

**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:**

***McGill Holdings Ltd. (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: 048040109**

**LOCATION ADDRESS: 2216 – 27<sup>th</sup> Avenue NE**

**HEARING NUMBER: 63797**

**ASSESSMENT: \$5,370,000.**

This complaint was heard on 4<sup>th</sup> 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 multi-tenanted warehouse type properties that were originally constructed in 1980. There are two buildings on this one site and the buildings have an assessed area of 29,039 Sq. Ft. and 26,321 Sq. Ft. The finished office area of the larger building is 56% while the other has 49%. The underlying site area is 3.03 acres. The current assessment equates to approximately \$97/Sq. Ft. of assessed building area. A multi building adjustment has been incorporated into the valuation model used by the Assessor.

**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 assessed value.
3. The subject property is not equitably assessed with similar buildings.

**Complainant's Requested Value:** \$5,090,000.

**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 \$5,090,000 is based upon their application of the Income Approach.

The Complainant provided (Exhibit C-1 pg. 14) a summary of four property sales which they have deemed comparable to the subject. The assessed rates/Sq. Ft. for these sales ranges from a low of \$88/Sq. Ft. to a high of \$104/Sq. Ft. which the Complainant contends supports their requested assessment which equates to \$92/Sq. Ft.

The Complainant also introduced (Exhibit C-1 pg. 15) seven (7) equity comparables all of which are located in the northeast industrial area. These buildings ranged in size from 46,930 Sq. Ft. to 64,912 Sq. Ft. and the underlying sites ranged from 2.14 acres to 4.08 acres. The percentage of finished office area ranged from a low of 25% to a high of 73% and the assessed rates/Sq. Ft. ranged from a low of \$87/Sq. Ft. to a high of \$94/Sq. Ft. which the Complainant suggests supports their requested rate of \$92/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. 15) a summary of seven (7) sales, six (6) of which relate to sales of buildings similar in size to the individual buildings on the subject site and one sale which relates to a sale of a property with a building similar to the total of the two buildings. The median time adjusted sales price/Sq. Ft. of the former equates to \$119/Sq. Ft. while the indicated rate for the latter is \$109/Sq. Ft. which the Assessor maintains fully supports the assessment of the subject at \$97/Sq. Ft. Additionally, the Respondent provided (Exhibit R-1 pg. 14) six (6) equity comparables of properties deemed similar to the subject and the assessed rates for those properties range from a low of \$96/Sq. Ft. to a high of \$114/Sq. Ft. which, according to the Assessor, again provides support for the current assessment.

**Board's Decision:**

The assessment is **confirmed** at **\$5,370,000**.

**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 Complainant is seeking a relatively minor reduction ( $\pm 5\%$ ) in the assessed value of the subject property and as a result the evidence introduced by both parties can be said to support either of the party positions. Analyzing multi-million dollar properties to within a  $\pm 5\%$  tolerance is difficult at the best of times, but when the matter is placed before an adjudicating authority such as the CARB, then the evidence required to convince the CARB that such an adjustment in the assessed value is required needs to be exactly on point and unequivocal. In this case the CARB does not find the evidence of either party to be so precise that it convinces the board to make such an adjustment. It is the responsibility of the Complainant to provide the CARB with clear and precise evidence to support an adjustment to the current assessment and in a case where the requested adjustment is relatively minor, in amount not importance, then that evidence needs to be even more on point and the CARB simply did not find the evidence of the Complainant to be so convincing as to result in a reduction to the current assessment.

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:**

<b>NO.</b>	<b>ITEM</b>
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.*