

**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: 091005801

LOCATION ADDRESS: 4005 – 11 Street SE

HEARING NUMBER: 59320

ASSESSMENT: \$\$6,550,000

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 in the Highfield subdivision of the City, is zoned 1-G Industrial, and has a rentable area of 54,683 square. Situated on 4.45 acres of land, the warehouse was constructed in 1963. The site coverage is 27% and the office *finish* area is 25%. The current assessment is \$6,550,000.

Issues:

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

Complainant's Requested Value: \$4,630,000.

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 6 lease comparables (C-1, page 23) which exhibit similar characteristics and which reflect a median of \$6.63 whereas the Respondent has valued the property at a rate of \$10.09 per square foot. By applying a rate of \$6.63 per square foot in a Pro Forma (C-1, page 24) the Complainant requests an assessment of \$4,630,000.

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 \$6.63 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 0.61 to 0.77 with a mean of 0.64. 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 \$6.63 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 comparables presented by the Complainant lack detail through which a determination can be made as to the applicability of the variables applied to each property. In particular, the Board is persuaded by the Respondent's analogy that the application of an income stream of \$6.63 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 (Highfield and South Manchester) and which exhibit characteristics similar to that of the subject property. On average, the adjusted sales values per square foot are \$103.30 while the subject property is assessed at \$119.91 per square foot.

2.2 Respondent's position as regards sales comparables.

In support of the assessment the Respondent presented 3 sales comparables (R-1, page 21) which are located in the Central region of the City and which reflect adjusted sales values per square foot of \$120, \$129, and \$147 while the assessment value per square foot of the subject property is \$119.91 per square foot.

In examining the 2 sales comparables presented by the Complainant (R-1, page 22), the Respondent noted that the second sale at 6030 – 3 Street SE sold for an adjusted value of \$120 per square foot, a value that supports the assessment value of \$119.91 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 one of the two sales presented by the Complainant also support the assessment.

3.1 Complainant's position as regards equity comparables.

The Complainant's equity comparables were taken from the Central region of the City in the Inglewood, Burns Industrial, Manchester Industrial, Fairview, and Highfield districts of the City (C-1, page 26). The median of these equity comparables is \$88.42 per square foot. By applying this value to the area of the subject property, the Complainant calculates a value of \$4,900,000.

3.2 Respondent's position as regards equity comparables.

The Respondent presented 4 equity comparables (R-1, page 19) which possess a Land Use designation of I-G, similar to that of the subject property. The site coverage of the comparables

ranges from 25% to 28% while the site coverage for the subject property is 27%. 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 \$120 per square foot while the equity comparables range from \$126 to \$139 per square foot.

In analyzing the equity comparables presented by the Complainant (R-1, page 20), it is the submission of the Respondent that the finish of the subject property exceeds that of the comparables. In addition, the Respondent noted that the subject property is located in a subdivision of the City which is superior to that of the location of the comparables thereby bringing into question the element of comparability.

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.

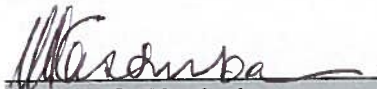
Board's Decision:

It is the decision of the Board to confirm the assessment of the subject property for 2010 at \$6,550,000.

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. It is for these reasons that the Board concludes that the assessment 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.*