

**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: 031003809**

**LOCATION ADDRESS: 3515 27 ST NE**

**HEARING NUMBER: 59064**

**ASSESSMENT: \$ 6,740,000**

This complaint was heard on 5<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. D. Chabot (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 multi-tenanted warehouse building with internal office space and constructed in 1980. The subject property is located in the "Horizon" district of NE Calgary. The building has a net rentable area of approximately 65,474 square feet (SF). The building is situated on an assessable land area of approximately 175,732 SF and has a building to site coverage of approximately 29%.

According to the "Assessment Explanation Supplement" provided by the Respondent, the property is assessed at a rate of \$103 per SF of rentable building area.

**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 \$70 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 \$70 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 \$70 per SF.

8. The valuation method used for the subject property is fundamentally flawed in both derivation and application.

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 \$90 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 \$87 per SF.

**Complainant's Requested Value:**

\$5,000,000 on the complaint form revised to \$5,890,000 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 \$90 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 3 industrial, multi-tenanted equity comparables in the northeast quadrant of the city. The Complainant highlighted the following information on these properties:
  - Net rentable area range (SF): 48,000 to 67,200.
  - Average year of construction range: 1979 to 1981.
  - Site coverage range: 32% to 34%.
  - Assessment rate per SF range: \$90.01 to \$93.06, with a median of \$90.21.

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 \$90 per SF. The total assessment requested would therefore be \$5,892,660.

- In rebuttal to the Respondent's evidence below, the Complainant provided a table of the Respondent's equity comparables highlighting the inferior attributes of the properties as compared to the subject. The Complainant suggested that the Complainant's equity comparables contain superior attributes that when compared to the subject would account for the larger assessment rates.

**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 tenanted equity comparables, in the northeast quadrant of the city. The Respondent highlighted the following information on these properties:
  - Site coverage range: 17% to 28%.
  - Average year of construction range: 1973 to 1994.
  - Net rentable area range (SF): 56,798 to 84,612.
  - Assessment rate per SF range: \$105 to \$134.

The Respondent concluded his analysis by indicating that the subject's assessment rate of \$103 per net rentable area is equitably assessed.

**Decision: Issue 1**

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

- The Complainant's requested assessment rate of \$90 is equitable with those of similar properties in the northeast quadrant of the city for the following reason:
  - The equity comparables provided by the Complainant were considered superior to those of the Respondent. As highlighted in the Respondent's rebuttal there were a number of superior attributes (mainly as site coverage), to the Complainant's comparables which would account for their higher 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 \$87 per SF.

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

- A table of direct sales comparables. The table compared sales of 2 single tenanted industrial properties in the northeast quadrant of the city. The Complainant highlighted the following information on these properties:
  - Sale date range: October 9, 2007 to February 4, 2008.
  - The time-adjusted sales price per SF range: \$77.11 to \$97.13, with a median of \$87.12
  - Site coverage range: 26.00% to 43.35%.
- In rebuttal to the Respondent's evidence below, the Complainant provided a copy of an "Assessment Explanation Supplement" to one of the Respondent's sales comparables. The Supplement showed that the time-adjusted sales price per SF of the comparable was \$120, while its assessment rate per SF was \$89. In addition, the Complainant showed that by restricting the Respondent's sales comparables to properties sold in the same sub-market as the subject (which is what the Complainant did), and combining it with the sales comparables of the Complainant, a median assessment rate of \$92 per SF is achieved.

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

- A table of industrial sales comparables. The table compared sales of 6 industrial single and multi-tenanted properties, sold between 2006 and 2008, in the northeast region of the city. The Respondent highlighted the following information on these properties:
  - Site coverage range: 24.31% to 43.22%.
  - Average year of construction range: 1976 to 2006.
  - Net rentable area range: 54,905 SF to 67,968 SF.
  - Time-adjusted sales price per SF range: \$77 to \$170, with a median of \$110.

The Respondent concluded his analysis by indicating that the subject's assessment rate of \$102.97 per net rentable area is equitably assessed.

**Decision: Issue 2**

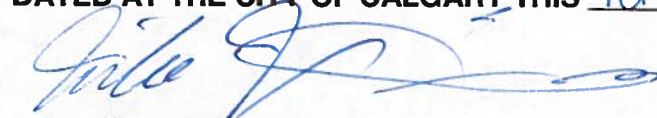
In view of the above considerations, the CARB finds as follows with respect to Issue 2:

- A \$92 per SF assessment rate is reflective of fair market value when compared to sales of similar properties for the following reason:
  - The CARB considered the sales comparables submitted by both parties and found that in doing so, an assessment rate of \$92 per SF applied to the net rentable area is equitable.

**Board's Decision:**

The Board revises the assessment to \$6,020,000.

DATED AT THE CITY OF CALGARY THIS 12<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.*