

**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: 090086604**

**LOCATION ADDRESS: 404 MANITOU ROAD SE**

**HEARING NUMBER: 59310**

**ASSESSMENT: \$1,660,000**

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:

- Ms. C. Van Staden

Appeared on behalf of the Respondent:

- Mr. R. Ford

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

The parties consented to a two member panel hearing and deciding the complaint in this instance.

**Property Description:**

The subject property is a multi tenant warehouse, comprised of 9,295 sq ft of rentable building area, located on a 0.44 acre site in Manchester Industrial. The warehouse was built in 1967. It has finish of 36%. The site coverage ratio is 39.49%. The land use designation is I-G, Industrial General.

**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 \$83 psf.
2. The aggregate assessment per square foot applied is inequitable with the assessments of other similar and competing properties and should be \$85 psf.

**Complainant's Requested Value:** \$773,000

**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 \$83 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 \$15.04 psf with an 8% capitalization rate and 5% vacancy rate in order to be assessed at \$1,660,000 (Exhibit C1 page 19).

She indicated that the subject property has a lease rate of \$9.00 psf based on the Master Rent Roll dated July 2009 (Exhibit C1 page 17). The tenant that leases 4,200 sq ft for \$9.00 psf had occupied

the space since October 2003; however, it appears that the lease was renegotiated in March 2009 for \$9.00 psf (expires February 2012). There is 3,380 sq ft that has been vacant since May 2009 and 1,233 sq ft that has been vacant "since entry" as reflected on the Master Rent Roll.

The Complainant submitted 17 lease comparables from the Central quadrant that commenced in 2007- 2009 (Exhibit C1 page 19). These areas of 6,000- 11,653 sq ft were generating rents of \$5.76- \$9.50 psf and a median of \$8.00 psf. The Complainant submitted that a median of \$8.75 psf is more reflective of the newer leases in her analysis. Based on a median of \$8.75, she requested the assessment be reduced to \$965,809 (Exhibit C1 page 20).

The Respondent submitted six sales comparables in support of the assessment which was based on the direct sales comparison approach. The comparables included single and multi tenant warehouses located in the Central quadrant. The buildings are 8,120- 11,984 sq ft, built in 1951- 1975, with site coverage of 20.26%- 54.07%. The time adjusted sale price ("TASP") ranged from \$180- \$222 psf, which the Respondent stated, supports the current assessment of the subject property at \$179.58 psf (Exhibit R1 page 55).

He also submitted a chart entitled "Test of Altus Income Values v. Sales" to support his position that Complainant's data inputs of \$8.75 psf rental rate, 5% vacancy and 8% capitalization rate, undervalue the sales comparables as presented by the City (Exhibit R1 page 56).

The Board placed more weight on the income approach than the direct sales comparison approach in this instance. The Complainant's evidence shows an actual rent of \$9.00 psf that commenced in March 2009 which is further supported by the market analysis of \$8.75 psf. The Board finds the financial data from the subject property, in the appropriate time frame, is the best indication of value and reduces the property accordingly. Based on the rate of \$9.00 psf, the Board recalculates the assessment as follows:

**(9295 sq ft x \$9.00 psf) – 5% (vacancy)/ 8% capitalization rate = \$9,934,031 (\$990,000 truncated)**

**2. The aggregate assessment per square foot applied is inequitable with the assessments of other similar and competing properties and should be \$85 psf.**

Both parties presented several equity comparables for the Board's consideration (Exhibit C1 page 21; Exhibit R1 page 53). However, in this instance, the Board placed the most weight on the income approach to value for the subject property and therefore did not make a finding on the parties' equity comparables.

**Board's Decision:**

The decision of the Board is to revise the 2010 assessment for the subject property from \$1,660,000 to \$990,000 (truncated).

DATED AT THE CITY OF CALGARY THIS 24 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.*