

**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:

Quinn Estates Ltd (as represented by Altus Group), 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: 054004304

LOCATION ADDRESS: 1055 - 26 Street NE

HEARING NUMBER: 64735

ASSESSMENT: \$3,820,000

This complaint was heard on 6th 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:

- *D Mewha, C VanStaden*

Appeared on behalf of the Respondent:

- *M Berzins*

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

The parties agreed that there was neither procedural nor jurisdictional matters that would affect this hearing.

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.

Property Description:

The subject property is a multi-tenanted warehouse/office building located in the "Meridian Industrial" Northeast area of Calgary. It was constructed in 1982 and contains a gross building area of 40,738 ft.² with an assessable building area of 39,058 ft.², situate on a land base of 2.06 acres. The building covers 37.49% of the site and the office finish is 33% of the warehouse improvement.

Issues:

A variety of issues were described on the original complaint form however at hearing the panel determined that the issues are:

- 1/ Does the Complainant's Income Approach, supported by a Comparison Approach yield a more convincing value conclusion than the assessor's Direct Sales Comparison Approach?
- 2/ Has the requirement of equity with similarly assessed properties (fairness) been achieved with the current assessment amount?

Complainant's Requested Value: \$3,590,000**Complainant's position**

Issue #1 The Complainant presented market lease information relating to industrial buildings 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 generally from \$6.50 a square foot to \$9.75 a square foot. He had earlier testified and supplied evidence that a 5% vacancy allowance and 8.25% capitalization rate were appropriate factors. He said that when applying a rental rate of \$8.00 a square foot; this was his primary support for his requested assessed value of \$3,590,000. This suggests that a unit value for the subject property is \$92 a square foot. In order to support this income approach finding the Complainant presented a chart of three comparable sales at page 13 of exhibit C1, which were of similar size and age buildings, having sold in the period from February to November 2009. The Complainant suggested that the average selling price range on a per square foot basis was from \$83-\$94 a square foot and that this was support for his Income Approach.

Issue #2 The Complainant provided a chart of six assessed properties which he determined to be comparable to the subject. After an analysis of the differences the Complainant advised the Board that the equity comparables demonstrated an \$89 a square foot average assessment. This suggested an assessed value for the subject property of \$3,470,000, which was again support for the requested \$3,590,000.

Respondent's position

Issue #1 The Respondent presented seven industrial sales comparables at page 17 of his exhibit R1, in support of his assessment. The buildings were similar in that they were on average roughly the same age as the subject, individually they were representative of the size and site coverage of the subject. Given that the median market value, on a per square foot basis was \$119, he reasoned that this was more than adequate support for his mandated mass appraisal approach of approximately \$98 a sq. foot for the subject property.

Issue #2 The Respondent provided seven equity comparables which were all located in the same Northeast quadrant of the City as the subject property. The Respondent testified that because similarity of neighbourhood, land-use classification, age, site and building size it was not surprising that his equity comparables on average presented an assessed value per square foot identical to that of the subject.

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

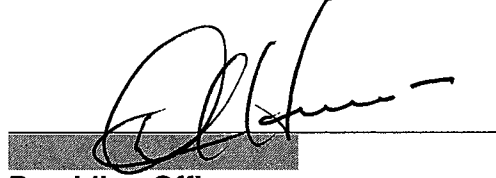
Issue #1 The Board notes at page 19 of exhibit R1, evidence that the subject building is achieving a \$10 a square foot lease rate. Furthermore, the comparable sales presented by the Complainant lacked sufficient comparability, given that for example one demonstrated a 73% office finish, together with their average adjusted selling price, on a per unit basis, being closer to that of the assessed value, than the requested value. As a result the Board were not convinced that the Income Approach, as presented by the Complainant in this case, warranted a reduction in the assessment of the subject property.

Issue #2 Following the direction of the Bentall decision the Board understands that market value (assessment value) is found within a range. It is therefore necessary to firstly establish the market value of the subject property; and then determine if the range in which this value lies falls outside of the range in which the assessed values are found, which is the direction provided by the Bramalea decision. In this case the Complainant has failed to convince the Board of the validity of his requested assessed value for the subject property. It is therefore unnecessary for the Board to decide upon a reduced assessment based upon equity.

Board's Decision:

The assessment is confirmed at \$3,820,000

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

A handwritten signature in black ink, appearing to be "G. Hume", is written over a horizontal line. Below the line is a grey rectangular stamp.

Presiding Officer

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

NO.	ITEM
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	Warehoue Multi-tenant	Valuation Approach	Equity Comparables