

**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: 090076951

LOCATION ADDRESS: 3925 MANCHESTER ROAD SE

HEARING NUMBER: 58866

ASSESSMENT: \$2,260,000

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 located on a 1.07 acre site in North Manchester. The building, constructed in 1971, has a rentable building area of 14,700 sq ft and finish of 14%. The land use designation is I-G, Industrial General. The site coverage ratio is 31.69%.

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 \$113 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 \$130 psf.

Complainant's Requested Value: \$1,664,000

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 \$113 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 \$12.90 psf with an 8% capitalization rate and 5% vacancy rate in order to be assessed at \$2,260,000 (Exhibit C1 page 20).

The Complainant submitted 93 lease comparables from the Central quadrant in 2008- 2009 (Exhibit C1 pages 18 & 19). The areas range between 760- 9,600 sq ft and lease for \$5.25- \$22.00 psf. Based on the median lease rate of \$9.50 psf, the Complainant requested that the assessment for the subject property be reduced to \$1,664,000 (Exhibit C1 page 20).

The Respondent submitted a chart entitled "Test of Altus Income Values v. Sales" to support his position that Complainant's data inputs of \$9.50 psf rental rate, 5% vacancy and 8% capitalization rate, undervalue the sales comparables presented by both parties (Exhibit R1 page 55). The Respondent indicated that he had used a \$9.25 psf as opposed to a \$9.50 psf rental rate in his analysis in error.

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 \$130 psf.

The Complainant submitted 10 sales comparables that ranged from \$121- \$251 psf (time adjusted) in support of her request that the subject property should be assessed at \$1,910,000 or \$130 psf (Exhibit C1 page 21). The sales comparables are comprised of both single and multi tenant warehouses, built in 1957- 1986, with net rentable areas of 8,120- 14,630 sq ft and site coverage of 15.7%- 54.1%. The sales comparables are located in the Central quadrant.

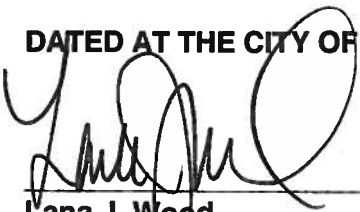
The Respondent presented 9 sales comparables that ranged from \$147- \$251 psf (time adjusted) for a median of \$198 psf in support of the assessment at \$153.92 psf (Exhibit R1 page 54). The sales comparables are comprised of single and multi tenant warehouses, built in 1957- 1982, with net rentable areas of 10,450- 16,714 sq ft and site coverage of 15.73%- 35.50%. The sales comparables are located in the Central and NE quadrants.

The Board finds the Complainant's request of \$130 psf arbitrary and not supported by the evidence. 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.

Board's Decision:

The decision of the Board is to confirm the 2010 assessment for the subject property at \$2,260,000.

DATED AT THE CITY OF CALGARY THIS 30 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.*