

**CALGARY
ASSESSMENT REVIEW BOARD
DECISION WITH REASONS**

In the matter of the complaint against the Property/Business 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, S. Rourke
Board Member 2, P. Pask***

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:	034191700
LOCATION ADDRESS:	4632 – 5 Street NE. Calgary, Alberta
HEARING NUMBER:	59709
ASSESSMENT:	\$3,120,000

This complaint was heard on 27 day of September, 2010 at the office of the Assessment Review Board located at 4th Floor, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 3.

Appeared on behalf of the Complainant:

- *D. Chabot*

Appeared on behalf of the Respondent:

- *M. Berzins*

Property Description:

A multi tenant industrial warehouse property, comprised of 1.63 acres of land, improved with an industrial warehouse with a net rentable area of 21,340 sq. ft. The building has a footprint of 14,590sq. ft. The finish component is 63 per cent. The year of construction is 1979. Total site coverage is 20.60 per cent. The location is the Greenview Industrial Subdivision.

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

No procedural matters were raised prior to the hearing.

Issues:

1. The assessed value is not reflective of the property's market value.
2. The assessed value is inequitable with comparable property assessments.

Complainant's Requested Value: \$2,750,000.

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

The current assessment is based on a rate of \$146 per sq. ft.

Issue 1

The Complainant based the entire argument relative to market value on the income approach to value. The complainant adopted a rent of \$7.25 per s.f. in the value calculations. The rent adopted was derived from the rent used in the City of Calgary business assessment for the subject premises. No other rental or income evidence was presented. Other inputs utilized included a 3.0 per cent vacancy rate, 2.0 per cent non-recoverable rate, and an 8.00 per cent capitalization rate. The rationale for these inputs is contained in the "2010 Altus Capitalization Rate Study" and the Altus '2010 Industrial Argument', both of which have been submitted as evidence in other hearings before the Composite Assessment Review Board. This Board makes no comment on the merits of the contents of those studies as they relate to the subject. The capitalized result was \$1,838,401. The rationale for the quantum leap between this amount and the requested assessment was not presented in evidence.

The Respondent offered no evidence relative to the income approach to value as it relates to the

subject. Rather, the Respondent presented seven sales comparables on page 15 of their submission. These reflected selling prices ranging from \$114 to \$173 per s.f. The median calculated to \$156. On the one hand, five of the seven comparables are newer buildings than the subject. On the other, the ratio of finished area in all of the comparables was lower than the subject, some by a significant amount. The median per cent finish in the comparables appeared at 14 per cent, compared to 63 per cent for the subject.

Issue 2

In support of the equity argument, the Complainant presented five properties on page 9 of Exhibit C-1. The comparables reflected assessments ranging from \$94.69 to \$136.87 per s.f. The median appeared at \$129.18. In all instances, the ratio of finished area is lower in the comparables than in the subject. All of the comparables have a significantly larger footprint than the subject. Overall, however, gross building sizes are not dissimilar.

The Respondent presented six equity comparables on page 14 of the submission. Average site coverage appeared at 16.7 per cent, compared to 21 per cent for the subject. Building ages bracket the subject. Similarly, net rentable areas are not unlike the subject's. And finish area ratios are either equal to or lower than the subject's. The average assessment indicated is \$156 – higher than the subject's current assessment.

Board's Decision:

The Board finds that the sales comparable evidence and the equity evidence submitted by the Respondent to be more compelling than the evidence submitted by the Complainant. Also, this Board cannot find a supportable connection between the Complainant's income capitalization result, and the requested assessment. The assessment is confirmed at \$3,120,000.

DATED AT THE CITY OF CALGARY THIS 6 DAY OF October 2010.


for J. Zezulka
Presiding Officer
List of Exhibits

C-1; Evidence submission of the Complainant
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.*