

**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:

***Sun life Assurance Company of Canada (as represented by Altus Group Ltd.),
COMPLAINANT***

and

The City Of Calgary, RESPONDENT

before:

***C. J. Griffin, PRESIDING OFFICER
J. Rankin, MEMBER
P. Charuk, MEMBER***

This is a complaint to the Composite Assessment Review Board (CARB) 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: 048039200

LOCATION ADDRESS: 2015 – 32 Avenue SE

HEARING NUMBER: 62981

ASSESSMENT: \$12,460,000.

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

Appeared on behalf of the Complainant:

- *K. Fong*

Appeared on behalf of the Respondent:

- *J. Lepine*

Property Description:

The subject property consists of two multi-tenanted light industrial type of buildings that were originally constructed in 1979 and which have been classified as being 'C' class in terms of overall quality. The buildings contain an assessable area of 114,884 Sq. Ft. The property occupies a corner site with very good exposure to 32nd Avenue SE

Issues:

While a number of inter-related issues were outlined on the Assessment Review Board Complaint form, at the Hearing and in their submission the Complainant reduced these to:

- 1) The Assessor has reclassified the subject property as being retail as opposed to industrial, the classification given in years gone by, and this reclassification has resulted in the assessment being increased and also no longer being equitable with similar properties.

Complainant's Requested Value:

The Complainant requests a revised assessment of: **\$10,660,000** (revised at the Hearing)

Complainant's Position

The Complainant contends that reclassifying the subject property as retail has resulted in the assessment increasing to the point that it is no longer equitable with similar properties. As evidence the Complainant introduced (Exhibit C-1 pgs. 27 – 31) a rent roll dated July 1/10 which shows the rents being achieved by both the subject property as well as the adjacent property located at 2035 – 32 Ave. SE. The Complainant points out that the property located adjacent (2035 – 32 Ave. SE) produces similar rents to those being achieved in the subject and that the tenants are similar in nature; however, this adjacent building is assessed as being industrial and not retail and this results in a significantly lower assessed value and creates an inequity. The Complainant also points out that this adjacent building is of similar construction and it has the same 1979 year of construction. The Complainant acknowledges that the income approach is the preferred method for valuing the subject.

Respondent's Position

In defence of the assessed value the Respondent submitted their Exhibit R-1 which, on pages 25 and 26 show the results of a recent inspection and building measurement. This inspection report indicates that, for building 1, the total footprint area is 71,712 Sq. Ft. of which 39,290 Sq. Ft. is devoted to retail uses. Similarly, the second building indicates a total footprint area of 41,929 Sq. Ft. of which 18,968 Sq. Ft. is devoted to retail uses.

The Respondent noted that the Complainant maintains (Exhibit C-1 pg 17) that the Assessor has applied the Direct Sales (Comparison) Approach in valuing the subject but maintains that the correct approach to be used is the Income Approach, which the Assessor has utilized. The Assessor makes note that the Complainant has produced no information for the CARB to consider in terms of the typical inputs utilized in application of the Income Approach and nor have they provided the CARB with any market based evidence for the CARB to consider.

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

The CARB finds that:

- 1) The subject property is more retail in nature than light industrial.
- 2) The Income Approach is the correct method for valuing the subject property.

Board's Decision:

The assessment is **confirmed** at: **\$12,460,000.**

Reason(s) for Decision

The subject property appears to be more retail in nature than light industrial and this is clearly shown on the photographs of the subject property provided by both parties (Exhibit C-1 pgs. 20 - 22 & Exhibit R-1 pgs 21 - 24). With regard to the equity comparable brought forward by the Complainant, being 2135 - 32 Ave. SE, the CARB notes, as shown on page 19 of Exhibit C-1, that the referenced comparable property does not have anywhere near the exposure to 32nd Avenue SE and this could easily explain why that property is not classified as being retail in nature.

The Complainant brought forward no market derived evidence for the CARB to consider and while they have maintained that the Income Approach is the correct method for valuing the subject they have produced nothing for the CARB to consider in terms of the applied typical inputs.

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


C. J. Griffin
Presiding Officer

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

NO.	ITEM
1. C1	Complainant Disclosure
2. 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.*