

**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:

Concert Real Estate Corporation (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 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: 048074009

LOCATION ADDRESS: 2255 – 22nd Street NE

HEARING NUMBER: 62992

ASSESSMENT: \$8,420,000.

This complaint was heard on 3rd 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:

- C. Van Staden

Appeared on behalf of the Respondent:

- M. Berzins

Procedural or Jurisdictional Matters:

As a matter of Procedure the CARB, at the request of both parties, heard an extensive capitalization rate argument presented by the parties before this same panel of the CARB on August 3, 2011 and it was agreed that all of that evidence and argument would be carried forward and become applicable to this Hearing.

Property Description:

The subject property is categorized as being a single-tenanted warehouse type property that was originally constructed in 1997. The building has a footprint and assessable area of approximately 61,032 Sq. Ft. The building is approximately 23% finished for office uses. The property sits on a 5.76 acre parcel of land and it has a site coverage of 24.31%. The Assessor has determined that the subject property incorporates 1.09 acres of what is considered to be extra land, the value of which is incorporated into the assessed value in the modelling process.

Issues:

While there are a number of interrelated issues outlined on the Assessment Review Board Complaint form, the Complainant reduced the issues to be considered by the CARB to:

1. The Income Approach is the best method for valuing the subject property given the volatile economy that was/is in place for the assessment valuation period.
2. There is sales evidence to support the requested assessment..

Complainant's Requested Value: \$5,730,000. (revised at the Hearing)

Party Positions:**Complainant's Position**

The Complainant has valued the subject property through application of the Income Approach to Value and maintains that same is the best method of valuation to be used in this instance. The Complainant's requested value of \$5,730,000 is based upon their application of the Income Approach.

The Complainant also maintains that there is sales evidence to support their requested value and introduced (Exhibit C-1 pg. 12) the summary of three property sales which were reportedly sold in between October 2009 and January 2010. The indicated selling prices for these properties range from \$57/Sq. Ft. of building area to \$109/Sq. Ft. The Complainant acknowledged that the sale involving 1616 Meridian Road NE may be of limited use to the CARB as that sale included over-head crane-ways and possibly other chattels. The Complainant also made note of the fact that the subject property was sold, as part of a portfolio, in September 2008 at a price of \$10,860,054 and that the Assessor's Time Adjusted Sales Price (TASP) equates to a rate of \$169/Sq. Ft. The Complainant's requested assessment equates to approximately \$94/Sq. Ft. vs. the current assessment at \$138/Sq. Ft.

Respondent's Position

The Assessor maintains that they have sufficient sales data to warrant application of the Direct Comparison (Sales) Approach which they maintain is an acceptable method to derive the assessed value for a warehouse type property. The Assessor acknowledges that a goodly number of the sales utilized in their analysis date to pre 2009 but it is the Assessor's further contention that the applied 'time adjustments' have adequately addressed the differential between the economic conditions existent pre 2009 to those existent post 2009. The Assessor provided (Exhibit R-1 pg. 16) a summary of six (6) sales. The time adjusted selling prices per

Sq. Ft. of these comparable properties range from a low of \$94/Sq. Ft. to a high of \$135/Sq. Ft. and show a median of \$127/Sq. Ft. The Assessor also provided (Exhibit R-1 pg. 15) five (5) equity comparables of similar properties located in the northeast quadrant of the city. These buildings are all similar in size, ranging from 46,098 Sq. Ft. to 62,038 Sq. Ft. The percentage of finished space in these comparables ranged from 16% to a high of 50% vs. the subject at 23% and the site coverage ranged from 18% to 34% vs. the subject at 24%. The assessed rate per Sq. Ft. of these properties ranged from a low of \$132/Sq. Ft. to a high of \$146/Sq. Ft. and indicated a median of \$139/Sq. Ft. which the Assessor maintains fully supports the assessment of the subject at \$138/Sq. Ft.

Board's Decision:

The assessment is **confirmed** at **\$8,420,000**.

Decision Reasons:

The CARB refers the reader to our recent decision WR 1671-2011-P which outlines the decision regarding the Capitalization Rate Study (Study) presented by the Complainant together with the methodology argument. In that the CARB has not accepted the conclusions of the Study, the value derived through application of the income approach is also not accepted.

The CARB is of the judgment that the sales and equity evidence of the Respondent, in this case, provides better support for the assessed value of the subject than does the evidence of the Complainant support their requested value. The Complainant introduced three sales to support their requested assessment but did indicate that one of the sales would probably prove to be of less value than the others in that the sale included certain chattels. That leaves just two sales for the CARB to consider on behalf of the Complainant as opposed to the six (6) sales presented by the Respondent. The CARB notes that the request of the Complainant, equating to approximately \$94/Sq. Ft., does not appear reasonable when compared on a dollar /Sq. Ft. basis to any of the germane comparable sales, other than one, presented by either party. It is the responsibility of the Complainant to provide the CARB with clear and, hopefully, unequivocal, evidence to support an adjustment to the current assessment and in this case they have failed to do so.

DATED AT THE CITY OF CALGARY THIS 24 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. C2	Complainant's Capitalization Rate Study Presented in three (3) parts
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.*