

**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: 032027302

LOCATION ADDRESS: 4001 – 19 Street NE

HEARING NUMBER: 59340

ASSESSMENT: \$4,570,000

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 raised.

Property Description:

The subject property, located at 4001 – 19 Street NE, sits on 2.47 acres of land with a site coverage of 32.17%. The property has two buildings wherein Building #1, constructed in 1978, has a rentable area of 19,825 square feet, while Building #2, also constructed in 1978, has a rentable area of 22,336 square feet. Each building is assessed by the Respondent as a unique unit. In this case, Building #1 is assessed at \$112 per square foot, while building #2 is assessed at \$104.69 per square foot. The current assessment is \$4,570,000.

Issue:

1. Equity comparables do not support the assessment.

Complainant's Requested Value: \$4,040,000

Position of Complainant as Regards the Equity Issue:

It is the position of the Complainant that the subject property, composed of two buildings, with a total rentable area of 42,161 square feet, presented on *one Assessment Roll*, should be treated as *one unit* as opposed to their treatment by the Respondent as *two distinct units* to which is applied a specific rental value per square foot. When the subject property is considered as one unit, and equity comparables selected so as to reflect this measurement, the Complainant concludes that the subject property is over-assessed.

The Complainant presented five equity comparables (C-1, page 12) which range in rentable area from 32,573 square feet to 42,600 square feet with a median of 37,790 square feet and a median assessment amount per square foot of \$96.40. In contrast, the subject is assessed at \$113 per square foot for Building #1, and \$105 per square foot for Building #2 (R-1, page 19). It is the submission of the Complainant that by treating the two buildings as one unit, the economies of scale are triggered thereby resulting in a lower rental value per square foot. By applying this methodology, a requested rental value of \$96 per square foot is supported by the equity comparables.

In further support of their position, the Complainant presented five recent CARB decisions (C-1, pages 13 – 37) and one MGB decision (C-1, page 38).

Position of Respondent as Regards the Equity Issue:

In support of the current assessment, the Respondent presented fifteen equity comparables (R-1, pages 19 – 21). Eleven of these comparables are contrasted against the rental area of each individual building (R-1, pages 19 – 20) while four of the comparables utilize the total rentable area of the two subject buildings and contrast this total area against similar properties. The site coverage in these comparables ranges from 30% to 53% while the site coverage of the subject property is 32%. A comparison of the other variables such as parcel size, year of construction, building type, and finish are also presented in the accompanying tables. As for the assessment values per square foot, the Respondent pointed out that these range was from \$104 to \$117 per square foot thereby supporting the assessment of Building #1 at \$113 per square foot, and Building #2 at \$105 per square foot. As well, the composite comparables (R-1, page 21) reflect values per square foot of \$111 to \$112 per square foot, adding further support to the average assessment of \$109 per square foot.

However, in contrast to the methodology used by the Complainant in *their* request for a reduction in the assessment amount by taking into consideration the total area of the two subject buildings, the Respondent pointed out that the rentable area in *each* of the two buildings in the Assessment Roll was compared to similar-sized buildings.

In further support of their position, the Respondent submitted one recent CARB decision (R-1, pages 25 – 29).

Findings and Decision of Board as Regards the Equity Issue:

The Board finds in favour of the Complainant wherein their equity comparables take into consideration the total rentable area of the two buildings located on the subject property and compare this amount with properties that exhibit a similar total rentable area. In addition, the Board accepts that other variables such as lot size, site coverage, finish, and year of construction are sufficiently similar to the subject property as to make comparability valid.

The Board places less weight upon the equity comparables presented by the Respondent in that these comparables reflect the rentable areas of each building as opposed to equity comparables which reflect the total area of the two buildings. In addition, these comparables lack clarity as to whether there are one or two buildings on the comparable sites. Since the subject property has two buildings, it is the opinion of the Board that the comparables should also exhibit similar characteristics. Otherwise, the element of comparability is somewhat diminished. In the case where the Respondent did use the total area of the two subject buildings and compared these to similar properties, the Board finds that the parcel sizes and the percentage of finish evident in the comparable properties brings into question their comparability without first making the required adjustments.

Reasons:

Having regard for the above findings, the Board concludes that the Respondent's application of values of \$113 and \$105 per square foot, respectively, to each of the two subject buildings is excessive and should be adjusted downward to reflect equity comparables wherein the total rentable area is similar to that of the subject property. As a result, the Board concludes that the application of a value of \$102 per square foot should be applied to the total area of 42,161 feet. The resultant calculation more correctly reflects the assessment of the subject property.

Board's Decision:

It is the decision of the Board to reduce the assessment of the subject property for 2010 from \$4,570,000 to \$4,300,000.

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.*