

**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

J. Massey, MEMBER

P. Grace, 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: 032029001

LOCATION ADDRESS: 4001 – 23 Street NE

HEARING NUMBER: 59343

ASSESSMENT: \$2,380,000

This complaint was heard on 25th day of October, 2010 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 2.

Appeared on behalf of the Complainant:

- *D. Chabot*

Appeared on behalf of the Respondent:

- *M. Berzins*

Board's Decision in Respect of Procedural or Jurisdictional Matters:

There were no procedural or jurisdictional matters presented.

Property Description:

Constructed in 1976, the subject property is a multi-tenant industrial warehouse located in the North Airways Subdivision. The land area is 1.33 acres, the rentable area is 15,840 square feet, and the finish is 28%. The current assessment is \$2,380,000.

Issues:

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

Complainant's Requested Value: \$2,150,000

Complainant's Position as Regards Equity:

In support of their request for a reduction in the assessment amount, the Complainant presented four equity comparables (C-1, page 12). These equity comparables are taken from the same quadrant of the City and reflect a median value of \$136 per square foot while the assessment is set at \$150 per square foot. It is the position of the Complainant that the variables of rentable space, year of construction, finish, lot size, and site coverage presented in the equity comparables are similar to those found in the subject property and support their request for a reduction in the assessment.

Respondent's Position as Regards Equity:

To support the current assessment, the Respondent presented six equity comparables, one of which is the subject property. Of the remaining five equity comparables, four are single tenant industrial warehouses while one is a multi-tenant warehouse. In response to a question of the Complainant, the Respondent conceded that the best comparable is located at 2181 – 41 Avenue NE in that this comparable is multi-tenant, is located on land of similar size, has similar rentable space, and finish. The assessment per square foot of this property is \$143 per square foot while the subject is assessed at \$150 per square foot.

Additionally, the Respondent presented five sales comparables (R-1, page 19). These properties are all single tenant as opposed to the subject property which is multi-tenant. The median time-adjusted sales value per square foot of these sales comparables is \$180 per square foot. Of particular note is the site coverage of the comparables which range from 11.61% to 35.50% while the site coverage of the subject property is 27.30%.

To further support the assessment, the Respondent submitted one recent CARB decision (R-1, pages 20 – 24).

Findings and Decision of Board as Regards Equity:

The Board finds in favour of the Complainant in that three of five equity comparables are multi-tenant warehouses as is the subject property. This position is further supported by the evidence submitted by the Respondent wherein the one equity comparable which is multi-tenant (2181 – 41 Avenue NE, R-1, page 18), does support the Board's finding that the subject property is over-assessed.

Complainant's Position as Regards Income Approach to Value:

The Complainant presented the tenant list for the subject property (C-1, pages 14-15) which reflect the start and end dates for nine leases. The Complainant pointed out that the most recent lease (C-1, page 15) is valued at \$13.50 per square foot, while the other leases range from \$7 to \$12 per square foot. By applying, in their Pro-Forma (C-1, page 13), a median lease rate of \$11.50 per square foot, an assessment value of \$2,164,516 or \$136.65 per square foot is derived.

In further support of their position, the Complainant submitted four recent CARB decisions (C-1, pages 17-36).

Respondent's Position as Regards Income Approach to Value:

Evidence as regards the income approach to market value was not presented by the Respondent.

Findings and Board Decision as Regards Income Approach to Value:

When taking into consideration the income stream as a basis for determining market value, the Board finds in favour of the Complainant and deems that the application of a rental rate of \$11.50 per square foot to the rentable area of the subject property is fair and correct.

Board's Decision:


It is the decision of the Board to reduce the assessment of the subject property for 2010 from \$2,380,000 to \$2,240,000.

Reasons:

The Board is persuaded by the equity comparables presented by the Complainant as well as the use of an income approach to support the subject's market value. By applying a median rental rate of \$11.50 per square foot for the subject property, the Board concludes that a reduction in the assessment amount is justified. As well, the Board places considerable weight upon the equity comparables presented by the Complainant, three of which are multi-tenant as is the subject property.

In reaching its decision, the Board notes that one of the issues filed by the Complainant had to do with the income approach to value. In this particular instance, the Respondent did not submit any evidence to refute the position of the Complainant as to the use of an income stream in an industrial warehouse to determine its market value. As for the Respondent's equity comparables, the Board notes that four of five are single-tenant while only one is multi-tenant, in which case the rate of \$143 per square foot would indicate that the subject is over-assessed.

DATED AT THE CITY OF CALGARY THIS 3 DAY OF November 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.*