

**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:

Eiffel Investments 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: 048047609

LOCATION ADDRESS: 2915 – 15th Street NE

HEARING NUMBER: 64715

ASSESSMENT: \$4,690,000.

This complaint was heard on 5th 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 multi-tenanted warehouse type property that was originally constructed in 1981. The underlying 2.94 acre site is improved with a building having an assessed area of 49,000 Sq. Ft. The building features a finished area of approximately 26% and the site coverage is 33.30%. The current assessment equates to approximately \$96/Sq. Ft. of assessed building area.

Issues:

There are a number of interrelated issues outlined on the Assessment Review Board Complaint form; however, at the Hearing the Complainant reduced the issues to be considered by the CARB to:

1. The subject property should be valued through application of the Income Approach to Value as same is a more accurate methodology in this case.
2. There is sales evidence to support the requested assessment.

Complainant's Requested Value: \$4,060,000. or alternatively \$4,510,000.

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 \$4,060,000 is based upon their application of the Income Approach; however, they have also derived an alternative (Exhibit C-1 pg. 18) request, also derived through application of the Income Approach but using a different rental rate, of \$4,510,000 (truncated) and this alternative value equates to approximately \$92/Sq. Ft. of assessed building area.

The Complainant introduced (Exhibit C-1 pg. 12) a summary of three (3) sales of properties deemed comparable to the subject. All three of these sales were recorded in 2009. The sales price per Sq. Ft. of these range from \$83/Sq. Ft. to \$109/Sq. Ft. It is the contention of the Complainant that the sale of the property located at 2115 – 27th Avenue NE, which indicates \$83/Sq. Ft., is the single best comparable. The Complainant maintains that the similarity of these buildings stems from the building size, site coverage and year of construction.

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 introduced (Exhibit R-1 pg. 14) a summary of five (5) property sales deemed comparable to the subject. Two (2) of these sales are common to the evidence of both the Respondent as well as the Complainant. The *Time Adjusted Sales Price* (TASP) of these sales range from a low of \$95/Sq. Ft. to \$119/Sq. ft. and indicate a median of \$101/Sq. Ft. which the Assessor maintains supports the \$96/Sq. Ft. rate applied to the subject.

The Assessor, through questioning of the Complainant, pointed out that the sale referred to by the Complainant as being their single best comparable, required approximately \$470,000 of capital costs by the purchaser and if this amount is added to the sales value the sales price indication increases to approximately \$93/Sq. Ft. which would no longer support the Complainant's requested rate of \$83/Sq. Ft. (It should be noted that while the Complainant did not contest the aforementioned \$470,000 expenditure, they do contest the matter of the expense being a capital improvement and suggest that same was simply a matter of deferred maintenance.)

Board's Decision:

The assessment is **confirmed** at \$4,690,000

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. Additionally, in this case the CARB finds it unacceptable that the Complainant would present an "alternative" value for the CARB to consider. Surely a property should only have one Market Value if same is derived through proper application of the Income Approach to Value, not a variety from which to chose.

The CARB refers the reader to our recent decision *WR 1675-2011-P* which deals with the sale of the property located at 2115 – 27th Avenue NE and the matter of whether the \$470,000 expenditure was a recoverable capital cost or simply a deferred maintenance cost. Based upon that decision, the CARB does not accept the \$83/Sq. Ft. upon which the Complainant's request is largely based.

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.*