

**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:**

***OPB Realty Inc (as represented by Altus Goup), COMPLAINANT***

**and**

***The City Of Calgary, RESPONDENT***

**before:**

***D. Trueman, PRESIDING OFFICER***

***Y Nesry, MEMBER***

***J Rankin, 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: 078075702**

**LOCATION ADDRESS: 2600 Portland St. SE.**

**HEARING NUMBER: 63355**

**ASSESSMENT: \$19,810,000**

This complaint was heard on 5th day of October, 2011 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 11.

Appeared on behalf of the Complainant:

- *R. Worthington*
- *D Mewha*

Appeared on behalf of the Respondent:

- *R Luchak*

### **Background**

The hearing began with the Complainant advising the Board that this complaint is part of an agenda for hearings this week which related to generally larger industrial warehouse properties. In respect of this he advised the panel that he had prepared evidentiary documents that would be common to most of the decisions that the panel would make throughout the week and which had been presented at the first hearing. He said that these documents pertained to an Income Approach to value which he said was more appropriate, for valuation purposes, than the Direct Sales Comparison Approach used by the assessor. Without a re-presentation of his argument he asked the Board to be reminded of his comments in this regard and that they should be referenced in this decision. The Respondent accepted this general argument submission and agreed that such evidentiary material had been exchanged. The panel acknowledged the documents which had been marked as Complainant exhibits GC 1, GC 2, GC 3, GC 4 and GC 5 which would be used accordingly when referenced throughout this hearing.

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

The parties agreed that there were no procedural or jurisdictional matters prior to the commencement of this hearing.

### **Property Description:**

The subject property consists of three multi-tenanted industrial warehouse properties which exhibit larger than average office component features. These properties were constructed in 2001 and the buildings contain 55,760, 43,325 and 59,148 ft.<sup>2</sup> of net rentable area respectively, according to the assessor. The property is located in the central Alyth/Bonnybrook District and the site area is 7.78 acres.

### **Issues:**

A variety of issues were described on the original complaint form however at hearing the panel

determined that the issues are:

- 1/ Has the City used the correct total building size in its' calculation?
- 2 Does the Complainant's Income Approach yield a more convincing value conclusion than the assessor's Direct Sales Comparison Approach?
- 3/ Has the requirement of equity with similarly assessed properties (fairness) been achieved with the current assessment amount?

**Complainant's Requested Value:** \$16,010,000

**Complainant's position :**

Issue #1 The Complainant presented a rent roll for the subject property dated March 30, 2011 which depicted the aggregate rental area for the subject buildings at 149,153 ft.<sup>2</sup>. He said that this was a better representation of the correct assessable area, than the rentable area of 158,233 ft.<sup>2</sup>, as used by the assessor.

Issue #2 The Complainant presented a great deal of market lease information relating to industrial buildings in various size categories together with information from business assessments which described current lease rates. This information generally supported market lease rates for the subject property in a range from \$6.50 a square foot to \$7.13 a square foot. He said that the subject reflects unusual rents because of large office components and a variety of tenants and bay sizes. To this end he supplied the actual rents for the various buildings and this resulted in an average rental rate of \$8.76 a square foot. He had earlier testified and supplied evidence that a 5% vacancy allowance and 7.75% capitalization rate were appropriate factors. He said that this was his primary support for his requested assessed value of \$16,010,000 and that these factors also accounted for locational and access features not properly accounted for by the City's comparable sales approach.

Issue #3 At page 19 of exhibit C1 the Complainant presented a list of 12 equity comparables of properties which he said were similar to the subject, particularly with respect to three properties located in the central area. He pointed out that these assessments demonstrated that the City were assessing similar properties at roughly \$94 a square foot. He said that such an amount more than supported his requested assessed value.

**Respondent position:**

Issue #1 The assessor presented his 2011 Assessment Explanation Supplement which depicted both aggregate building footprints and rentable areas of 139,165 ft.<sup>2</sup> and 158,233 ft.<sup>2</sup> respectively. He said that these areas were taken from various building blueprints and drawings which were in his file.

Issue #2 The Respondent presented four industrial sales comparables at page 33 of his exhibit R1, in support of his assessment. The buildings were similar in that they were of roughly the same age as the subject, individually they were approximately the same size as each of the subject buildings and finally two of the four demonstrated a higher amount of office finish, like that of the subject. Given that the median market value, on a per square foot basis was \$131, he reasoned that this was more than adequate support for his mandated mass appraisal approach of approximately \$125 a sq. foot for the subject property.

Issue #3 At pages 30 and 32 of exhibit R1, the Respondent presented charts of equity comparables which refuted the Complainants equity comparables and otherwise presented

better equity comparables respectively. He contended that the Complainant's equity comparables were not similar, to the subject property and that his equity comparables were similar and supported the assessment.

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

Issue #1 Based on the evidence provided, the Board concludes that the evidence of the Respondent, with respect to the assessable building area is correct. The Board notes from the rent roll that a vacant area, listed as #9 describes 6000 ft.<sup>2</sup>. However, next to it, 5940 ft.<sup>2</sup> appears to be listed as "future" space for the tenant True Crossfit Inc. A similar discrepancy appears with rental unit #10 and its future tenant. For these reasons the Board finds little comfort with the rental areas described on the tenant rent roll.

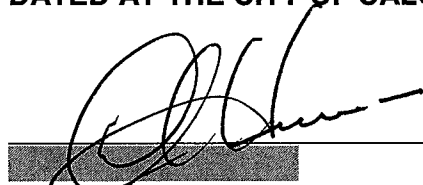
Issue #2 The sales comparables presented by the Respondent demonstrated values which were relative to the Northeast area of Calgary, respecting #1 and #3; and the Southeast area of Calgary with respect to #2. It was only #4 which was representative of the Central area in which the subject property is located and this comparable demonstrated a lower market value on a per unit basis than either the median of the Respondents sales or the assessed value of the subject property. The Board recognizes the validity of the Income Approach in valuing income producing properties. It also recognizes that the rents which are relatively current in the subject property capture its' features, not the least of which is location. Since the Respondent did not present information to refute either the vacancy allowance or the capitalization rate of the Complainant the Board accepts these factors, given also the support presented by the Complainant. In applying the decided upon building area the Board finds with the rental rate of \$8.76 a square foot and other valuation factors presented by the Complainant, a property value of \$16,990,000 is reasonable. The Board decides that this reduced assessment amount correctly allows for a locational adjustment that the assessor's approach has not contemplated. The Board notes that the subject property's assessment was reduced at hearing last year based upon roughly the same reasoning. CARB 1306/2010P

Issue #3 The Board does not find similarity with comparable assessments presented by either party. The Board is further critical of the Complainant for advancing these properties claiming similarity and not requesting an assessed value based upon this amount. It is thus apparent to the Board that the Complainant does not accept a similarity between his proffered equity comparables and his subject property.

**Board's Decision:**

The assessment is reduced to \$16,990,000.

DATED AT THE CITY OF CALGARY THIS 10 DAY OF November 2011.

  
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Presiding Officer

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

<b>NO.</b>	<b>ITEM</b>
1. GC 1	Complainant "Generic" Disclosure
2. GC 2	" " "
3. GC 3	" " Rebuttal
4. GC 4	" " "
5. GC 5	" " "
6. C1	Complainant Disclosure
7. 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 ADMINISTRATIVE USE

Subject	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	Warehouse	Whse Multi-tenant	Valuation Approach	Lease rate