

**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:

Airways Equities Inc. (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: 048075204

LOCATION ADDRESS: 3000 – 15th Street NE

HEARING NUMBER: 64029

ASSESSMENT: \$8,020,000.

This complaint was heard on 4th 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 1999. The building has a footprint of approximately 48,654 Sq. Ft. and an assessable area of approximately 54,774 Sq. Ft. The building is approximately 22% finished for office uses. The property sits on a 6.12 acre parcel of land and it has a site coverage of 18.26%. The assessment of the subject property incorporates an allowance for 2.40 acres of what the Assessor deems as extra land. The current assessment equates to approximately \$146/Sq. Ft. of assessed building area.

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.

Complainant's Requested Value: \$5,580,000.

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 \$5,580,000 is based upon their application of the Income Approach.

The Complainant provided (Exhibit C-1 pg. 19) 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 \$86/Sq. Ft. to a high of \$99/Sq. Ft. which the Complainant contends supports their requested assessment which equates to \$102/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. 18) a summary of four (4) sales. These sales have incorporated both

northeast properties (2) and southeast properties (2). The time adjusted selling prices per Sq. Ft. (TASP) of these properties range from a low of \$127/Sq. Ft. to a high of \$170/Sq. Ft. and indicate a median of \$138/Sq. Ft. which the Assessor maintains fully supports the assessment of the subject at \$146/Sq. Ft. Additionally, the Respondent provided (Exhibit R-1 pg. 17) four (4) equity comparables of properties deemed similar to the subject and the assessed rates for those properties range from a low of \$133/Sq. Ft. to a high of \$152/Sq. Ft. which, according to the Assessor, again provides support for the current assessment.

Board's Decision:

The assessment is **confirmed** at **\$8,020,000**.

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 introduced sales evidence but the CARB finds these four sales needed multiple adjustments to account for such matters as age and the extra land component and the strength of any comparable lies in having to make as few adjustments as possible.

The CARB is of the judgment that both the sales evidence and the equity evidence put forth by the Respondent is more convincing than the sales evidence put forth by the Complainant. 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.*