

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

ROLL NUMBER:	090085903
LOCATION ADDRESS:	4436 MANITOBA ROAD SE
HEARING NUMBER:	58871
ASSESSMENT:	\$4,220,000

This complaint was heard on September 1st, 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. R. Luchak*

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 28,994 sq ft of rentable building area, located on a 2.67 acre site in North Manchester. The warehouse was built in 1967. The land is zoned I-G, Industrial General. The site coverage ratio is 24.95.

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 \$115 psf.
3. The aggregate assessment per square foot applied is inequitable with the assessments of other similar and competing properties and should be \$117 psf.

Complainant's Requested Value: \$3,180,000

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 provided the two leases in the subject property that commenced in 1972 and 2005

with rental rates of \$9.10 psf and \$5.50 psf respectively (Exhibit C1 page 17). The Complainant also provided lease comparables to derive a typical rental rate of \$8.50 psf, two of the newer leases support a rate of \$9.25 psf (Exhibit C1 page 19). The Complainant submitted an 8% capitalization rate and 5% vacancy rate, which were uncontested by the Respondent, to arrive at an assessed value of \$3,184,810 (Exhibit C1 page 20).

The Board is not convinced that the income approach to value is appropriate in this instance. The leases presented for the subject property are dated, gross leases and as such, provided little assistance to the Board. The Board also finds there is insufficient evidence presented in regards to the lease comparables in which a typical lease rate could be reasonably derived.

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 \$115 psf.

The Board reviewed the sales comparables presented by both parties and finds their evidence is limited.

The Complainant's best comparable located at 5855 9 Street SE has a time adjusted sales price of \$115 psf (TASP) but it has 63% finish in comparison to the subject property's 9% finish. The remaining sales comparables provided little value because they require too many adjustments (Exhibit C1 page 22).

The Respondent's only sales comparable located in the Central quadrant is 3636 Dartmouth Road. It has a time adjusted sales price of \$216 psf which is significantly higher than the subject property's assessed rate of \$146 psf. The Respondent struck the other two sales comparables located in the Central quadrant because they were not comparable to the subject property (Exhibit R1 page 36).

With the limited evidence before it, the Board chose the best sales comparables from each of the parties' submissions and derived an average to be applied to the subject property. The Board accepts the Complainant's sales comparable of \$115 psf (TASP) and the lowest of the Respondent's sales comparables of \$134 psf (TASP) and calculates a value of \$125 psf to be applied to the subject property.

The aggregate assessment per square foot applied is inequitable with the assessments of other similar and competing properties and should be \$117 psf.

The Complainant withdrew this issue at the hearing.

Board's Decision:

The decision of the Board is to reduce the 2010 assessment for the subject property from \$4,220,000 to \$3,620,000.

DATED AT THE CITY OF CALGARY THIS 23 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.*