

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

between:

Compact Properties Ltd.(as represented by Altus Group Limited), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

***Board Chair, J. Zezulka
Board Member, J. Rankin
Board Member, S. Rourke***

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: 033035007

LOCATION ADDRESS: 1323 - McKnight Boulevard NE

HEARING NUMBER: 66814

ASSESSMENT: \$1,270,000

This complaint was heard on the 18th day of July, 2012, at the office of the Assessment Review Board located at Floor Number Four, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom Four.

Appeared on behalf of the Complainant:

- *C. Van Staden*

Appeared on behalf of the Respondent:

- *J. Young*
- *M. Hartmann*

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

(1) The property under appeal is the taxable portion of a larger property that contains an exempt component. The total property assessment is \$2,566,748. The taxable portion which is under appeal is \$1,270,000.

Property Description:

(2) The subject is classified as an industrial warehouse located in the McCall Industrial area of NE Calgary. The total net rentable area is 14,521 s.f. The year of construction was 1964. The site area is 1.95 acres, of which 0.838812 acres is classified as extra land.

Issues / Appeal Objectives

(3) The subject is currently being assessed by the sales comparison approach to value. The assessment is based on \$176.76 per s.f. of building, including land. There is no addition for extra land.

(4) The Board notes that the assessment has increased from \$1,130,000 in 2011, to \$1,270,000 in 2012.

(4) According to the Complainant, the current assessment does not properly reflect market value. In addition, the assessment is not fair and equitable in relation to similar properties.

Complainant's Requested Value:

(5) \$960,000, for the taxable portion only.

Evidence / Argument

(6) For the market value argument, the Complainant submitted three approaches to value i.e; sales comparison, income capitalization, and cost summation.

(7) The Complainant's sales comparison approach involved ten comparables, ranging in size from 10,140 s.f. to 18,647 s.f. All of the properties are newer than the subject. For the most part, the subject has a lower site coverage than the majority of the data. The time adjusted selling prices per s.f. range from \$110 to \$165 per s.f. The 2012 assessments range from \$111

to \$175 per s.f.

(8) The Complainant's income approach calculations were based on actual rents being obtained in the subject, an arbitrary 10.0 per cent vacancy rate and a variation of capitalization rates from 7.25 to 7.75 per cent. The results range from \$1,770,625 to \$1,812,783 for the entire property, including the exempt portion.

(9) The cost calculations presented produce an indicated value of \$2,022,263. In the Board's opinion, the rate of depreciation applied is too aggressive, and results in a low estimate.

(10) Finally, the Complainant submitted six equity comparables that reflected assessments ranging from \$137 to \$175 per s.f. of building. The majority were larger than the subject. Land areas were more or less similar. Most of the site coverages were significantly higher than the subject. The Complainant made no adjustment for extra land.

(11) The Respondent presented eleven sales comparables and seven equity comparables in support of the assessment. The sales comparables produced a median time adjusted selling price of \$124 per s.f. The majority of the properties had significantly higher site coverage than the subject. The Respondent added 0.96 acres of extra land at \$800,000 per acre. The amount of extra land was not disputed by the Complainant.

(12) The Respondent's equity comparables reflect an assessment rate per s.f. ranging from \$162 to \$187. The median is \$172. All of the comparables had similar site coverage as the subject.

Board's Decision

(13) The Respondent's evidence was not controverted by the Complainant. The Complainant's cost calculations contained a depreciation estimate that does not realistically reflect the market's reaction to a premises of the same vintage as the subject. Similarly, the Complainant's income approach calculations contain arbitrary inputs that might be useful as a guide, but do not necessarily reflect market behaviour.

(14) The Complainant's equity comparables reflect assessment rates that are not unlike the subject's. These do not prompt the Board to alter the assessment.

(15) Both parties produced sales comparables that were equally convincing. However, in the Board's opinion, the Complainant failed to account for the extra land that exists on the subject. For that reason, the Respondent's evidence is found to be the most compelling.

(16) The assessment is confirmed at \$1,270,000.00.

DATED AT THE CITY OF CALGARY THIS 11th DAY OF September, 2012.


Jerry Zezulka
Presiding Officer

**DOCUMENTS PRESENTED AT THE HEARING
AND CONSIDERED BY THE BOARD:**

Decision No. 1141/2012 - P			Roll No. 033036203	
<u>Subject</u>	<u>Type</u>	<u>Issue</u>	<u>Detail</u>	<u>Issue</u>
CARB	Multi tenant industrial	Market value	N/A	Cost, income, sales