

**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:

**SUNSTONE (12th STREET NE) HOLDINGS INC.,
(as represented by Altus Group),
COMPLAINANT**

and

**THE CITY OF CALGARY,
RESPONDENT**

before:

**R. Glenn, PRESIDING OFFICER
A. Zindler, MEMBER
J. Joseph, 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: 048043905
LOCATION ADDRESS: 2626 12 ST NE
FILE NUMBER: 68064
ASSESSMENT: \$4,280,000 (\$98/SF)

This complaint was heard on Tuesday, the 28th day of August, 2012 at the offices of the Assessment Review Board located on Floor Number 4, at 1212 – 31 Avenue NE, in Calgary, Alberta, Boardroom 4.

Appeared on behalf of the Complainant:

- C. Van Staden, and M. Robinson, Agents for Altus Group

Appeared on behalf of the Respondent:

- G. Bell, and L. Cheng, Assessors for the City of Calgary

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

[1] There were no preliminary issues raised regarding jurisdiction or procedure by either of the parties when asked.

Property Description:

[2] The subject property is an industrial warehouse, built in 1980, comprising a total net rentable area of 43,426 SF located in the South Airways district on a 2.19 acre parcel of land with 36.70% site coverage and the land use is reported to be I-G. The property is believed to have been vacant since it was purchased in 2005

Issues:

- [3] [a] Whether the assessment on the subject property is too high based on:
- [i] sales comparisons,
 - [ii] equity,
 - [iii] the Income Approach to Value,
 - [iv] the Cost Approach to Value.

Complainant's Requested Value:

- [4] \$3,360,000 (\$77/SF)

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

The Complainant's Position:

[5] The Complainant starts by asking that their argument and evidence from a previous file (CARB # 1603-2012-P) be applied to this and subsequent files in this series of matters because

of the similarity of the properties. The Respondent did not object and so the Board confirmed that would be done and that evidence would be carried forward.

[6] The Complainant initiated their argument by putting forward its equity comparables, and then stating that by adding all the adjustments and then dividing by the square footage, they came to the conclusion that the subject was over-assessed. They say that the subject should have been assessed at approximately \$89/SF. It is also noted that most of the Complainant's comparables are multi-tenanted buildings.

[7] The Complainants continue by presenting their sales comparables with commentary on the adjustments which should be made to more thoroughly relate the comparables to the subject. One of the adjustments which they suggest is a consideration of vacancy in the subject. They say their sales comparables all have typical vacancy. They state that because of the subject's excessive vacancy, a total adjustment of 15% is warranted and that figure translates into an adjustment of -\$15.00/SF.

[8] The Complainants carry on with their argument commenting on the Income Approach to Value, and noting that the vacancy rate of the subject is a substantial factor in their calculations, providing an indicated value of \$83/SF. They provide further analysis and commentary suggesting that the Co-efficient of Dispersion of the sales used in the Respondent's model exceeds both industry and provincial standards.

[9] The Cost Approach is also argued but, only briefly by the Complainant.

[10] In cross examination, the parties argue about the consistency of the adjustments. Apparently the Complainant's client obtained an appraisal of the subject at \$3,600,000, but it was not put into evidence (for reasons not explained).

The Respondent's Position:

[11] The Respondent also argues their own sales and equity comparables, advocating that the Complainant's comparables are inferior. The argument is similar to previous arguments advanced by the Respondent and here, it does not directly address the Complainant's position as put forward in this matter. It is noted that several of the comparables for both equity and sales are the same for each party.

[12] The Respondent comments further on the Complainant's sales comparables. They say at least one of them is a multi-building parcel. They say a multi-building coefficient has been introduced based on previous CARB decisions, and as a result, multi-building parcels are adjusted and are not true sales or equity comparables with single building parcels.

[13] They go on to say that the Complainant has also made adjustments based on ASRs, whereas the Respondent has included documentation to explain why the ASR argument fails to show that the City's Direct Sales Comparison model does not meet provincial quality standards.

[14] The Respondent confirms that they have not been inside the subject property. They also emphatically state that the subject should have been leased some time ago, noting that the reason for the high vacancy rate was not explained at all.

[15] The Respondent states that the best indicator of value is the market price for the subject and they point to an advertisement for sale of the subject property contained in the Complainant's materials which confirms the current list price of the property is \$4,100,000.

Board's Decision:

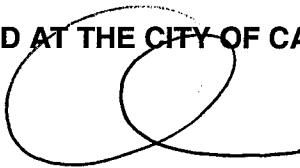
[16] Some of the Complainant's own evidence supports the assessment. Even though the Complainant argued that the sale price advertised for the subject property did not bring a sale, it is interesting to see what the Complainant thought the subject might sell for.

[17] The issue of chronic vacancy was not addressed at all by the Complainant, other than to say that it existed. The Board feels that this should have been addressed in some regard by the Complainant.

[18] Notwithstanding the interesting arguments put forward by both parties, the Board believes the Complainant has not called any compelling or substantial evidence demonstrating that a change is indicated. In other words, the onus which is on the Complainant to show that the subject assessment is not correct, has not been met.

(19) Based on all of the foregoing, the Board herewith confirms the subject assessment as originally set out in the amount of: \$4,280,000.

DATED AT THE CITY OF CALGARY THIS 23rd DAY OF OCTOBER, 2012.



R. Glenn
Presiding Officer

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

NO.	ITEM
1. C1	Complainant Disclosure
2. C2	Complainant Rebuttal Disclosure
3. R1	Respondent 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.1605-2012-P Roll No.048043905				
<u>Subject</u>	<u>Type</u>	<u>Issue</u>	<u>Detail</u>	<u>Issue</u>
CARB	Industrial Warehouse	Equity	Sales Approach	Market Value