenant equity comparables submitted by the Complainant.

The assessment is reduced to \$31,360,000.

DATED AT THE CITY OF CALGARY THIS 27 DAY OF SEPTEMBER 2010.


J. Zezulka
Presiding Officer

List of Exhibits

C-1; Evidence submission of the Complainant
C-2; Altus Group 2010 Industrial Argument
R-1; City of Calgary 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.*