

**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***

***Y. Nesry, MEMBER***

***D. Cochrane, MEMBER***

This is a complaint to the Calgary Composite Assessment Review Board (CARB) 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: 031014293**

**LOCATION ADDRESS: 3615 34 ST NE**

**HEARING NUMBER: 59637**

**ASSESSMENT: \$ 9,390,000**

This complaint was heard on 4<sup>th</sup> day of October, 2010 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom # 3.

Appeared on behalf of the Complainant:

- Ms. G. Kerslake (Altus Group Ltd.)

Appeared on behalf of the Respondent:

- Ms. M. Lau (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 office area, constructed in 1994 and a small "outbuilding" and constructed in 1996. The subject property is located in the "Horizon" district of NE Calgary. The warehouse building has a net rentable area of approximately 73,163 square feet (SF), while the outbuilding has a net rentable area of 1,500 SF. The buildings are situated on an assessable land area of approximately 238,644 SF and have a building to site coverage of approximately 27%.

According to the "Assessment Explanation Summary" provided by the Respondent, the property is assessed at \$128 per SF of net rentable area for the warehouse and \$10 per SF of net rentable area for the outbuilding, forming a total assessment of approximately \$125 per SF of net rentable area for both buildings combined.

**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 \$80 per SF.
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 \$80 per SF.

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 \$80 per SF.
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, as of the date of this hearing, the Complainant addressed the following issues:

1. The aggregate assessment per SF applied is inequitable with the assessments of other similar and competing properties and should be \$107 per SF.
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 \$104 per SF.

**Complainant's Requested Value:**

\$5,970,000 on the complaint form revised to \$7,790,000 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 \$107 per SF.

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

- A table of equity comparables to the subject property. The table provided a listing of 8 industrial, single and multi-tenanted equity comparables, all in the northeast quadrant of the city. The Complainant highlighted the following information on these properties:
  - Net rentable area range (SF): 64,628 to 84,164, with a median of 75,527.
  - Average year of construction range: 1989 to 2008.
  - Site coverage range: 38.52% to 52.31%, with a median of 45%.
  - Assessment rate per SF range: \$90 to \$109, with a median of \$107.

The Complainant concluded his analysis by indicating that the assessment of the subject property should have an equitable assessment rate per net rentable area of \$107 per SF. The total assessment requested would therefore be \$7,980,000.

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

- A table entitled "2010 Industrial Equity Comparables". The table provided a listing of 7 industrial single-tenanted and multi-tenanted equity comparables, predominately in the northeast quadrant of the city. The Respondent highlighted the following information on these properties:
  - Site coverage range: 22% to 35%.
  - Average year of construction range: 1973 to 2008.
  - Net rentable area range (SF): 55,017 to 81,615.
  - Assessment rate per SF range: \$121 to \$143.

The Respondent concluded his analysis by indicating that the subject's assessment rate of \$128 per net rentable area applied to the warehouse and the assessment rate of \$10 per net rentable area applied to the outbuilding is equitably assessed.

- A table of the Complainant's equity comparables highlighted the inferior attributes of the

comparable properties as compared to the subject. The Respondent suggested that the Complainant's equity comparables are significantly inferior to the subject mainly due to their larger site coverage which would account for the smaller assessment rates.

**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:
  - There was no significant evidence provided by the Complainant that would cause the CARB to revise the current assessment rate of approximately \$125 per SF of net rentable area for both buildings combined.
  - The CARB considered the equity comparables submitted by both parties and found that in doing so, the assessment rate applied to the net rentable area of both buildings is equitably applied.
  - The median assessment rate \$137 per SF for the Respondent's comparables was not used by the Respondent to assess the subject. Likewise, it would not be justified for the CARB to assess the subject based on the Complainant's comparables median rate.
  - The CARB accepts the Respondent's assertion that the Complainant's comparables have larger site coverage's than the subject and that this fact is reflected in their lower assessment rates.

**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 \$104 per SF.

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

- A table of direct sales comparables. The table compared sales of 8 single and multi-tenanted industrial properties in the northeast quadrant of the city. The Complainant highlighted the following information on these properties:
  - Sale date range: July 30, 2007 to May 29, 2009.
  - The time-adjusted sales price per SF range: \$77 to \$108, with a median of \$95.
  - Site coverage range: 25.7% to 57.2%
  - 2010 assessment per SF range: \$79 to \$119, with a median of \$104.

The Complainant concluded his analysis that an equitable assessment for the subject property would be to apply a rate of \$104 per SF of net rentable area for a total assessment of \$7,790,000.

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

- A table of industrial sales comparables. The table compared sales of 2 industrial single tenanted properties, sold in 2008, in the northeast region of the city. The Respondent highlighted the following information on these properties:
  - Site coverage range: 23.57% to 24.31%.
  - Average year of construction range: 1996 to 1997
  - Net rentable area range: 46,240 SF to 61,032 SF
  - Time-adjusted sales price per SF range: \$149 to \$170, with a median of \$159

The Respondent concluded his analysis by indicating that the subject's assessment rate of \$128 per net rentable area applied to the warehouse and the assessment rate of \$10 per net rentable area applied to the outbuilding is equitably assessed.

- A table of the Complainant's sales comparables highlighted the inferior attributes of the

comparable properties as compared to the subject. The Respondent suggests that the Complainant's sales comparables have significant number of inferior attributes when compared to the subject and these attributes have not been adequately adjusted for in his direct sales analysis. It is therefore inappropriate to use the median assessment of the Complainant's comparables and apply it to the subject without these adjustments.

**Decision: Issue 2**

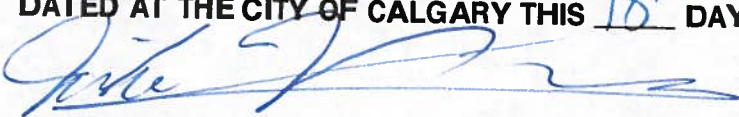
In view of the above considerations, the CARB finds as follows with respect to Issue 2:

- The assessment rate applied by the Respondent is reflective of fair market value when compared to sales of similar properties for the following reasons:
  - There was no significant evidence provided by the Complainant that would cause the CARB to revise the current assessment rate of approximately \$125 per SF of net rentable area for both buildings combined.
  - The CARB considered the sales comparables submitted by both parties and found that in doing so, the assessment rate applied to the net rentable area of both buildings is equitably applied.
  - The median assessment rate \$159 per SF for the Respondent's comparables was not used by the Respondent to assess the subject. Likewise, it would not be justified for the CARB to assess the subject based on the Complainant's comparables median rate.
  - The CARB accepts the Respondent's assertion that the Complainant's failed to adjust his sales comparables for the negative attributes in his income approach to value.

**Board's Decision:**

The Board confirms the assessment at \$9,390,000.

DATED AT THE CITY OF CALGARY THIS 18<sup>th</sup> 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.*