

**CALGARY  
ASSESSMENT REVIEW BOARD  
DECISION WITH REASONS**

In the matter of the complaint against the Property/Business assessment as provided by the *Municipal Government Act*, Chapter M-26.1, Section 460(4).

**between:**

***Assessment Advisory Group, COMPLAINANT***

**and**

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

**before:**

***H. Kim, PRESIDING OFFICER***

***D. Pollard, MEMBER***

***T. Usselman, 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 2010 Assessment Roll as follows:

<b>ROLL NUMBER:</b>	<b>119013308</b>
<b>LOCATION ADDRESS:</b>	<b>9808 40 St SE</b>
<b>HEARING NUMBER:</b>	<b>58499</b>
<b>ASSESSMENT:</b>	<b>4,790,000</b>

This complaint was heard on the 18th day of June, 2010 at the office of the Assessment Review Board located at Floor Number Four, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 6.

Appeared on behalf of the Complainant:

- *Yuan Tao*
- *Troy Howell*

Appeared on behalf of the Respondent:

- *Ian McDermott*

**Property Description:**

The subject is a single tenant industrial property consisting of three buildings:

- 1) 9,415 square feet including a second storey component constructed in 1980,
- 2) 2,448 square feet constructed in 1989 and
- 3) 8,727 square feet constructed in 2003.

The three buildings are located on a 2.83 acre parcel in the South Foothills Industrial area. The parcel has 15.65% site coverage and is zoned Industrial General (I-G). The assessment is based on sales comparables.

**Issues:**

The Complainant identified two issues on the Complaint form:

1. The assessed value is not reflective of the property's market value.
  - a. Comparable property sales demonstrate lower market value is appropriate for the subject property or \$150/sq. ft.
  - b. Comparable property sales demonstrate lower market value is appropriate for the subject property or \$350,000 /acre
  - c. The assessed value does not adequately reflect the condition and characteristics of the subject property.
2. The assessed value is inequitable with comparable property assessments.

**Complainant's Requested Value:** \$4,000,000 (revised to \$3,660,000 at the hearing)

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

At the hearing, the two issues presented were Issue 1(a) whether comparable sales supported the per square foot rates used in the assessment of Buildings 1 and 3 and 1(c) whether the assessment reflected the condition and characteristics of Building 2. Issue 1(a) was argued on sales while 1(c) was argued on equity.

**Issue 1: Comparable Sales**

**Complainant's position:**

The Complainant stated that the assessment of the subject property had gone up to \$4,790,000

from \$4,220,000 in the previous year, in spite of the general decline in the market over that period of time.

The assessment was prepared using sales of similar sized buildings with Building 1 assessed at \$215.00/sq. ft. and Building 3 at \$244.47/sq. ft. The Complainant presented five comparable sales of industrial properties in Foothills and East Shepard ranging in size from 7,548 sq. ft. to 16,953 sq. ft. that sold between April 2008 and April 2009 for \$199 to \$257 per sq. ft. He stated that Foothills and East Shepard are superior locations as they are fully serviced whereas South Foothills is subject to a local improvement levy to pay for services as they are installed. He applied adjustments for location, sale date, building size, site coverage and year of construction totalling -10% to -40% for Building 1 to arrive at an average value per square foot of \$167. He used the same sales with adjustments totalling 0% to -40% for Building 3 to arrive at an average value per square foot of \$172. He requested that the assessments for Buildings 1 and 3 be adjusted to \$167 and \$172/sq. ft. respectively.

Respondent's position:

The Respondent presented 12 sales in support of the assessment in various areas of the South East Industrial zone, between June 2007 and June 2009 for buildings ranging from 6,844 to 16,939 sq. ft. and time adjusted sale prices per square foot from \$191 to \$326. The method of assessment for multi-building industrial properties has changed for 2010, they are now being assessed using sales of similar sized single-building properties of similar site coverage, and the values added together. The Respondent disputed the validity of the Complainant's sales evidence, stating that the adjustments were unsupported. For example, the Complainant's time adjustment of -15% for June 2008 to June 2009 is substantially more than the -6% from the City's analysis. The Respondent also believes the adjustment for location is not warranted, and that Foothills and South Foothills are equivalent locations. He stated that without the arbitrary adjustments applied, the sales support the assessed rates.

Decision and Reasons:

The sales presented were inconclusive due to the large variation in the sale prices for apparently similar properties. The evidence presented showed parcels in South Foothills were subject to a local improvement levy, but it was not clear whether it would impact the sale price of an improved property already developed with private services. The one sale from South Foothills presented in the evidence, at \$211/sq. ft. but on substantially larger lot, appeared to support the assessment. While the Board is of the opinion that each building on a multiple building parcel should not be assessed as if they were individually titled, in the subject case there was insufficient evidence to suggest that the rates applied for Buildings 1 and 3 were incorrect.

**Issue 2: Condition and Characteristics**

Complainant's position:

The assessment was prepared using sales of similar sized buildings with Building 2 assessed at \$259.87/sq. ft. The Complainant presented photographs showing the building is of corrugated steel sheet and steel framing, with no insulation or finishes and in fact not fully sealed, with visible gaps between the roof and wall panels. It does have a heater but due to the lack of insulation and gaps in the building envelop it is not used. The building is effectively an

unheated shed. He submitted an assessment detail sheet for a property at 2139 50 St SE that showed a 33% reduction recorded as "discount to building – no heat" and suggested that the subject building should also be receiving a 33% reduction. He stated that the building did have foundations so he was not requesting the \$10/sq. ft. outbuilding rate.

**Respondent's position:**

The Respondent stated the building does have a heater therefore it should not be assessed as an unheated building.

**Decision and Reasons:**

The photographs support the Complainant's position that the condition and characteristics of the building are clearly inferior to a properly constructed warehouse building. The Board agrees that it would be impractical to heat such a building even if a heater were to exist. Accordingly a 33% reduction to the rate applied to that building is appropriate.

**Board's Decision:**

The complaint is allowed, in part, and the assessment is reduced to \$4,580,000.

DATED AT THE CITY OF CALGARY THIS 6<sup>th</sup> DAY OF July 2010.

  
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**Presiding Officer**

*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.*