

**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:

M. Vercillo, PRESIDING OFFICER

D. Pollard, MEMBER

A. Zindler, MEMBER

This is a complaint to the Calgary Composite Assessment Review Board (CARB) in respect of a Property assessment prepared by the Assessor of The City of Calgary and entered in the 2010 Assessment Roll as follows:

ROLL NUMBER: 032041592

LOCATION ADDRESS: 2415 PEGASUS RD NE

HEARING NUMBER: 59352

ASSESSMENT: \$ 2,980,000

This complaint was heard on 21ST day of September, 2010 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom #10.

Appeared on behalf of the Complainant:

- Mr. J. Smiley (Altus Group Ltd.)

Appeared on behalf of the Respondent:

- Mr. I. Baigent (The City Of Calgary)

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

The CARB derives its authority to make this decision under Part 11 of the Act. No specific jurisdictional or procedural issues were raised during the course of the hearing, and the CARB proceeded to hear the merits of the complaint, as outlined below.

Property Description:

The subject property is an industrial property containing a single tenanted warehouse building with an office extension and constructed in 1985. The subject property is located in the "Pegasus Industrial" district of NE Calgary. The building has a net rentable area of approximately 16,601 square feet (SF). The building is situated on an assessable land area of approximately 66,108 SF resulting in a building to site coverage of approximately 19%.

Issues:

The CARB considered the complaint form together with the representations and materials presented by the parties. The matters or issues raised on the complaint form are as follows:

1. The subject property is assessed in contravention of Section 293 of the Municipal Government Act and Alberta Regulation 220/2004.
2. The use, quality, and physical condition attributed by the municipality to the subject property is incorrect, inequitable and does not satisfy the requirement of Section 289 (2) of the Municipal Government Act.
3. The assessed value should be reduced to the lower of market value or equitable value based on numerous decisions of Canadian Courts.
4. The information requested from the municipality pursuant to Section 299 or 300 of the Municipal Government Act was not provided.
5. The aggregate assessment per SF applied is inequitable with the assessments of other similar and competing properties and should be \$130.
6. The aggregate assessment per SF applied to the subject property does not reflect market value for assessment purposes when using the direct sales comparison approach and should be \$130.
7. The characteristics and physical condition of the subject property support the use of the income approach utilizing typical market factors for rent, vacancy, management, non recoverables and capitalization (cap) rates, indicating an assessment market value of \$130.
8. The valuation method used for the subject property is fundamentally flawed in

both derivation and application.

9. The property characteristics have not been properly considered.

However, during this hearing, only the following issues were addressed as follows:

1. The aggregate assessment per SF applied is inequitable with the assessments of other similar and competing properties and should be \$130.
2. The aggregate assessment per SF applied to the subject property does not reflect market value for assessment purposes when using the direct sales comparison approach and should be \$130.
3. The characteristics and physical condition of the subject property support the use of the income approach utilizing typical market factors for rent, vacancy, management, non recoverables and capitalization (cap) rates, indicating an assessment market value of \$130 per SF.

Complainant's Requested Value:

\$2,180,000 on the complaint form revised to \$2,290,000 at this hearing.

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

ISSUE 1: The aggregate assessment per SF applied is inequitable with the assessments of other similar and competing properties and should be \$130.

The Complainant provided the following evidence with respect to this issue:

- A table entitled "Equity Comparables". The table provided a listing of 3 industrial, single and multi-tenanted equity comparables to the subject. The Complainant highlighted the following information on these properties:
 - Average year of construction range: 1974 to 1977.
 - Assessment rate per SF range: \$136 to 167.

The Respondent provided the following evidence with respect to this issue:

- A table entitled "2010 Industrial Equity Comparables". The table provided a listing of 6 industrial single and multi-tenanted equity comparables to the subject. The Respondent highlighted the following information on these properties:
 - Average year of construction range: 1964 to 2001, with a median of 1977.
 - Assessment rate per SF range: \$170 to \$189, with a median of \$180.

The Respondent concluded his analysis by indicating that the subject's assessment rate of \$180 is equitably applied.

Decision: Issue 1

In view of the above considerations, the CARB finds as follows with respect to Issue 1:

- The assessment rate applied by the Respondent is equitable with those of similar properties for the following reasons:
 - The Complainant's request of \$130 per assessable SF is not even supported by his own evidence and the Complainant admitted so in his testimony.
 - The Respondent's evidence supports the assessment per SF rate.

ISSUE 2: The aggregate assessment per SF applied to the subject property does not reflect market value for assessment purposes when using the direct sales comparison approach and should be \$130.

The Complainant provided the following evidence with respect to this issue:

- A table entitled "Comparable Sales". The table compared sales of 3 industrial properties in the northeast region of Calgary. The Complainant highlighted the following information on these properties:
 - The sales price per SF range: \$128.17 to \$187.04.

The Respondent provided the following evidence with respect to this issue:

- A table of industrial sales comparables. The table compared sales of 6 industrial properties, 5 of which were in the northeast area of Calgary. The Respondent highlighted the following information on these properties:
 - 2 of the 6 properties are the same ones used by the Complainant in his comparable sales analysis.
 - The time-adjusted sales price per SF range: \$158 to \$377.

The Respondent concluded his analysis by indicating that the subject's assessment rate of \$179.64 is equitably applied.

Decision: Issue 2

In view of the above considerations, the CARB finds as follows with respect to Issue 2:

- The assessment rate of \$179.64 applied by the Respondent is a reasonable reflection of market value for the following reasons:
 - The rate applied by the Respondent is within the range of the Complainant's evidence.
 - The Complainant's request of \$130 per assessable SF is not well supported by his own equity analysis as evidenced under issue 1 above.

ISSUE 3: The characteristics and physical condition of the subject property support the use of the income approach utilizing typical market factors for rent, vacancy, management, non recoverables and capitalization (cap) rates, indicating an assessment market value of \$130 per SF.

The Complainant provided the following evidence with respect to this issue:

- A "2010 Requested Assessment Valuation" calculation. The Income Approach to value calculation included a rental rate of \$8.50, a vacancy rate of 5% and a cap rate of 8%. The conclusion of this valuation method valued the subject at \$1,675,000.

The Respondent provided the following evidence with respect to this issue:

- The Respondent provided no direct evidence addressing the Income Approach to value. However, included in his evidence was an Assessment Explanation Summary which highlighted that the property was assessed using an assessment rate of \$179 per SF. In addition, the summary indicated the 19% building site coverage caused an adjustment factor in the assessment for extra land.

Decision: Issue 3

In view of the above considerations, the CARB finds as follows with respect to Issue 3:

- The requested market value assessment of \$130 per SF is not supported by the evidence for the following reasons:
 - The Complainant's request of \$130 per assessable SF is not even supported by his own Income Approach to value evidence. The calculation suggests a rate of \$100.90 per SF.
 - It appears, and the Complainant admitted during his testimony, that his Income

Approach to value was in error as it neglected to include a value for excess land that the site enjoys.

Board's Decision:

The Board confirms the assessment at \$2,980,000.

DATED AT THE CITY OF CALGARY THIS 6th DAY OF OCTOBER 2010.



Michael A. Vercillo

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.*