

**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: 090066903

LOCATION ADDRESS: 4519 – 1 Street SE

HEARING NUMBER: 56366

ASSESSMENT: \$2,100,000

This complaint was heard on 27th 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:

- *Ian McDermott*

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

No procedural or jurisdictional matters raised.

Property Description:

The subject property, located at 4519 – 1 Street SE within the Manchester Industrial Subdivision, is a multi-bay industrial warehouse. The site area is 0.69 acres and the rentable area of the warehouse is 14,400 square feet. Built in 1965, the subject warehouse has a *finish* of 21% and is assessed at \$146 per square foot. The current assessment is \$2,100,000.

Issues:

1. The income approach to market value does not support the current assessment, and
2. There are insufficient sales of similar properties to the subject to arrive at a reasonable conclusion.

Complainant's Requested Value: \$1,620,000.

Issue #1: Income Approach

Position of Complainant

In support of their position that the best approach in determining market value for the subject property, the Complainant presented the subject's rent roll as of July 1, 2008 (C-1, pages 15-16). In this regard, it is their submission that the subject property rents are lower than the requested typical rent rate and that the assessment should be reduced.

In addition, the Complainant presented in excess of 80 samples of rent rolls from the Central Region in support of the requested value of \$9.50 rent rate per square foot. From these samples of *rents* a median of \$9.50 per square foot is derived. By applying a rent of \$9.50 per square foot as opposed to the Respondent's application of a rate of \$12.28 per square foot, an assessment value of \$1,624,500 is calculated (C-1, page 21).

Position of Respondent

In response to the question of the use of an income approach to market value, the Respondent presented 18 equity comparables (R-1, page 43). As to the question of which

equity comparables exhibit characteristics closest to those of the subject property, the Respondent identified two properties, representing five roll numbers, located at 2525 – 16 Street SE, and 1505 – 41 Avenue SE. On average, the assessment per square foot is \$152, which in the opinion of the Respondent, fully supports the assessment of the subject property at \$146 per square foot.

In response to the question of using the income approach to value as advanced by the Complainant, the Respondent submitted that the sales approach to determining market value is superior to the use of the income approach.

Board Findings and Decision

The Board finds that the rents of industrial warehouses as presented by the Complainant lack the necessary detail as to facilitate a valid judgement by the Board. As for the Respondent's equity comparables, the board accepts that these came from the same sector of the City and do support the assessment.

Issue #2: Sales Comparison Approach

Position of Complainant

In support of a request for a reduction in the assessment amount by using sales comparisons, the Complainant presented six sales (C-1, page 22), all of which occurred in 2007 and 2008. The site coverage of the subject property is 47.91% while the site coverage of the comparables ranges from 12.95% to 34.99%. Other comparisons such finish, land area, region of the City, Land Use Designation, and building count were also presented. On average, these sales transacted at a value in excess of \$206 per square foot while the subject property is assessed at \$146 per square foot.

As regards sales comparables, it is the position of the Complainant that the characteristics of the comparables are sufficiently at variance with the subject property so as to make any realistic sales comparison invalid.

Finally, the Complainant presented three recent CARB decisions in support of their position (C-1, pages 24-44).

Position of Respondent

To support the assessment, the Respondent presented six sales comparables (R-1, page 44) transacted in 2007 and 2009 in the same Region of the City as the subject property and which do support the assessment. In particular, the Respondent pointed out that the degree of finish is an important factor in comparing warehouse properties. In this regard, the Respondent noted that with the removal of two *outliers*, the average of the remaining four sales produces an average of \$142 per square foot, thereby supporting the assessment.

Finally, the Respondent presented a *Test of Altus Income Values vs. Complainant's Sales Comparables* (R-1, page 45). By using the six sales comparables as presented by the Respondent and the six sales comparables as presented by the Complainant, it is noted that the Assessment to Sales Ratio, when using \$9.50 per square foot rental value, the ASRs result in a range of 0.45 to 0.93. The conclusion of this comparison is that a rental value in excess of

\$9.50 per square foot would have to be utilized in order to arrive at an ASR approaching 1.00. In this regard, it is the submission of the Respondent that their application of a rental value of \$12.28 per square foot is fair and correct.

Board Findings and Decision

The board is satisfied that both, the Complainant's and Respondent's sales comparables do support the assessment.

Board's Decision:

It is the decision of the Board to confirm the assessment of the subject property for 2010 at \$2,100,000.

Reasons:

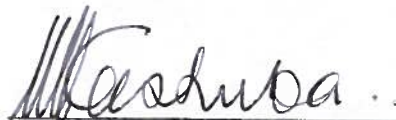
The Board is persuaded by the equity comparables presented by the Respondent taken from the same sector of the City as supporting the assessment. Further to this, the Board notes that both parties presented a sufficient number of sales comparables, which when having regard for a similarity in characteristics, do support the assessment of the subject property.

As for the Complainant's position that the best approach to determining market value in this appeal is through the income approach, the Board places little weight upon the Complainant's defence through the use of the rental rates attained in the subject property in that these values do not necessarily reflect industry *typicals*. In addition, the Board places little weight upon the Complainant's submission of a large number of rents in various sectors of the City in that too little detail was provided through which a valid comparison can be made.

In response to a question, it is noted that neither party visited the subject property prior to this appeal.

For these reasons, the Board concludes that the current assessment of the subject property is fair and correct.

DATED AT THE CITY OF CALGARY THIS 14 DAY OF OCTOBER 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.*