

REVISED

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: 091035204
LOCATION ADDRESS: 3612 Blackfoot Trail SE
HEARING NUMBER: 59425
ASSESSMENT: \$2,440,000

This complaint was heard on 29th 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:

- *D. Chabot*

Appeared on behalf of the Respondent:

- *T. Luchak*

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 3612 Blackfoot Trail SE, is in the Highfield Subdivision, and has a rental area of 17,940 square feet. The site area is 1.04 acres and 54% of the floor area is devoted to office space. The current assessment is \$2,440,000.

Issues:

1. The income approach to market value does not support the assessment,
2. Sales comparables do not support the assessment, and
3. Equity comparables do not support the assessment.

Complainant's Requested Value: \$1,780,000.

1.1 Complainant's position as regards the income approach to market value.

In support of their contention that the income stream of the subject property does not support the assessment, the Complainant presented 5 lease comparables (C-1, page 22) which exhibit similar characteristics and which reflect a median of \$8.52 whereas the Respondent has valued the property at a rate of \$11.45 per square foot. By applying a rate of \$8.52 per square foot in a Pro Forma (C-1, page 24) the Complainant requests an assessment of \$1,815,080.

1.2 Respondent's position as regards the income approach to market value.

Although the Respondent did not argue the assessment value by presenting an income approach study to value, they did apply the Complainant's requested value of \$8.50 per square foot to the sales comparables presented by both parties and concluded that the application of this value per square foot would result in ASRs (R-1, page 23) in the range of 0.48 to 0.84 with a mean of 0.72. In the opinion of the Respondent, this low result in the ASR does confirm that the application of the Complainant's requested rent rate of \$8.50 per square foot does not support the sales values and, by deduction, brings into question the use of an income approach in the subject property to determine market value.

Findings and decision of the Board as regards the income approach to market value.

The Board finds that the lease rates currently in place in the subject property do not necessarily reflect the typical lease rates for industrial warehouses in this sector of the City (C-1, pages 22 – 24). As a result, the Board finds that the lease rates in place for the subject property cannot be the sole determinant of its market value.

In particular, the Board is persuaded by the Respondent's analogy that the application of an income stream of \$8.50 per square foot to the sales of comparable properties as presented by both parties results in a very low Assessment to Sales Ratio thereby bringing into question the validity of utilizing, in this particular case, the income stream of the subject property to determine assessment.

2.1 Complainant's position as regards sales comparables.

As for the question of sales comparables, the Complainant presented 2 sales comparables (C-1, page 25) which occurred in the same sector of the City (Burns and Highfield). However, the Complainant abandoned the sales comparison approach to determining market value, submitting that the two sales exhibited characteristics sufficiently removed from those of the subject property as to make comparability invalid.

2.2 Respondent's position as regards sales comparables.

In support of the assessment the Respondent presented 5 sales comparables (R-1, page 22), three of which are located in the Central region of the City and two in the South Eastern sector of the City. These sales comparables reflect adjusted sales values per square foot in the range of \$130 to \$198 while the assessment value per square foot of the subject property is \$136.54 per square foot.

Findings and decision of the Board as regards sales comparables.

The Board finds that the sales comparables presented by the Respondent, which occurred in the same sector of the City, do support the assessment.

Further to this, the Board notes that the Complainant withdrew their request to reduce the assessment based upon the issue of sales comparables.

3.1 Complainant's position as regards equity comparables.

The Complainant's 5 equity comparables were taken from the Central region of the City (C-1, page 26). However, during the course of the hearing the Complainant requested that the last 3 of the 5 comparables presented on page 26 be withdrawn in that the characteristics were sufficiently at variance with the subject property as to make any comparison valid. After further review, the Complainant noted that the first 2 comparables presented in C-1, page 26 actually supported the assessment. As a result, the issue of equity was withdrawn by the Complainant.

3.2 Respondent's position as regards equity comparables.

The Respondent presented 5 equity comparables (R-1, page 20) which possess a Land Use designation of I-G, similar to that of the subject property. The site coverage of the comparables ranges from 36% to 47% while the site coverage for the subject property is 40%. Although the rentable area of the subject is somewhat greater than that of the comparables, it is the submission of the Respondent that the variance is not so large as to make comparability invalid. Finally, the Respondent notes that the rate per square foot for the subject property is \$137 per square foot, the equity comparables range from \$143 to \$178 per square foot.

Findings and decision of the Board as regards equity comparables.

The Board places little weight upon the equity comparables presented by the Complainant in that too little detail was provided by which a valid determination can be made. Further to this, the Board notes that the Complainant abandoned the issue of equity.

Board's Decision:

It is the decision of the Board to confirm the assessment of the subject property for 2010 at \$2,440,000.

Reasons:

The Board places considerable weight upon the sales comparables presented by the Respondent. In this regard, the Board is satisfied that the sales occurred prior to the valuation date of July 1, 2009, adjusted appropriately, and that the sales do exhibit characteristics similar to that of the subject property in terms of location, floor area, and Land Use Designation.

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.*