

**CALGARY  
COMPOSITE 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:**

***Steven C. Kashuba, PRESIDING OFFICER***

***M. Peters, 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: 090067000**

**LOCATION ADDRESS: 4501 – 1 Street SE**

**HEARING NUMBER: 56369**

**ASSESSMENT: \$2,080,000**

This complaint was heard on 27<sup>th</sup> 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:

- *C. Van Staden*

Appeared on behalf of the Respondent:

- *I. McDermott*

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

There were no procedural or jurisdictional matters raised.

**Property Description:**

The subject property, located at 4501 – 1 Street SE in the Manchester Industrial Subdivision, is a multi-bay warehouse situated on 0.72 acres of land, and a rentable area of 13,200 square feet. Built in 1971, the warehouse has a *finish area* of 27%, a rate of \$157 per square foot, and an assessment of \$2,080,000.

**Issues:**

1. Sales comparables indicate that the subject is overstated, and
2. The income approach to market value does not support the assessment.

**Complainant's Requested Value:** \$1,480,000.

**Issue #1: Sales Approach**

**Position of Complainant**

In support of their request for a reduced assessment based upon sales comparables, the Complainant presented six sales comparables (C-1, page 24). A review of these sales, which occurred in 2007 and 2008, would indicate that the characteristics therein do resemble those of the subject property, thereby making a comparison valid. The average time-adjusted value per square foot of these variables is \$206 while the assessed value is \$158 per square foot. However, in order to arrive at a requested value per square foot lower than \$158, the Complainant submitted that a number of adjustments are necessary to the finish, site coverage, bay size, and site coverage. The variables that require adjustments are presented in a spread sheet in C-1, page 24.

**Position of Respondent**

In support of the assessment, the Respondent presented six sales comparables (R-1, page 44), which are taken from the same quadrant of the City, and exhibit similar characteristics. The Board does note that the assessment of the subject property is rated at \$146.29 per square foot while the median for the sales comparables are at \$140 per square

foot. However, with the removal of two *outliers*, the Respondent submitted that the value of \$146 per square foot is supported.

### **Issue #1: Board Findings and Decision**

Contrary to the Complainant's conclusion that their sales comparisons can be sufficiently adjusted to the degree that a value of \$121 per square foot is derived, the board finds that insufficient supportive information is provided through which these adjustments can be made. Without considerable adjustments for variables such as finish, site coverage, bay size, and year of construction, the average adjusted sale price of the sales comparables exceeds by a considerable margin the assessment value per square foot of the subject property. As a result, the Board places considerable weight upon the Complainant's sales comparables as actually supporting the assessment.

In addition, the Board finds that the sales comparables presented by the Respondent also support the assessment.

### **Issue #2: Income Approach**

#### **Position of Complainant**

In support of their request to use the income approach to determine market value, the Complainant presented the rent roll for the subject (C-1, pages 13 – 14) which shows the leases to be in the range of \$6 to \$10 per square foot while the Respondent uses a rent rate of \$13.27 per square foot in their Pro-Forma (C-1, page 22). By utilizing a rate of \$9.50 per square foot, a value of \$1,567,500 is requested by the Complainant.

In further support for a lease rate of \$9.50 per square foot, the Complainant presented nine equity comparables (C-1, page 23). However, in order to arrive at an assessment value per square foot lower than \$158, a number of adjustments to the variables are required. In the absence of any adjustments, the Board notes that the average value per square foot of the comparables is \$166 while the assessment is \$158 per square foot.

#### **Position of Respondent**

The Respondent did not present a list of leases for similar properties but instead analyzed the sales comparables presented by both parties (R-1, page 45). This was accomplished by utilizing a rental rate of \$9.50 per square foot as requested by the Complainant and applying this amount to the time-adjusted-sales price of each property. Their conclusion, in the case of the Respondent's sales, leads to an Assessment to Sales Ratio in the range of 0.69 to 0.93. In the case of the Complainant's sales comparables the ASR ratio ranges from 0.45 to 0.93. The median in the first instance is 0.81 and 0.51 in the second case.

From this the Respondent concludes that in order to bring the ASR closer to 1.00, one would require the application of a much higher rental rate per square foot. It is through this analysis that the Respondent supports the use of a rental rate of \$13.27 per square foot.

In addition, the Respondent presented 18 equity comparables (R-1, page 43), taken from the same Region of the City, which reflect similar characteristics, and which support the assessment of the two buildings located on the subject property.

**Issue #2: Board Findings and Decision:**

The Board places little weight upon the Complainant's nine equity comparables in that these require a number of adjustments before a reduction in the assessment can be supported. Further to this, the Complainant's submission lacks the necessary information upon which such adjustments can be justified.

As for the question of using the subject's current leases as a basis for the assessment of the subject property, the Board concludes that these lease rates neither respond to the question of industry *typicals* nor are they a reflection of results when *mass appraisal* techniques are utilized. In addition, the Board places little weight upon the list of rents supplied by the Complainant (C-1, pages 18 – 19) in that too little detail is provided through which the Board might be able to make a valid judgement.

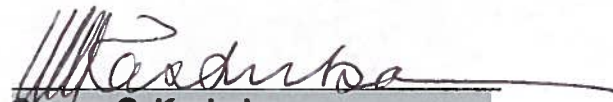
**Board's Decision:**

It is the decision of the Board to confirm the assessment of the subject property for 2010 at \$2,080,000.

**Reasons:**

The board finds that the sales comparisons submitted by both parties support the assessment. As for the utilization of an income approach to market value, the Board places little weight in the use by the Complainant of the subject's rental rates currently in place as a reflection of the typical rental rates for this sector of the city and the reason through which a lower assessment can be justified. As a result, the Board concludes that the current assessment is fair and correct.

DATED AT THE CITY OF CALGARY THIS 14 DAY OF SEPTEMBER 2010.

  
Steven C. Kashuba  
Presiding Officer

*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.*