

**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: 090076902**

**LOCATION ADDRESS: 324 39 AVENUE SE**

**HEARING NUMBER: 58865**

**ASSESSMENT: \$1,650,000**

This complaint was heard on 6th 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 0.48 acre site in North Manchester. The building, constructed in 1978, has a rentable building area of 8,948 sq ft and finish of 26%. The land use designation is I-G, Industrial General. The site coverage ratio is 42.48%.

**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 capitalization rates; indicating an assessment market value of \$110 psf.
2. The aggregate assessment per square foot applied to the subject property does not reflect market value for assessment purposes when using the direct sales comparison approach and should be \$178 psf.
3. The aggregate assessment per square foot applied is inequitable with the assessments of other similar and competing properties and should be \$176 psf.

**Complainant's Requested Value:** \$982,000

**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 capitalization rates; indicating an assessment market value of \$110 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. She

stated the subject property would have to achieve a rental rate of \$15.35 psf with an 8% capitalization rate and 5% vacancy rate in order to be assessed at \$1,650,000 (Exhibit C1 pages 22 & 23).

The Complainant submitted the Assessment Request for Information (ARFI) for the subject property dated November 2008 (Exhibit C1 pages 18- 20). It reflects two tenants in the building renting 6,148 sq ft and 2,800 sq ft with a lease rate of \$6.50 psf and \$6.25 psf, respectively.

She also submitted 18 lease comparables based on several properties with rentable building areas between 6,000- 15,000 sq ft located in Central quadrant (Exhibit C1 page 22). The Complainant presented leased areas of 6,000- 14,400 sq ft and lease rates of \$5.76- \$12.00 psf in support of a median lease rate of \$8.50 psf. The Complainant requested that the rate of \$9.25 psf is more appropriate to reflect newer leases, and based on that rate, suggested the assessment be reduced to \$982,000 (Exhibit C1 pages 22 & 23).

The Respondent submitted a chart entitled "Test of Altus Income Values v. Sales" to support his position that Complainant's data inputs of \$9.25 psf rental rate, 5% vacancy and 8% capitalization rate, undervalue the sales comparables presented by both parties (Exhibit R1 page 57).

In reviewing the Complainant's income approach to value, the Board finds the subject lease from 2004 is not an appropriate market reference. The Complainant's market rent analysis is not supported by the current rents as reflected in the subject property and therefore is not established as a viable indication for the subject property. On this basis, the Board finds the income approach is not the preferred method of valuation in this instance.

**2. The aggregate assessment per square foot applied to the subject property does not reflect market value for assessment purposes when using the direct sales comparison approach and should be \$178 psf.**

The Complainant submitted 12 sales comparables that ranged from \$121- \$223 psf (time adjusted) in support of her request that the subject property should be assessed at \$178 psf (Exhibit C1 page 24). The sales comparables are comprised of both single and multi tenant warehouses, built in 1957- 1986, with net rentable areas of 4,840- 10,464 sq ft and site coverage of 27.8%- 65.1%. The sales comparables are located in the Central quadrant.

The Respondent presented 6 sales comparables that ranged from \$180- \$222 psf (times adjusted) for a median of \$194 psf in support of the assessment at \$185.13 psf (Exhibit R1 page 56). The sales comparables are comprised of both single and multi tenant warehouses, built in 1951- 1975, with net rentable areas of 8,120- 11,984 sq ft and site coverage of 20.26%- 54.07%. The sales comparables are located in the Central quadrant.

The Board finds the sales analysis presented by both parties establishes a range and the subject assessment falls within that range. The Board also notes that the Complainant's request of \$178 psf is less than 5% of the assessment. The Board finds the Complainant failed to present sufficient evidence to warrant a reduction in assessment in this instance.

**3. The aggregate assessment per square foot applied is inequitable with the assessments of other similar and competing properties and should be \$176 psf.**

The Complainant submitted 13 equity comparables that ranged from \$165- \$195 psf in support of

her request that the subject property should be assessed at \$176 psf (Exhibit C1 page 25). The equity comparables are comprised of both single and multi tenant warehouses, built in 1953- 1988, with net rentable areas of 6,358- 10,617 sq ft and site coverage of 30.45%- 56.79%. The equity comparables are located in the Central quadrant.

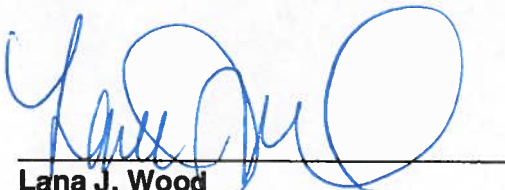
The Respondent presented 7 equity comparables that ranged from \$175- \$190 psf in support of the subject property's assessment at \$185 psf (Exhibit R1 page 53). The equity comparables are comprised of single tenant warehouses, built in 1953- 1980, with net rentable areas of 6,538- 9,000 sq ft and site coverage of 35%- 65%. The equity comparables are located in the Central quadrant.

The Board finds the equity analysis presented by both parties establishes a range and the subject assessment falls within that range. The Board also notes that the Complainant's request of \$176 psf is less than 5% of the assessment. The Board finds the Complainant failed to present sufficient evidence to warrant a reduction in assessment in this instance.

**Board's Decision:**

The decision of the Board is to confirm the 2010 assessment for the subject property at \$1,650,000.

**DATED AT THE CITY OF CALGARY THIS 23<sup>rd</sup> DAY OF NOVEMBER 2010.**

  
\_\_\_\_\_  
**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.*