

**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: 090075607**

**LOCATION ADDRESS: 521 – 36 Avenue SE**

**HEARING NUMBER: 58864**

**ASSESSMENT: \$11,710,000**

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:

- *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 521 – 36 Avenue SE within the Manchester Industrial Subdivision, is a multi-bay, multiple-building industrial warehouse. The site area is 6.15 acres and the rentable area of the three buildings is 122,740 square feet. Built in 1972, the subject warehouses have a *finish* of 25% and are assessed at \$92.21, \$114.45, and \$99.69 per square foot, respectively. The current assessment is \$11,710,000.

**Issues:**

1. The sales of multiple-building sites that are similar in size indicate that the subject property is overstated, and
2. Equity comparables indicate that the subject assessment is overstated.

**Complainant's Requested Value:** \$9,810,000.

**Issue #1: Sales Approach**

**Position of Complainant**

In support of their position, the Complainant presented 4 sales comparables (C-1, page 15) which took place in 2007, 2008, and 2009. With regard to the variables and the question of comparability, the Complainant submitted that the sales occurred in the same sector of the City but that the building count in the subject property is three while the building count in the sales comparables is *one* in four of cases and *two* in the fifth case.

As to the question of *finish*, the Complainant pointed out that it is 25% in the case of the subject property and in the range of 0% to 13% for the sales comparables. In the case of site coverage, the comparables are similar to the subject property.

According to the submission of the Complainant, the sales comparables indicate a rate of \$80 per square foot, leading to a calculated assessment request of \$9,810,000.

In way of further support for their sales comparables, the Complainant presented a list of *2010 Improved Industrial Property Sales* (C-1, pages 69 – 72) used by the Respondent in their mass appraisal model.

Finally, the Complainant examined the sales comparables used by the Respondent in their mass appraisal model through which the assessment is determined (C-1, pages 77 – 81) and concluded that the ASR median, when *post facto* sales are utilized, is similar to the ASR *without* the use of *post facto* sales; both are at 0.93. However, in conclusion, it is their position that of 19 sales, 14 are outside the acceptable standard statistical confidence limits of 0.95 to 1.05 thereby bringing into question the very basis upon which the assessment was determined.

### **Position of Respondent**

To support the assessment, the Respondent presented 12 sales comparables (R-1, page 52) which, in their opinion, reflect similar characteristics to that of the subject property. In particular, it is the position of the Respondent that if one were to isolate the specific attributes of each of the three subject buildings and compare them with the sale of properties which exhibit similar characteristics, the values per square foot of the three subject buildings (i.e., building #1 at \$92.21 per square foot; building #2 at \$114.45 per square foot, and building #3 at \$99.69 per square foot) would be supported.

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

The Board finds that the sales comparables presented by the Respondent, which range in value per square foot from \$96 to \$216, offer support for the current assessment wherein building #1 is valued at \$92.21 per square foot, building #2 at \$114.45 per square foot, and building #3 at \$99.69 per square foot.

As for the sales comparables presented by the Complainant, the Board finds that the sales comparables reflect a *smaller degree of finish* and are not located in the same subdivision as is the subject property. In particular, the Board notes that the sale at 3410 Ogden is located in an inferior subdivision of the City and cannot be used as a valid sales comparable. As a result, the Board places little weight upon the sales comparables presented by the Complainant.

### **Issue #2: Equity Approach**

#### **Position of Complainant**

The Complainant presented 12 equity comparables (C-1, page 14) which reflect the variables of year of construction, building count, finish, lot size, site coverage, Land Use Designation, wall height, bay size, and assessment per square foot, concluding that the characteristics of the comparables are sufficiently similar to those of the subject property as to make comparability valid.

With regard to the assessments per square foot, the Complainant submitted that a rate of \$80 per square foot is derived thereby leading to an assessment request of \$9,810,000.

By way of further support for the question of equity, the Complainant presented a list of properties that the Respondent used as *Separate Building* (C-1, page 19), and as *One Building* (C-1, page 20) sites in assessing properties, concluding that the median Assessment to Sales Ratio in the first grouping is 1.03 while the median ratio in the second grouping is 0.93.

However, it is the position of the Complainant that in the complaint under appeal, the 3 separate buildings should be considered as one unit as opposed to separate units as taken by the Respondent. Were this the case, the unit value in the subject property would be considerably lower than that advanced by the Respondent, as would the resultant assessment.

### **Position of Respondent**

In response to the Complainant's request to treat the 3 separate buildings as one unit, the Respondent submitted that the City evaluates each building on the basis of its market value. Therefore, it is the position of the Respondent that each building must be treated as a separate entity to which is assigned a specific market value (R-1, page 44).

In support of the assessment the Respondent presented 27 equity comparables taken from the Central Region of the City. The subject property consists of 3 buildings constructed in 1972 which are rated at \$92, \$114, and \$100 per square foot. (R-1, pages 47 – 51). Since each building is assessed on its own merit, it is the submission of the Respondent that properties which are used as comparables must exhibit similar characteristics in terms of age, size, finish, and sit coverage in order to make the comparison valid.

Having regard for these guidelines, it is the conclusion of the Respondent that the equity comparables in each of the three categories do support the assessment.

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

The Board finds that the equity comparables presented by the Respondent do exhibit characteristics similar to those of the subject property and, as a result, support the assessment. As for the equity comparables presented by the Complainant, the Board finds that the building count in seven of list is *one* thereby bringing into question the element of comparability.

### **Board's Decision:**

It is the decision of the Board to confirm the assessment of the subject property for 2010 at \$11,710,000.

### **Reasons:**

The Board notes that several of the equity comparables presented by the Complainant exhibit characteristics dissimilar to those of the subject property and cannot be relied upon as a test of the correctness of the assessment. The Board is persuaded by the equity comparables presented by the Respondent in that an examination of the characteristics of the comparables leads the Board to conclude that the assessment is fair and correct.

As for sales comparables, the Board places little weight upon the sales comparables advanced by the Complainant in that the finish of the comparables is inferior, as is the location of one of the sales comparables. In contrast, the Board is persuaded by the sales comparables presented by the Respondent, which are taken from similar subdivisions and which exhibit characteristics which support the specific characteristics and assessments of each of the three subject warehouses.

It is for these reasons that the Board concludes that the assessment is fair and correct.

DATED AT THE CITY OF CALGARY THIS 19 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.*