

**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:

Colliers International Realty Advisors, COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

Steven C. Kashuba, PRESIDING OFFICER

R. Cochrane, MEMBER

R. Deschaine, 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: 112107750

LOCATION ADDRESS: 6908 Farrell Rd SE

HEARING NUMBER: 57280

ASSESSMENT: \$2,040,000

This complaint was heard on the 4th day of August, 2010 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 4.

Appeared on behalf of the Complainant:

- M. Uhryn and S. Meiklejohn

Appeared on behalf of the Respondent:

- J. Young

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

No procedural or jurisdictional matters identified.

Property Description:

The subject property, located on Farrell Road SE, is an Industrial General Zoned warehouse located in the Fairview Industrial Community. Constructed in 1963 on 1.06 acres of land, the assessable area is 45,991 square feet and, according to the Complainant, a rentable area of 9,200 square feet. The current assessment is \$2,040,000.

Issues:

1. Is the assessment fair and correct based upon sales and equity comparables?

Complainant's Requested Value: \$1,360,000

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

Complainant's Position

At the outset of hearing the merits of the complaint, the Complainant informed the board that the subject property sold at *non arm's-length* on August 29, 2008 for \$1,900,000.

A comparable sale at 6912 Farrell Road SE, two lots to the east of the subject property, sold on November 27, 2009 for a consideration of \$1,450,000, which translates to \$81 per square foot. Four additional industrial zoned properties of superior quality, wall height, vintage, but with similar zoning and size sold, time-adjusted, in the range of \$114 to \$131 per square foot with a median of \$119 per square foot while the subject property is assessed at \$222 per square foot (Exhibit 1-C, page 65). From these four sales the Complainant provided adjusted Assessment to Sales Ratio. On average, the ASR is 1.43, which would indicate that these properties are over-assessed and do support the Complainant's request for a reduction in the assessment of the subject property.

The Complainant provided two Land Assessment Comparables which reflected rates per acre of \$504,087 and \$552,941 (Exhibit 1-C, page 88). Since the land coverage is only 17%, the Complainant made an adjustment in their pro-forma in arriving at a revised assessment.

The particulars to support a reduction in the assessment amount are presented in Exhibit 1-C, page 94, 1) The subject property has 17,424 square feet of excess land in that the site coverage is 20%. This constitutes excess land and the value should be added to the assessment value. 2) The rental space of 9,200 square feet at a lease rate of \$125 per square foot is the major source of income and is added to the assessment. The Complainant valued the excess land at \$211,406 to which they added the value of the rentable space for a requested assessment value of \$1,360,000.

Respondent's Position

The Respondent submitted photographs of the subject property and an Assessment Explanation Supplement which has the particulars of rentable space set at 9,200 square feet, year build of 1963, a finish of 13%, and an assessment rate of \$222 per square foot.

In support of the assessment the Respondent presented seven equity comparables located in Central Calgary, zoned I-G, Industrial General. As for the elements of comparability, the board notes that the subject property has 13% finish while the finish in the comparables ranges from 7% to 35%. The effective year of construction for the subject is 1963 while the comparables were constructed between the years of 1957 to 1967, all within the time frame of the subject property. The average assessment value per square foot for these comparables is \$223.

The Respondent submitted ten industrial sales comparables in Central and SE Calgary wherein the average time-adjusted sale price is \$255 per square foot (Exhibit 1-R, page 18).

Decision of board as regards Issue #1

The board does acknowledge the Complainant's submission that the subject property sold in 2008; however, it did not sell in the open market from a willing seller to a willing buyer but as a part of a portfolio sale which, in essence, brings into question the sales value per square foot of the subject property. The board further acknowledges that the Complainant, in their pro-forma in support of a reduced assessment, did take into account the value of the excess land. However, the board does conclude that the sales comparables presented by the Complainant exhibit characteristics that are inferior to those of the subject property thereby bringing into question the element of comparability.

The board is persuaded by the equity and sales comparables presented by the Respondent as exhibiting the characteristics of the subject property. In conclusion, the board finds that an assessment rate of \$222 per square foot is fully supported by both the equity and sales comparables as presented by the Respondent.

Board's Decision:

It is the decision of the board to confirm the assessment of the subject property for 2010 at \$2,040,000.

Reasons:

The board places little weight upon the sales comparables presented by the Complainant and considerable weight upon the equity and sales comparables presented by the Respondent. It is for these reasons that the board finds in favour of the Respondent.

DATED AT THE CITY OF CALGARY THIS 24 DAY OF August 2010.


Steven C. Kashuba

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.*