

**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:

Grand Collection Ltd., COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

***W. Kipp, Presiding Officer
D. Morice, Board Member
A. Wong, Board 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: 100004605

LOCATION ADDRESS: 5614 Burbank Road SE, Calgary AB

HEARING NUMBER: 57004

ASSESSMENT: \$1,790,000

This complaint was heard on the 22nd day of July, 2010 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:

- Troy Howell, Assessment Advisory Group

Appeared on behalf of the Respondent:

- Robert Ford

Property Description:

A multi-bay warehouse, built in 1972, situated on a 0.66 acre lot in Burns Industrial. Rentable building area is 10,080 square feet. Interior finish ratio is 27%. The site coverage ratio is 34.94%.

Issues:

The Complainant raised the following matters in section 4 of the complaint form:
Assessment amount

The Complainant also raised the following specific issues in section 5 of the Complaint form:
Assessed value should be far less.

Issue 1: Market Value

Complainant's Requested Value:

On the complaint form, the requested assessment was \$1,300,000. At the hearing, the Complainant's agent requested \$1,550,000.

Board's Decision in Respect the Issue:

The Complainant provided data on three property sales, two in Manchester and one in Highfield. The sales closed in April and August 2008 and April 2009. All of the buildings were older than the subject and all had larger site areas. Building sizes bracketed that of the subject. Sale prices on a unit basis were from \$126 to \$193 per square foot with the lowest from the April 2009 sale of a larger building than the subject. Site coverage ratios were 18%, 22% and 37%. The property with the lowest site coverage ratio showed a price per unit of \$171 per square foot. Price adjustments of 5% and 10% were made for the two property sales with the lowest site coverage ratios. The Complainant requested that, based on these sales, the assessment be reduced from \$178 per square foot to \$154 per square foot (\$1,550,000).

The Respondent questioned the validity of one of the Complainant's sales because it was part of an eight property portfolio sale which involved properties in Calgary and Edmonton. Another was questioned because there were two buildings on the site. No evidence was entered to show that

either of these factors influenced the sales in any way.

Four sales were provided by the Respondent as support for the assessment of \$178 per square foot of building area for the subject. Three of the sales were in Manchester and one was in Highfield. The Highfield sale was also in the Complainant's evidence. Two of the sales occurred in 2007. One was in May 2008 and the fourth was in April 2009. Time adjusted sale prices ranged from \$125 to \$198 per square foot. All of the sale prices had been adjusted downward to reflect changes in market conditions over time. Buildings were from two to nine years older than the subject and three of the four were larger buildings. Site coverage ratios ranged from 25.14% to 54.07% and building finish ratios were from 8.0% to 44%. From the four sales, the median price was \$186 and the average was \$174 per square foot of building area.

The Respondent stated that 30% site coverage is considered to be typical for industrial properties of this type. If the coverage ratio for a comparable property is over 30%, then a negative adjustment is applied. A positive adjustment is made when the ratio is lower than 30%.

The Respondent also provided a list of five equity comparables. None of these were in Burns Industrial. Equity had not been raised as an issue by the Complainant.

Findings

In view of the above considerations, the CARB finds as follows with respect to the market value Issue:

The Complainant did not make any time adjustments to the three sales in evidence. The Respondent applied a negative adjustment to all four of its sales. Although there was no evidence in support, the Complainant made adjustments to two of its sales where site coverage ratios were significantly below that of the subject. The Respondent stated that the City's assessment model makes adjustments for this factor but there was no evidence to show which sales had been adjusted nor to show the extent of any adjustments. Neither party provided any evidence in support of any other adjustments.

The CARB finds that none of the comparables are highly similar to the subject. One comparable was used by both parties and it does have enough similarities to the subject to be useful. Its adjusted sale price was \$125-\$126 per square foot. It was the best sale as far as date of sale was concerned – April 2009 versus a July 2009 valuation date. The building was eight years older than the subject which would indicate an upwards adjustment. The building size at 14,700 square feet would also require an upward adjustment when compared to the subject's 10,080 square feet. Site coverage at 37% was similar to the subject's 35% thereby negating the need for adjustment. Interior finish at 44% for the comparable would require a negative adjustment when compared to the subject with 27% finish.

Board's Decision:

With weight given primarily to the sale that was included in the evidence of both parties, the CARB finds that there is support for the Complainant's requested assessment of \$1,550,000.

The 2010 assessment is reduced to \$1,550,000.

DATED AT THE CITY OF CALGARY THIS 5th DAY OF AUGUST 2010.



W. Kipp
Presiding Officer

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.*