

**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-26.1, Section 460(4).

between:

Altus Group Ltd., *COMPLAINANT*

and

The City Of Calgary, RESPONDENT

before:

J. Noonan, *PRESIDING OFFICER*

J. O'Hearn, *MEMBER*

K. Coolidge, *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:	048047302
LOCATION ADDRESS:	2910 12 St NE
HEARING NUMBER:	56375
ASSESSMENT:	\$4,480,000

This complaint was heard on the 20th day of October, 2010 at the office of the Assessment Review Board located at the 4th Floor, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 2.

Appeared on behalf of the Complainant:

- G. Kerslake, Sr. Director - Altus Group Ltd.

Appeared on behalf of the Respondent:

- M. Lau, A. Doborski, Assessors - *The City of Calgary*

Property Description:

The subject is located at 2910 12 St NE, Calgary. It is an improved single-tenanted industrial property with 46,799 sq. ft. of net rentable area with 38% office finish, built in 1981 on 2.33 acres. The assessed value is \$4,480,000. The assessment was prepared by the direct sales comparison approach, and works out to \$95 per sq. ft. of improvement.

Issues:

From a lengthy list of grounds for complaint identified on the complaint form, evidence and argument at the hearing addressed the following:

1. Does an income approach test yield a more accurate value for the subject?
2. Do sales comparables show the subject assessed at greater than market value?
3. Do equity comparables show the subject to be inequitably assessed?

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

1. Income Approach test

The Complainant reverse-engineered the assessed value with typical parameters including an 8% cap rate to determine the subject would require a lease rate of \$8.07 per sq. ft. to justify the assessment. Substituting the business tax assessment net annual rental values (NARV), a blended rate of \$7.25 rounded-up, a value of \$86 per sq. ft. or \$4,029,101 was indicated.

The Respondent urged that consideration of an income approach be limited to those circumstances where sufficient sales data were lacking.

Although other panels of the Composite Assessment Review Board (CARB) have utilized the income approach and the parameters used by the Complainant, it is the understanding of this panel that this approach was accepted in the absence of sales evidence. Such is not the case here, and in any event, there was no evidence presented to show that capitalized NARVs resulted in better Assessment to Sales Ratios (ASR).

2. Sales Comparables

Showing a median of \$81 per sq. ft., the Complainant's three comparables ranged from 39,600 sq. ft. to 116,700 sq. ft. with time-adjusted sales prices (TASP) of \$77-\$97 per sq. ft. Applying this median value to the subject resulted in a value of \$3,769,000.

The Respondent noted the size discrepancy of 2 of the Complainant's sales: 62M and 116M sq. ft. versus 46,800. The three sales presented by the Respondent (including one overlapped by the Complainant at 4826 11 St) showed a median of \$97 per sq. ft. versus subject's \$95.

The Composite Assessment Review Board (CARB) found the Respondent's sales better comparables than those of the Complainant, and supportive of the assessment.

3. Equity comparables

The Complainant's five equity comparables showed assessments from \$78-\$90 per sq. ft. and a median of \$86. Two of Complainant's three tests yielded this result of \$86 and so requested a reduced assessment in the amount of \$4,020,000.

The Respondent produced 7 equity comparables with particular emphasis placed on 2626 12 St NE at \$97 and the others in a range of \$96-\$105 per sq. ft.

The CARB found the Respondent's comparables, on balance, more representative of the subject, and supportive of the assessment.

Board Decisions on the Issues:

The Board confirms the assessment of \$4,480,000.

DATED AT THE CITY OF CALGARY THIS 28 DAY OF OCTOBER 2010.


J. Noonan
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.*