

**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

D. Steele, 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: 101017002

LOCATION ADDRESS: 222 58 AVENUE SE

HEARING NUMBER: 59346

ASSESSMENT: \$7,510,000

This complaint was heard on 5th 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:

- Ms. C. Van Staden

Appeared on behalf of the Respondent:

- Mr. J. Young

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

There were no procedural or jurisdictional matters raised by the parties during the hearing.

Property Description:

The subject property is a single tenant warehouse situated on a 5.24 acre site in South Manchester. The building was constructed in 1955, has a rentable building area of 68,009 sq ft and finish of 7%. The land use designation is C-R1 f1.0 (Commercial-Regional). The site coverage ratio is 27.72%. The property was assessed as having 0.70 acres of excess land.

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, non-recoverables and a cap rate which is utilized for all competing and other free standing retail.
2. The assessment of the subject property is in excess of its market value for assessment purposes.
3. The assessment of the subject property is not fair and equitable considering the assessed value and assessment classification of comparable properties.

Complainant's Requested Value: \$6,060,000

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, non-recoverables and a cap rate which is utilized for all competing and other free standing retail.**

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. She

submitted three lease comparables that commenced in November 2007- March 2010 that were \$6.75- \$7.25 psf based on areas between 16,000- 88,675 sq ft within the Central quadrant (Exhibit C1 page 22). Based on the lease rate of \$7.25 psf, she applied an 8% capitalization rate and 5% vacancy rate for a value of \$5,855,150 and included an adjustment of \$210,000 for excess land for a total value of \$6,060,000 (Exhibit C1 page 23).

The Board is not convinced that the income approach is the preferred method of valuation in this instance. The Complainant failed to include any rental data from the subject property and the market evidence is quite limited and unconvincing. One of the leases was post facto, which the Complainant admitted that little weight should be applied to it and the lease in which she based her analysis for the subject property was a gross lease.

The extra land adjustment fails because there was no explanation as to how the assessment was calculated or should be adjusted. Furthermore, the Board questions the accuracy of the excess land component and whether it should be 0.12 acres as opposed to 0.70 acres.

2. The assessment of the subject property is in excess of its market value for assessment purposes.

The Complainant submitted two sales comparables in support of her request that the subject property should be reduced (Exhibit C1 page 23). The warehouses are located in Foothills and South Manchester. They were built in 1963- 1967, have a rentable building area of 50,170- 51,902 sq ft, site coverage of 37%- 39% and a time adjusted sale price of \$87- \$120 psf. The Complainant included the statement "no clearly discernable value because of lack of comparability and excessive range of values" (Exhibit C1 page 23). As such, the Complainant did not suggest a value for the subject property's assessment based on the direct sales comparison approach.

The Respondent presented eight sales comparables of single and multi tenant warehouses located in the Central, NE and SE quadrants in support of the assessment (Exhibit R1 page 57). The warehouses, built in 1967- 1982, have a rentable building area of 50,170- 92,023 sq ft, site coverage of 26.71%- 40.47% and a time adjusted sale price of \$95- \$147 psf. The Respondent stated that the median of \$114 psf, based on the sales comparables, support the assessment of the subject property at \$110.56 psf.

The Board finds that the market data presented by the Complainant was not shown to be representative of the subject property and the adjustments were not clarified for the Board. The Board finds the Respondent's sales comparables establish a range and the subject property falls within that range, thereby confirming the assessment.

3. The assessment of the subject property is not fair and equitable considering the assessed value and assessment classification of comparable properties.

The Complainant submitted 11 equity comparables of single and multi tenant warehouses located in the Central district in support of her request that the assessment should be reduced to \$87 psf with an excess land adjustment of \$210,000 (Exhibit C1 page 24). The warehouses, built in 1956- 1964, have a rentable building area of 37,400- 270,592 sq ft, site coverage of 17.18%- 70.48% and an assessed rate of \$51- \$140 psf.

The Respondent presented 7 equity comparables of single and multi tenant warehouses located in the Central quadrant in support of the assessment at \$111 psf (Exhibit R1 page 54). The

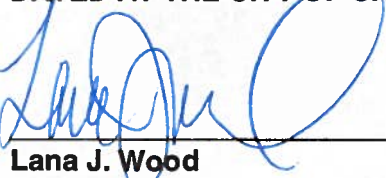
warehouses, built in 1967- 1983, have a rentable building area of 63,817- 87,945 sq ft, site coverage of 14%- 27% and an assessed rate of \$116- \$150. The Respondent also presented a chart which included both parties' equity comparables to illustrate that the overall median is \$110 psf which further supports the subject property's assessment at \$111 psf (Exhibit R1 page 55).

The Board is satisfied that the parties' equity comparables establish a range and the subject property is within that range.

Board's Decision:

The decision of the Board is to confirm the 2010 assessment for the subject property at \$7,510,000.

DATED AT THE CITY OF CALGARY THIS 25 DAY OF NOVEMBER 2010.



Lana J. Wood
Presiding Officer

APPENDIX A**DOCUMENTS RECEIVED AND CONSIDERED BY THE ASSESSMENT REVIEW BOARD:**

NO.	ITEM
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.*