

**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:**

***L. Wood, PRESIDING OFFICER***

***I. Zacharopoulos, 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: 078066255**

**LOCATION ADDRESS: 3405 9 STREET SE**

**HEARING NUMBER: 59926**

**ASSESSMENT: \$2,380,000**

This complaint was heard on 4th day of October, 2010 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 9.

Appeared on behalf of the Complainant:

- Mr. R. Worthington

Appeared on behalf of the Respondent:

- Mr. R. Luchak

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

This preliminary matter affects the following file numbers that were originally scheduled on August 11, 2010: **#59924**, **#59926** and **#59930**. During the course of the hearing for file **#59926**, an issue arose regarding the Complainant's equity comparables which he obtained from the City's website and a chart incorporating those same comparables in the Respondent's evidence (Exhibit C1 page 40; Exhibit R1 page 26). There were discrepancies in the final assessment values.

The Complainant requested a postponement to allow the assessor an opportunity to review the assessment records because to proceed would prejudice his case. The Respondent agreed to the postponement in order to clarify the discrepancies. The Board granted the postponement on the basis of fairness and set the matter down for October 4, 2010. The Board also advised the parties that there would be no further exchange of evidence except in regards to the equity comparables. The Board indicated it was seized with the matter.

On October 4, 2010, the hearing resumed with one of the Board members absent from the panel. The parties agreed to the remaining two members hearing and deciding the complaint. At the commencement of the hearing, the Complainant submitted that the difference between the parties' equity comparables was a result of the City's website not reflecting the reductions for contamination in the assessments. The Respondent agreed. As a result, the Complainant's equity comparables were discredited and he proceeded on the basis that the income approach is the best method to value the subject property.

**Property Description:**

The subject property is a single tenant warehouse, comprised of 16,584 sq ft of rentable building area, located on a 1.05 acre site in Highfield Industrial. The warehouse was built in 1966. The land use designation is I-G, Industrial General. The site coverage ratio is 36.34%.

**Issues: (as indicated on the complaint form)**

1. The characteristics & physical condition of the subject property support the use of the income approach utilizing typical market factors for rent, vacancy, management, non-recoverables and cap rates; indicating an assessment market value of \$104 psf.

**Complainant's Requested Value:** \$1,720,000

**Board's Decision in Respect of Each Matter or Issue:**

The Board notes that there were several statements on the appendix to the complaint form; however, it will only address those issues that were raised at the hearing. The values, as indicated on the complaint form, may have changed at the time of hearing.

**1. The characteristics & physical condition of the subject property support the use of the income approach utilizing typical market factors for rent, vacancy, management, non-recoverables and cap rates; indicating an assessment market value of \$104 psf.**

The Complainant submitted that the income approach is the preferred method of valuation for the subject property as the City failed to capture the fall of the market in the 2010 assessments. He stated the subject property would have to achieve a rental rate of \$12.09 psf with an 8% capitalization rate and 5% vacancy rate in order to be assessed at \$2,380,000 (Exhibit C1 page 19).

He indicated that the subject property has a rental rate of \$8.75 psf based on the rent roll dated July 2009. It has one tenant that occupies 16,500 sq ft with a lease that commenced in April 2003 for \$5.40 psf (expiring in 2011) (Exhibit C1 page 20). This lease includes a "step up" or increase in rent which, in this case, had increased to \$8.75 psf at the time of valuation. Based on the income generated in the subject property, the Complainant requested that the assessment be reduced to \$1,720,000 (Exhibit C1 page 19).

He also submitted seven lease comparables that were achieving rents of \$6.20- \$9.00 psf to indicate a median lease rate of \$7.25 psf. These rates were in relation to rentable areas of 14,400- 19,495 sq ft in the Central district and had commenced in 2008- 2010 (Exhibit C1 page 21). Based on his analysis of typical lease rates, the Complainant requested that the assessment be reduced to \$1,420,000.

The Complainant also included four direct sales comparables to show that the assessment to sales ratios ranged from 0.83- 0.87 falling below the median assessment ratio of 0.95- 1.05 set out in s. 10 of *Matters Relating to Assessment and Taxation Regulation* AR 224/04 to further illustrate that the income approach is the preferred method of valuation (Exhibit C1 page 22).

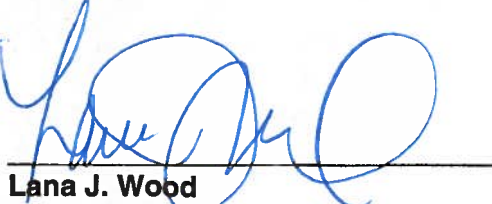
The Respondent submitted six sales comparables in support of the assessment which was based on the direct sales comparison approach. Five of the sales comparables are single tenant warehouses and one is a multi tenant warehouse. The majority of the comparables are located in the Central district. The buildings are 11,020- 20,782 sq ft, built in 1953- 1972, with site coverage of 15.73%- 34.94%. The time adjusted sale price ("TASP") ranged from \$130- \$251 psf, which the Respondent stated, supports the current assessment of the subject property at \$143.54 psf (Exhibit R1 page 20).

In reviewing the Complainant's income approach to value, the Board finds the subject lease is from 2003 and the 2008 step- up is not an appropriate market reference. The Complainant's market rent analysis is not supported by the current rent as reflected in the subject property and therefore is not established as a viable indication for the subject property. In reviewing the Respondent's sales comparables, the Board finds the comparable located at 4020 7 Street SE supports the assessment of the subject property. Although it is somewhat smaller (11,288 sq ft) and older (1957), it is most similar in terms of building type (single tenant warehouse), location (Highfield Industrial) and site coverage (34.83%) to the subject property and it has a time adjusted sale price of \$150 psf.

**Board's Decision:**

The decision of the Board is to confirm the 2010 assessment for the subject property at \$2,380,000.

DATED AT THE CITY OF CALGARY THIS 19 DAY OF NOVEMBER 2010.

  
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Lana J. Wood  
Presiding Officer**APPENDIX A****DOCUMENTS RECEIVED AND CONSIDERED BY THE ASSESSMENT REVIEW BOARD:**

<b>NO.</b>	<b>ITEM</b>
Exhibit C1	Evidence Submission of the Complainant
Exhibit C2	Altus Binder
Exhibit C3	Assessment Review Board decisions & legislation excerpts
Exhibit R1	City of Calgary's Assessment Brief

*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.*