

**CALGARY
COMPOSITE 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, Revised Statutes of Alberta 2000 (the Act).

Between

Altus Group Limited, representing Barbara Brandt, COMPLAINANT

And

The City Of Calgary, RESPONDENT

Before

***M. Chilibeck, PRESIDING OFFICER
P. McKenna, MEMBER
B. Jerchel, MEMBER***

This is a complaint to the Calgary Assessment Review Board in respect of a property assessment prepared by the Assessor of The City of Calgary and entered in the 2012 Assessment Roll as follows:

ROLL NUMBER: 077027803

LOCATION ADDRESS: 2507 16 ST SE

HEARING NUMBER: 68275

ASSESSMENT: \$2,890,000

[1] This complaint was heard by the Composite Assessment Review Board on 3rd and 4th day of July, 2012 in Boardroom 4 on Floor Number 4 at the office of the Assessment Review Board located at 1212 – 31 Avenue NE, Calgary, Alberta.

Appeared on behalf of the Complainant:

R. Worthington, Agent
M. Robinson, Observer (July 4)

Appeared on behalf of the Respondent:

R.T. Luchak, Property Assessor

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

[2] Neither party raised any objections to a member of the Board hearing the subject complaint.

[3] There were no preliminary matters raised by either party.

Property Description:

[4] The subject consists of 1.61 acres of land with a 44,132 square foot building constructed in 1953 located at the southwest corner of 24th Avenue and 16th Street in the Alyth/Bonnybrook district in the SE quadrant of The City of Calgary. It is categorized as being in Non Residential Zone (NRZ) AL1 for assessment purposes and subject to Land Use Designation (LUD) Industrial Edge (IE). The site coverage is 63.1%.

Issues:

[5] The Complainant identified the matters of an assessment amount and assessment classification on the Assessment Review Board Complaint (complaint form) and attached a list outlining several reasons for the complaint. At the hearing the Complainant advised that the assessment amount is under complaint and the Board identified the issues as follows:

1. Should the subject assessment be reduced to recognize that it is not equitably assessed and over-assessed in consideration of the age and poor condition of the building?

Complainant's Requested Value: \$1,930,000
Revised during the hearing: \$2,200,000

Board's Findings in Respect of Each Issue:

[6] The subject property is valued using the sales comparison method at a rate of \$65.57 per square foot of assessable building area (44,132 square feet). There are no adjustments included in the assessment. The land with a LUD of IE carries a value of \$450,000 per acre.

[7] The Complainant requested a change in the assessment to recognize the age and condition of building using sale comparisons, assessment comparisons, lease rate comparison and land rate comparison of LUD IE versus LUD IG (Industrial General) valued at \$525,000 per acre.

1) Equitable Assessment

[8] This matter involves the situation where the Complainant argues there are no good sale and/or assessment/equity comparables. Here the Complainant proposed a valuation method wherein the typical lease rates and the land rates were blended. This valuation method, while innovative, is not an accepted method. In any event, the Board's finding is that there is an equity comparable which supports the subject assessment.

[9] Three assessment (equity) comparables were provided by the Complainant from a different district (Highfield Industrial) than the subject that range in assessed rate per square foot of building area from \$69 to \$80 versus the subject assessed rate of \$65. The Complainant considered these comparables were not comparable because of the different LUD.

[10] The Board finds some of the comparables are similar to and some are superior to the subject. The locations are superior as the land under LUD IG is valued at \$525,000 per acre. The building NRA, site coverage and building age are similar and one of the three has similar amount of office finish. The Board was not provided with any adjustments to the differing characteristics of the assessment comparables to relate to the subject that would show how the adjusted assessed rate compares to the assessed rate of the subject. The only calculation the Board could make is for the difference in the value of the land between the comparables with LUD IG valued at \$525,000 per acre and the subject with LUD IE valued at \$450,000 per acre. The Board calculates this difference for the comparable at \$69 to be \$3 or an adjusted assessment per square foot at \$66. The Board finds this assessment comparable is most similar to the subject and supports the assessment of the subject.

[11] The Complainant argued the lease rate of the subject together with the differing land value rate support an assessment reduction. Three lease rate comparables were provided, two from the same district as the subject. The median of the comparable rates is \$6.78 versus the actual lease of the subject at \$4.60. The Complainant determined the ratio of the lease rates and the ratio of the land value rates and calculated the mid point of these two ratios and asserted that the assessment should be reduced accordingly. The Board is not convinced this is a reasonable method of determining a value for the subject property or for any other property. The Board believes that jurisprudence has established there are three generally accepted methods to valuing property (sales comparison, capitalized income and replacement cost). The method used by the Complainant in this instance, while innovative, is not accepted by the Board.

[12] Two previous Composite Assessment Review Board (CARB) Decisions (1293-2011P & 1030-2010P) were referenced by the Complainant wherein the Board's decision was to reduce the assessment. This Board finds that the fact scenario in these decisions is different than presented in this hearing. The CARB decisions were made on the basis of the capitalized income method whereas in this case the Complainant did not advance the income method of valuation. Additionally, this Board finds there is an equity comparable which supports the subject assessment.

[13] The Complainant provided two sale comparables from a different district than the subject that sold for \$98 and \$83 per square foot of building net rentable area (NRA) versus the subject assessment at \$65. The characteristics of these sales are superior to the subject in most instances; the location is superior as the land is under LUD IG that is valued at \$525,000 per acre, one sale has low site coverage, the buildings are approximately 20 years newer and one

has significantly more office finish. The Board finds these sales (as is acknowledged by the Complainant) are not sufficiently similar to the subject to support the Complainant's request for a reduction.

[14] The Respondent stated that there are not many sales of property with a LUD of IE. However no comparables were provided in disclosure by the Respondent and asserted that the Complainant's comparables are not similar and that the Complainant did not meet onus. The Complainant rebutted by referring to the Onus of Proof evidence asserting that evidence has been provided that casts doubt on the assessment and that the Respondent has not provided any evidence by way of sale comparables or assessment (equity) comparables to support the assessment is correct.

[15] The Board is not convinced that the Complainant's evidence shows an error in the assessment. The Board finds an assessment comparable supports the subject assessment. The acceptability of the Complainants' valuation methodology is very questionable.

Board's Decision:

[16] The Board confirms the assessment at \$2,890,000.

DATED AT THE CITY OF CALGARY THIS 7 DAY OF August 2012.



M. Chilibeck
Presiding Officer

APPENDIX "A"**DOCUMENTS PRESENTED AT THE HEARING
AND CONSIDERED BY THE BOARD**

NO.	ITEM
1. C1	Complainant's Disclosure
2. C2	Complainant's Disclosure – Onus of Proof
3. R1	Respondent's Disclosure

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.*

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Decision No. 046-0728-2012P			Roll No. 07077027803	
<u>Complaint Type</u>	<u>Property Type</u>	<u>Property Sub-Type</u>	<u>Issue</u>	<u>Sub-Issue</u>
CARB	Warehouse	Warehouse Single Tenant	Cost/Sales Approach	Equity Comparables