

**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: 101047504

LOCATION ADDRESS: 521 58 AVENUE SE

HEARING NUMBER: 58892

ASSESSMENT: \$3,480,000

This complaint was heard on 6th day of October, 2010 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 4.

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 multi tenant warehouse situated on a 1.71 acre parcel in South Manchester. The building, constructed in 1969, has a rentable building area of 28,800 sq ft and finish of 100%. The land use designation is S-CRI, Special Purpose- City and Regional Infrastructure District. The site coverage ratio is 38.72%.

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 \$114 psf.
3. The aggregate assessment per square foot applied is inequitable with the assessments of other similar and competing properties and should be \$116 psf.

Complainant's Requested Value: \$3,163,000

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 \$10.18 psf with an 8% capitalization rate and 5% vacancy rate in order to be assessed at \$3,480,000 (Exhibit C1 pages 19 & 20).

The Complainant submitted 18 lease comparables from the Central quadrant in 2008- 2009 (Exhibit C1 page 19). The areas range between 6,000- 14,400 sq ft and lease for \$5.76- \$12.00 psf for a median of \$8.50 psf. The Complainant submitted that a median of \$9.25 psf is more reflective of the newer leases in her analysis. Based on a median of \$9.25 psf, she requested the assessment be reduced to \$3,163,000 (Exhibit C1 page 20).

The Board is not persuaded that the income approach is the preferred method of valuation in this instance. The Complainant did not provide any lease data for the subject property to indicate what the subject property was generating in rents in order to establish comparability to the rent analysis that she presented to warrant a reduction.

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 \$114 psf.

The Complainant submitted 9 sales comparables that ranged from \$67- \$141 psf (time adjusted) in support of her request that the subject property should be assessed at \$3,283,200 or \$114 psf (Exhibit C1 page 21). The Complainant also submitted that there is an error with the subject property's finish which she indicated should be 65% as opposed to 100%. The sales comparables are comprised of both single and multi tenant warehouses, built in 1960- 1998, with net rentable areas of 25,344- 29,988 sq ft, site coverage of 12.1%- 66.9% and finish of 5%- 56%. The sales comparables are located in the Central, NE and SE quadrants.

The Respondent submitted 9 sales comparables that ranged from \$102- \$191 psf (time adjusted) for a median of \$119 psf in support of the assessment at \$121.13 psf (Exhibit R1 page 56). The sales comparables are comprised of single and multi tenant warehouses, built in 1904- 1981, with net rentable areas of 3,600- 67,968 sq ft, site coverage of 9.91%- 66.08% and finish of 3%- 100%. The sales comparables are located in the Central and NE quadrants. The Respondent included 4 sales comparables with a high percentage of finish including the Golf Dome at 4822 Centre Street SW. He indicated that sales of similar properties with a high percentage of finish are limited.

The Respondent submitted that he inspected the property in 2009 and that the space is predominantly (98- 99%) finished. He stated there is a tenant that operates a specialty furniture store in the building and most of the area is designated to its showroom. He also stated there is a smaller area adjacent to the showroom in which another tenant sells Middle Eastern rugs.

The Board finds the Complainant's market analysis showed great variance and she did not explain the adjustments that were required. The Board also finds the Complainant failed to provide evidence in support of her contention that the subject property has less than 100% finish. As such, the Board finds there is insufficient evidence to warrant a reduction in this instance. The Board finds the Respondent's sales comparables establish a range and the subject property's assessment is within that range, thereby confirming the assessment.

3. The aggregate assessment per square foot applied is inequitable with the assessments of other similar and competing properties and should be \$116 psf.

The Complainant submitted 8 equity comparables that ranged from \$115- \$144 psf in support of her request that the subject property should be assessed at \$3,340,800 or \$116 psf (Exhibit C1 page 22). The equity comparables are comprised of both single and multi tenant warehouses located in the Central quadrant. The warehouses were built in 1963- 1999, with net rentable areas of 25,063- 29,512 sq ft, site coverage of 35.23%- 39.57% and finish 5%- 43%.

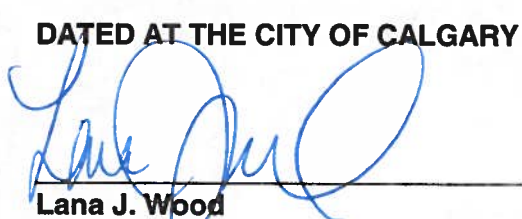
The Respondent submitted 6 equity comparables that ranged from \$122- \$154 psf in support of the assessment of the subject property at \$121 psf (Exhibit R1 page 54). The equity comparables are comprised of both single and multi tenant warehouses located in the Central quadrant. The warehouses were built in 1966- 1990, with net rentable areas of 26,037- 30,692 sq ft, site coverage of 20%- 46% and finish 54%- 100%. The Respondent also presented a chart which included both parties' equity comparables to illustrate that the overall median is \$122 psf which further supports the subject property's assessment at \$121 psf (Exhibit R1 page 55).

The Board placed less weight on the Complainant's equity analysis because she failed to explain the adjustments that were required. Moreover, the Board noted her request is less than 5% of the subject property's current assessment. The Board finds the Respondent's equity comparables establish a range and the subject property is within that range, thereby, confirming the assessment.

Board's Decision:

The decision of the Board is to confirm the 2010 assessment for the subject property at \$3,480,000.

DATED AT THE CITY OF CALGARY THIS 26 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.*