

**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: 090074600

LOCATION ADDRESS: 407 36 AVENUE SE

HEARING NUMBER: 56374

ASSESSMENT: \$845,500

This complaint was heard on 2nd day of September, 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:

- Ms. C. Van Staden

Appeared on behalf of the Respondent:

- Ms. K. Hess
- Mr. J. Lepine

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

The hearing was delayed until 10:30 am to allow the City of Calgary's Assessment Department to send a representative to attend the hearing.

The colleagues of both parties had requested that several hearings be moved forward in the schedule earlier in the week, including file numbers #56374, #58948, #56381, that were originally scheduled for September 3, 2010. The Board agreed to do so.

Shortly before this hearing had commenced, the Board was advised that the assessor, assigned to the files, was not available to attend the hearings. Ms. Hess had requested a brief adjournment, which was granted by the Board, in order to locate another representative to attend in his place.

Property Description:

The subject property is a single tenant warehouse, comprised of 2,930 sq ft of rentable building area, located on a 0.54 acre site in Manchester industrial. It is currently occupied by Heninger Toyota. The warehouse was constructed in 1958. The land use designation is I-R, Industrial Redevelopment. The site coverage is 12.53. The property consists of 0.33 acres of excess land.

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 \$119 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 \$225 psf.
3. The aggregate assessment per square foot applied is inequitable with the assessments of other similar and competing properties and should be \$240 psf.
4. The value attributed to the land is not reflective of market value for assessment purposes.

Complainant's Requested Value: \$543,500

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 \$119 psf.

The Complainant submitted that the subject property should be assessed based on the income approach to value. She presented ninety lease rates that commenced during the period of 2007-2009 to derive a typical rental rate of \$9.25 (Exhibit C1 pages 14-16). The Complainant indicated a median lease rate of \$10.00 psf using those leases that commenced in 2008- 2009. Applying a rental rate of \$10 psf, an 8% capitalization rate and a 5% vacancy rate, the Complainant derived a value of \$347,938 for the subject property (Exhibit C1 page 17).

The Board is not convinced by the Complainant's lease rates because they lack specific details such as the square footage of each of the respective lease spaces. The Board also notes that the site coverages were not provided or if the lease comparables have excess land similar to the subject property.

As such, the Board is not convinced that the income approach to value is the preferred method of valuation in this instance.

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 \$225 psf.

The Complainant provided eight sales comparables (time adjusted) that ranged from \$115 to \$309 psf and indicated that a rate of \$225 psf is appropriate for the subject property, which is currently assessed at \$288 psf (including the land adjustment)(Exhibit C1 page 19). The Respondent presented twelve sales comparables (time adjusted) including three from the Central quadrant that ranged in value from \$219 psf to \$361 psf and nine from the North East quadrant that ranged from \$206 psf - \$514 psf.

The Board is not convinced by the Complainant's direct sales comparison approach because there were no parameters provided for the various adjustments that were required. The Board considers the sale located at 839 24 Avenue SE in the Central region an outlier because it consists of four office trailers. The Board finds the Respondent's sales comparables, particularly the three from the Central quadrant, are similar to the subject property and support its assessment (Exhibit R1 page 38).

The aggregate assessment per square foot applied is inequitable with the assessments of other similar and competing properties and should be \$240 psf.

The Complainant submitted nine equity comparables that ranged in assessed value from \$240 to \$409 psf (Exhibit C1 page 18). The Complainant requested a rate of \$240 psf to be applied to the subject property based on a "superior" comparable located at 410 38 A Avenue SE. The Respondent provided six equity comparables that ranged in assessed value from \$210 psf to \$221

psf (Exhibit R1 page 36).

The Board is not convinced by the Complainant's equity analysis because there were no parameters provided for the various adjustments that were required. The Board also finds the subject property clearly falls within the range as presented by the Complainant and therefore no inequity exists in this instance. The Board finds the six equity comparables as presented by the Respondent, which are similar to the subject property, support its assessment of \$216 psf (excluding the land adjustment).

The value attributed to the land is not reflective of market value for assessment purposes.

The Complainant submitted that the out of model land adjustment of \$212,206, attributed to the 0.33 acres of excess land, is too high. The Complainant requested the rate of \$620,116/acre for parcels under 2 acres based on several I-G land sales that occurred in East Shepard and Dufferin Industrial (Exhibit C1 pages 20- 22). Using the calculation of \$347,938 based on the income approach to value and \$198,400 for the excess land, the Complainant requested an assessment of \$543,726 or \$543,500 (truncated)(Exhibit C1 page 22).

The Respondent indicated that the City used a base rate of \$650,000/acre for I-R lands (Exhibit R1 page 36). The Respondent presented land sales of I-G lands, excluding the Dufferin area, in support of the \$650,000/acre land rate applied in this instance (Exhibit R1 pages 37).

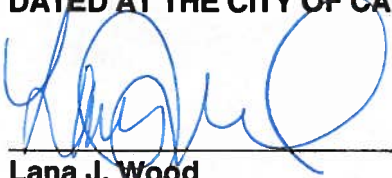
The Board notes that neither party was able to provide I-R land sales. In regards to the I-G land sales, the Board is not convinced that East Shepard and Dufferin Industrial are comparable to North Manchester and therefore the Complainant failed to present sufficient evidence to warrant a change in the land rate in this instance.

The onus is on the Complainant to provide sufficient evidence to bring the assessment into dispute. This was not done in this instance.

Board's Decision:

The decision of the Board is to confirm the 2010 assessment for the subject property at \$845,500.

DATED AT THE CITY OF CALGARY THIS 5 DAY OF OCTOBER 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.*