

**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(4).

between:

Octagon Properties Group Ltd., COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

P. Mowbrey, PRESIDING OFFICER

K. Farn, MEMBER

B. Jerchel, MEMBER

This is a complaint to the Calgary Assessment Review Board in respect of Property assessment prepared by the Assessor of The City of Calgary and entered in the 2010 Assessment Roll as follows:

ROLL NUMBER: 023159908

LOCATION ADDRESS: 5929 6 ST NE

HEARING NUMBER: 56077

ASSESSMENT: \$7,590,000

This complaint was heard on 29 day of June, 2010 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 12.

Appeared on behalf of the Complainant:

- Grant Schell

Appeared on behalf of the Respondent:

- Marcus Berzins

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

There are no Procedural or Jurisdictional Matters.

Property Description:

The subject property is a metal clad, single tenant industrial warehouse, located in the NE industrial area of Calgary, on a 6.75 acre site with a site coverage ratio of 17.38, which indicates 3.09 acres of excess land based on a typical site coverage ratio of 30 for industrial properties. The building footprint is 51,126 sq ft, and a leasable building area of 56,798, with some second floor office space.

Issues:

1. Is the 2010 Assessment of \$7,590,000 too high considering the September 10, 2009, Appraised Value of \$5,790,000?
2. Is the 2010 Assessment of \$7,590,000 too high considering the list price of the subject property of \$5,400,000?
3. Is the 2010 Assessment of \$7,590,000 too high with the lack of infrastructure, dirt roads and no storm drainage?
4. Is the Direct Sales Comparison Approach used by the Respondent to determine the Assessment value the appropriate method of valuation?

Complainant's Requested Value: \$5,790,000

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

The Complainant presented a 4 page summary, C1, of a Full Narrative Appraisal Report completed by Cushman and Wakefield as of September 10, 2009, for internal decision making purposes. The stated Market Value as if occupied is \$5,790,000, and as if vacant, is \$5,270,000, C1 P3. The Complainant is requesting a reduced 2010 Assessment of \$5,790,000. The Complainant questions the reason for the great disparity between the Assessment Value and the Appraised Value of \$7,590,000. The Complainant indicated the subject property suffers a lack of infrastructure as the access is on dirt roads and there is no storm drainage in the area. The Complainant questioned the Direct Sales Comparison Approach used by the Respondent to determine the Assessment value and considered the Income Approach more appropriate, equally finding the comparables old and irrelevant.

The Complainant informed the Board the subject is currently listed for sale at \$5,400,000.

The Respondent argued the 4 page appraisal summary was missing substantial information about the value of the subject property as at September 10, 2009, providing no support with background, comparables, method of valuation, reasons and conclusions. For this reason the appraised value cannot be relied upon.

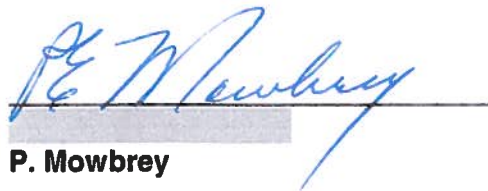
The Respondent indicated all industrial properties are assessed using the Direct Sales Comparison Approach to value, using 3 years of comparable sales with adjustments applied for the current year and differing attributes to the subject property, providing a range of value for the subject property.

1. The Board reviewed C1, 4 page summary of the Full Narrative Appraisal Report as at September 10, 2009 and made two conclusions:
 - a. The Board could not accept the 4 page summary only, C1, from the Full Narrative Appraisal Report which contains all of the data, reasoning and analysis upon which the value conclusions were based.
 - b. The Board could not accept the 4 page summary, C1, from the Full Narrative Appraisal Report as it is as of the date, September 10, 2009, and bases a value that is 3 – 4 months post facto to the June 30, 2009, valuation date.
2. The Board placed little weight on the list price of \$5,400,000, as the Complainant provided no evidence of the listing agreement or of a market evaluation for the listing price.
3. The Board is of the opinion that the infrastructure was accounted for in the 2010 Assessment value, and is typical to the surrounding properties.
4. The Board understands that assessments of industrial properties are valued by the Direct Sales Comparison Approach and considers it an appropriate method of valuation under this situation. The Complainant presented no evidence to the Board supporting an alternative method.

Board's Decision:

The Decision of the Board is to confirm the 2010 Assessment of \$7,590,000

DATED AT THE CITY OF CALGARY THIS 8th DAY OF JULY, 2010.



P. Mowbrey

Cc: Owner

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.*