

**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:

Jen-AI Investments 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: 048043509

LOCATION ADDRESS: 1816 – 25 Avenue NE

HEARING NUMBER: 64693

ASSESSMENT: \$3,600,000.

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 1980. The building has a footprint of approximately 25,120 Sq. Ft. and an assessed area of approximately 35,182 Sq. Ft. The building is approximately 44% finished for office uses. The property sits on a 1.73 acre parcel of land and it has a site coverage of 33.42%.

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: \$2,930,000.

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 \$2,930,000 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. 10) the summary of one property sale which was reportedly sold in February 2009 at an indicated \$98/Sq. Ft. of building area. The Complainant's requested assessment equates to approximately \$83/Sq. Ft. vs. the current assessment at \$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. 15) a summary of six (6) sales. The time adjusted selling prices per Sq. Ft. of these comparable properties range from a low of \$108/Sq. Ft. to a high of \$130/Sq. Ft. and show a median of \$119/Sq. Ft. The Assessor also provided (Exhibit R-1 pg. 14) six (6) equity comparables of similar properties located in the northeast quadrant of the city. These buildings are all similar in size, ranging from 26,239 Sq. Ft. to 46,799 Sq. Ft., which bracket the 35,182 Sq. Ft. of the subject nicely. The percentage of finished space in these comparables ranged from 38% to a high of 54% vs. the subject at 44% and the site coverage ranged from

21% to 38% vs. the subject at 33%. The assessed rate per Sq. Ft. of these properties ranged from a low of \$96/Sq. Ft. to a high of \$116/Sq. Ft. and indicated a median of \$105/Sq. Ft. which the Assessor maintains fully supports the assessment of the subject at \$102/Sq. Ft.

Board's Decision:

The assessment is **confirmed** at **\$3,600,000.**

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 only one sale to support their requested assessment and the CARB is of the judgment that, in this case, one sale is insufficient evidence to warrant an adjustment to the assessed value. The CARB also notes that the request of the Complainant, equating to approximately \$83/Sq. Ft., does not appear reasonable when compared on a dollar /Sq. Ft. basis to any of the comparable sales presented by either party.

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.*