

**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:

Superstein, Leah Ruth (as represented by Altus Group Ltd.), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

M. Chillibeck, 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: 077027803

LOCATION ADDRESS: 2507 – 16 ST SE

HEARING NUMBER: 63275

ASSESSMENT: \$2,990,000

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 this complaint.

Property Description:

The subject property is a one storey industrial warehouse constructed in 1953, single tenant property, with an assessable building area and footprint of 41,625 sq ft with 5% finish on a parcel of land containing 1.61 acres. The site coverage is 59.51% and the LUG (land use guideline) is IE (Industrial Edge). The subject is located in the Alyth/Bonnybrook district of the Central Region of SE Calgary.

The subject property is assessed at \$71 per sq ft 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. Actual lease rate applied in income method produces the correct market value.

Complainant's Requested Value: \$2,200,000

Board's Decision in Respect of Each Matter or Issue:

1. Income method of Valuation

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. Actual lease rate

Complainant asserted that because the subject is 58 years old and in poor condition and located adjacent to residential areas to the north and east, the actual rent rate in effect on the valuation date should be used to determine the subject's value. The rent roll provided by the complainant shows the rent as of January, 2009 at \$4.60 per sq ft and increasing to \$5.50 in January 2010. The complainant advised the Board that the 2010 increase did not take place and it was confirmed with the owner that the rent remains at \$4.60 to December 2013. The property is considered unique by both parties and both agree that there are no recent sales of IE property. The rent of \$4.60 and a cap rate at 8.25% results in a requested value at \$2,200,000.

The Respondent provided two equity comparables from the same district as the subject in support for the assessment. One comparable is similar in building size and the other is notably smaller, both have a high site coverage, smaller parcel area, are newer than the subject and have more finish than the subject. The Board finds these comparables not sufficiently similar to the subject to support the assessment of the subject.

The Board finds the Complainant's argument persuasive that the income method determines the correct market value for the subject. The subject is an older property that is considered somewhat unique because of its LUG, adjacent to residential areas and there are no sales of IE property in the subject's district. In this case the best method to value the subject is by using the income method and the Board accepted the Complainant's calculations.

Board's Decision:

The Board's decision is to change the assessment for the subject property to \$2,200,000.

DATED AT THE CITY OF CALGARY THIS 11th DAY OF AUGUST 2011.



M. Chilibeck
Presiding Officer

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

NO.	ITEM
1. R1	Respondent Disclosure
2. C2	Complainant 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. 1293-2011-P</i>		<i>Roll No. 077027803</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