

**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:**

***Harmin Holdings Ltd. and Saffel Management Consultants Ltd. (as represented by Altus Group Ltd.), COMPLAINANT***

**and**

***The City Of Calgary, RESPONDENT***

**before:**

***M. Chilibeck, PRESIDING OFFICER  
K. Farn, MEMBER  
P. Charuk, 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 2011 Assessment Roll as follows:

**ROLL NUMBER: 092025535**  
**LOCATION ADDRESS: 4138 – 16 ST SE**  
**HEARING NUMBER: 61244**  
**ASSESSMENT: \$1,390,000**

This complaint was heard on 7th day of July, 2011 at the office of the Assessment Review Board located in Boardroom 2 on Floor Number 4 at 1212 – 31 Avenue NE, Calgary, Alberta.

Appeared on behalf of the Complainant:

- *R. Worthington*

Appeared on behalf of the Respondent:

- *T. Luchak*

Observer:

- *L. Yakimchuk, MGB Member*

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

Neither party objected to a member of the Board hearing the complaint.

**Property Description:**

The subject is a one storey industrial warehouse constructed in 1979 with a building rentable and footprint area of 8,988 sq ft with 5% finish on a parcel of land containing 0.29 acres. The site coverage is 70.94% and the LUG (land use guide) is IR (Industrial Redevelopment). Subject is located in the Bonnybrook district in the Central Region of SE Calgary.

The subject property is assessed at \$154 per sq ft of building area and determined by the sales comparison method.

**Issues:**

The Complainant identified several issues on the Assessment Review Board Complaint and in the documentary evidence disclosure. Basically the issues are:

1. Income method of valuation versus the direct sales comparison method.
2. Appropriate rent rate is \$8 per sq ft.

**Complainant's Requested Value:** \$827,980

**Board's Decision in Respect of Each Issue:**

1. Income Method

The Board in Decision 1292-2011-P, File 63068 accepted the request from the Complainant and the Respondent to carry forward their evidence and argument regarding the income method and cap rate analysis and decision to the hearing of this complaint. The Board quotes the decision on this matter as follows.

*"The Board finds that the Complainant has made their point regarding the income method however; the*

*Board finds the Assessor is not bound by any legislation to use a specific method of valuing property. The assessor is required to assess property at its market value and the Board accepts there are three generally accepted methods of valuing property, one of them being the income method and another being the sales comparison method. It is not the responsibility of the Board to pass judgement as to the method to be used by the assessor. The Board's responsibility is to make a decision whether an assessment is correctly valued at market value or equitably assessed to similar property. In making a decision, the Board will determine each decision based on evidence and argument presented on each complaint. This issue has been decided by several previous Board decisions and the Board is not persuaded to make a decision otherwise."*

## 2. Rent Rate

The Complainant provided ten market lease comparables, ten business assessment rate comparables and the subject's rent roll in support for the \$8 rent rate used in their income method of valuation. The Board finds the ten lease comparables with a median of \$7.98 support the \$8 rental rate. These comparables have a similar rental area and are located in different districts within the Central Region. The Board placed limited weight on the business rate comparables as there was no evidence provided whether the rates are for the fee simple interest or leasehold interest of the properties.

The Complainant did a reverse income method calculation using the subject assessment and determined the rental rate to be \$13.43, considerably higher than the actual rental of \$8 and the median lease rate of \$7.98. The complainant asserted this supports the contention that the income method produces the correct market value for the subject.

The Respondent did not present any evidence regarding the rental rate however he provided five equity comparables and three sale comparables in support of the subject assessment. The equity comparables range from \$153 to \$177 per sq ft and the sale comparables range from \$180 to \$229 per sq ft. The Board is persuaded by the Complainant's argument and evidence that the sale comparables are not reasonable comparisons because the Assessment to Sale Ratios (ASR) are low, the range from 0.83 to 0.87. The Board was not provided with any information to make adjustments to the equity comparables to relate to the subject. As a result the Board is persuaded by the Complainant's income method to change the assessment.

### **Board's Decision:**

The Board's decision is to change the assessment to \$827,000.

DATED AT THE CITY OF CALGARY THIS 16 DAY OF AUGUST 2011.



M. Chilibeck  
Presiding Officer

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

<b>NO.</b>	<b>ITEM</b>
1. C1	Complainant Disclosure
2. R2	Respondent Disclosure
3. C3	Complainant 2011 Rebuttal Evidence for Multiple Roll #'s

*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.*

*For MGB Administrative Use Only*

<i>Decision No. 1322-2011-P</i>		<i>Roll No. 100014109</i>		
<u><i>Subject</i></u>	<u><i>Type</i></u>	<u><i>Issue</i></u>	<u><i>Detail</i></u>	<u><i>Issue</i></u>
CARB	Warehouse	Single Tenant	Income Approach	Net Market Rent