

**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: 090075003**

**LOCATION ADDRESS: 415 36 AVENUE SE**

**HEARING NUMBER: 56381**

**ASSESSMENT: \$2,030,000**

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:

- Mr. J. Lepine

**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 a single tenant warehouse, constructed in 1968, located on a 1.23 acre site in North Manchester. The building has a footprint of 4,800 sq ft and a rentable building area of 7,356 sq ft. The site coverage ratio is 8.95. There is 0.89 acres of excess land. The land use designation is I-R, Industrial Redevelopment.

**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 \$260 psf.
3. The aggregate assessment per square foot applied is inequitable with the assessments of other similar and competing properties and should be \$262 psf.
4. The value attributed to the land is not reflective of market value for assessment purposes.

**Complainant's Requested Value:** \$1,420,000

**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 \$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 \$873,525 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 site coverages were not provided and none of the lease comparables have excess land similar to the subject property.

The Board also notes the request of \$873,525, based on the income approach, is half of what the Complainant is seeking based on the direct sales comparison approach (\$1,910,000) and equity (\$1,920,000) for 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 \$260 psf.**

The Complainant provided seven sales comparables to indicate a value of \$1,910,000 or \$260 psf for the subject property (Exhibit C1 page 19).

The Board finds four of the seven sales comparables are not similar to the subject property in terms of location (NE quadrant) and year of construction (mid 1990's). The Board considered 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 remaining two sales comparables, if adjusted upwards for site coverage as suggested by the Complainant, would support the current assessment of the subject property. The Board also notes the Complainant is requesting a minimal adjustment of 6% to the current assessment.

The Board finds the Respondent's nine sales comparables, which are similar to the subject property, support its assessment (Exhibit R1 page 40).

**The aggregate assessment per square foot applied is inequitable with the assessments of other similar and competing properties and should be \$262 psf.**

The Complainant submitted nine equity comparables that ranged from \$240 to \$353 psf in support of a value of \$262 psf or \$1,920,000 (Exhibit C1 page 18). The Complainant indicated the property located at 941 48 Avenue SE, assessed at \$267 psf, is superior to the subject property.

The Board is not convinced by the Complainant's equity analysis because there were no parameters provided for the various adjustments that were required. Moreover, the Board notes the Complainant is requesting a minimal adjustment of 5% to the current assessment.

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.

In addition, the Board finds the seven equity comparables as presented by the Respondent, which are similar to the subject property, support its assessment (Exhibit R1 page 39).

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

The Complainant submitted that the land adjustment of \$576,600, attributed to the 0.89 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 \$873,525 based on the income approach to value and \$551,800 for the excess land, the Complainant requested an assessment of \$1,425,325.

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 & 38)

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 Board also notes that the Complainant was seeking a minimal reduction to the land rate of 5%.

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 \$2,030,000.

DATED AT THE CITY OF CALGARY THIS 28 DAY OF SEPTEMBER 2010.

  
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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.*