

**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:**

***PAULINA HOLDINGS 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:

<b>ROLL NUMBER:</b>	<b>034187302</b>
<b>LOCATION ADDRESS:</b>	<b>427 38 AV NE</b>
<b>HEARING NUMBER:</b>	<b>63200</b>
<b>ASSESSMENT:</b>	<b>\$1,560,000</b>

This complaint was heard on the 16th day of August, 2011 at the offices of the Assessment Review Board which are located on Floor Number 4, at 1212 – 31 Avenue NE, in 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 .40 Acre lot with a 10,376 SF multi-tenant warehouse, built in 1988, with 59.87% site coverage, and an interior finish of 17%, located in the community of Greenview.

**Issues:**

Whether the subject property is properly assessed in light of comparable properties.

**Complainant's Requested Value:**

\$1,010,000, or, \$98/SF

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

This file, along with a number of others was heard on the understanding that the Complainant would argue Capitalization Rate and also Rebuttal once, and then, those arguments would be applied to all the other files in the series, without having them re-argued. Accordingly, the Cap Rate and Rebuttal portion of the presentation from the first file is reproduced immediately following to assist in understanding the flow of the presentations.

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 on Cap Rate today, 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 2 sales, 9 equity, and 13 lease comparables. They suggest that based on an income approach, a rate of \$98/SF should be applied to the subject property, but using an equity approach, the indicated value should be \$136/SF.

The Respondent chose the sales approach to value and they present 4 sales, and 7 equity comparables. The median of the Respondent's time adjusted sales is \$165/SF, which supports the assessment.

In addition to all of the foregoing, the Respondent tests the Complainant's Income Values vs. Sales, by inserting the Complainant's rental rate, vacancy rate, and cap rate and following through with their calculations, where the results simply do not show the proper Income ASR. The Respondent says that the Complainant's cap rate is what makes it inaccurate. Further, the Respondent again presents information in response to the Complainant's Cap Rate study which demonstrates why it cannot be relied on.

The Respondent sums up by saying that both parties have similar buildings for comparables, but because the Complainant is still seeking an assessment of \$98/SF, they are still too low.

It is apparent to the Board that in the main, comparables from both parties support the subject assessment. Accordingly, the Complainant has not met the onus required of him to show that the subject assessment is incorrect, and it must therefore be confirmed in the amount of \$1,560,000

#### **Board's Decision:**

The subject assessment is confirmed

DATED AT THE CITY OF CALGARY THIS 20<sup>th</sup> DAY OF SEPTEMBER, 2011.



R. Glenn  
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 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*

- (a) the assessment review board, and
- (b) any other persons as the judge directs.

*For MGB Administrative Use Only*

Decision No. 1880-2011-P      Roll No. 034187302				
<u>Subject</u>	<u>Type</u>	<u>Issue</u>	<u>Detail</u>	<u>Issue</u>
CARB	Warehouse	Multiple Tenant	Sales Approach	Market Value