

**CALGARY
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:

C B Richard Ellis Ltd. (as represented by Altus Group), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

R. Glenn, PRESIDING OFFICER

D. Julien, MEMBER

J. Massey, 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:	070027503
LOCATION ADDRESS:	320 19St SE
HEARING NUMBER:	62749
ASSESSMENT:	\$2,050,000

This complaint was heard on the 15th day of August, 2011 at the office of the Assessment Review Board located on Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, in Boardroom 2.

Appeared on behalf of the Complainant: Christine Van Staden (Agent)

Appeared on behalf of the Respondent: Marcus Berzins (Assessor)

Board's Decision in Respect of Procedural or Jurisdictional Matters:

No issues of procedure or jurisdiction were raised.

Property Description:

The subject is a single storey, single tenanted industrial warehouse, comprising 15,062 SF, built in 1971, located in the Mayland Industrial area.

Issues:

Whether the subject property is properly assessed in light of market conditions, cap rates, vacancy rates and a number of other factors.

Complainant's Requested Value:

\$1,300,000

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

The Complainant began their presentation by suggesting that they would rely on the Income Approach for their argument. The Respondent indicated that they would rely on the Sales Comparison Approach to Value.

Before proceeding, with the substance of their argument, the Complainant presented an argument regarding their requested Capitalization Rate. The argument presented was protracted, and had been made before other Boards previously. They requested that their argument on Cap Rate and their Rebuttal be applied to all of the files subsequently heard in this series. The Board agreed to do so.

The Complainant presents a large amount of data in support of their Cap Rate argument. A lot of theory is argued by both sides. However, in light of all the information presented by both of the parties, it is apparent that the Complainant's Cap Rate argument has not changed from its previous incarnations (where it is requested that the Cap Rate be set for the subject property at 8.25%). In light of previous decisions on this same Cap Rate argument, as well as what was presented today, the Board finds that the Cap Rate position of the Complainant is not supportable. The Complainant's requested Cap Rate is simply too high

The reason for the Board's rejection of the Complainant's position on their requested Cap Rate is that it is apparent in the calculations they use to support their view, some of the data and the methodology the Complainant employs is flawed. This is especially true where the Complainant mixes actual and typical values in their calculations to come up with the numerical results. In addition, the Respondent queried whether the Complainant used step-ups. This was questioned forth and back during the cross-examination portion of the hearing.

The Complainant argues that the Respondent has not presented any evidence to show that the requested Cap Rate is not correct, therefore the requested Cap rate should be accepted.

The Respondent argues that there is no evidence to suggest that their suggested Cap Rate is flawed.

The Respondent argues that many Boards have heard the Complainant's current argument on Cap Rates, and they have rejected it. This argument did not sway the Board. However, after hearing the argument advanced by the Complainant today on Cap Rate, the Board is still not convinced that available information supports their requested Cap Rate. At any rate, the Board does not accept the Complainant's requested Cap Rate..

For the actual merit hearing, the Complainant produces 4 sales comparables, 2 of which are for properties which are inferior. Two of the same sales were used by the Respondent. They indicate a range of \$108-154/SF. Based on those sales, the subject is smaller and would in all likelihood command a higher rate per square foot (somewhere in the range of \$136/SF). The Complainant says financing has changed, and that the Respondent has not properly considered the impact of the change. They go on to say that the Respondent's model is skewed in favour of older information.

It is apparent to the Board that the comparable sales presented by both parties actually support the subject assessment. The Complainant as stated, argued an Income Approach to the subject. The Respondent did not even respond to the Income Approach in their materials, or in their argument. They simply adhered to their Sales Comparison approach.


In argument, the Complainant states the Income Approach indicates the property value should be \$86/SF, whereas the Direct Sales Comparison Approach indicates the property value should be \$118/SF. They go on to say, similar assessments on similar competing properties when equity is considered indicate a property value of \$128/SF. The Respondent argues that \$136/SF is reasonable and supportable, and then goes on to support that position with proper comparables.

All told, the Board prefers the argument and the approach of the Respondent. Accordingly, the Complainant has not met the onus required of it to show that the subject assessment is incorrect, and it must therefore be confirmed in the amount of \$2,050,000.

Board's Decision:

The subject assessment is confirmed.

DATED AT THE CITY OF CALGARY THIS 20th DAY OF SEPTEMBER, 2011.



R. Glenn
Presiding Officer

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

NO.	ITEM
1. C1	Complainant Disclosure
2. C2	Complainant Cap Rate Analysis
3. C3	Complainant Rebuttal
4. 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

- (1) the assessment review board, and
- (2) any other person as the Judge directs

For MGB Administrative Use Only

Decision No. 1878-2011-P Roll No.070027503				
<u>Subject</u>	<u>Type</u>	<u>Issue</u>	<u>Detail</u>	<u>Issue</u>
CARB	Warehouse	Single Tenant	Sales Approach	Market Value