

**CITY OF CALGARY
ASSESSMENT REVIEW BOARD
DECISION WITH REASONS**

In the matter of a complaint filed with the City of Calgary Assessment Review Board pursuant to Part 11 of the *Municipal Government Act*, Chapter M-26, Revised Statutes of Alberta 2000 (the Act).

BETWEEN:

Linnell Taylor Assessment Strategies, COMPLAINANT

and

The City Of Calgary, RESPONDENT

BEFORE:

**J. Krysa, PRESIDING OFFICER
I. Zacharopoulos, MEMBER
M. Peters, MEMBER**

A hearing was convened on August 16, 2010 in Boardroom 4 at the office of the Assessment Review Board, located at 1212 - 31 Avenue NE, Calgary, Alberta in respect of the property assessment prepared by the assessor of the City of Calgary, and entered in the 2010 Assessment Roll as follows:

ROLL NUMBER:	200387538
LOCATION ADDRESS:	7705 Flint Road SE
HEARING NUMBER:	56592
ASSESSMENT:	\$5,230,000

PART A: BACKGROUND AND DESCRIPTION OF PROPERTY UNDER COMPLAINT

The subject property is a 3.52 acre parcel of land improved with a 47,578 sq.ft. multi-tenant industrial warehouse with 16% office finish, constructed in 1978. The site coverage is 31%.

PART B: PROCEDURAL or JURISDICTIONAL MATTERS

There were no procedural or jurisdictional matters raised by the parties.

PART C: MATTERS / ISSUES

The Complainant raised the following matter in section 4 of the complaint form:

3. an assessment amount

The Complainant set out 3 issues for complaint in Section 5 of the Complaint form, with a requested assessed value of \$4,500,000, however at the hearing the Complainant stated the following issues were in dispute:

Issue 1: The subject property is a multi tenant industrial warehouse, and has been incorrectly assessed as a single tenant industrial warehouse (improper stratification).

Issue 2: The subject property is assessed at a 12.4% premium to an adjacent, similar and competing property (equity).

Issue 3: The Income Approach and Direct Comparison approach both support a lower assessment for the subject property (incorrect).

The Complainant requests the assessment be set at a value of \$4,600,000.

Issue 1: The subject property is a multi tenant industrial warehouse, and has been incorrectly assessed as a single tenant industrial warehouse (improper stratification).

The Complainant argued that the subject property has been improperly stratified as a single tenant industrial warehouse rather than a multi-tenant industrial warehouse, and as a result the value predicted by the assessor's direct (sales) comparison model reflects an approximate premium of 12%. In support of stated premium, the Complainant submitted an analysis of sales of both single tenant and multi-tenant properties, indicating average sale prices of \$142 and \$125 per sq.ft., respectively [C1 Appendix G].

In support of the "multi-tenant" stratification, the Complainant also argued that the Assessment Request For Information (ARFI) forms in the Respondent's evidence clearly indicate that this is not a single tenant property, and further, that the Assessment Review Board has in prior years, decided that the subject property was improperly stratified as a single tenant property.

The Complainant's calculation to reflect a proper stratification and valuation is as follows:

Current assessment per sq.ft.: $\$109.92 - 12\% = 96.73$ per sq.ft. $\times 47,578$ sq.ft. = \$4,602,220, rounded to \$4,600,000.

The Respondent did not dispute the Complainant's suggested 12% premium for single tenant industrial properties, but argued that the proper stratification of a property should be based on the construction of the property, and not on the number of tenants in place. In the case of the subject property, the Respondent argued that the subject was constructed as a single tenant property, and the fact there is currently more than one tenant does not make it a multi-tenant property.

Decision – Issue 1

The Board finds the subject property is incorrectly stratified as a single tenant industrial warehouse, and accepts that a -12% adjustment is appropriate.

The Board accepts the premise that a property should be stratified based on its construction, which would also reflect the characteristics and physical condition as required by the legislation.

In this instance, however, there is no evidence to support the Respondent's position that the subject is a single tenant structure; rather the evidence in the ARFI form clearly indicates that there are 2 distinct, (and one must assume, demised) leasehold areas, the sum of which approximates the total area of the improvement. The Board also notes that the subject property lacks many of the characteristics of a single tenant property, which generally allow the sole tenant exclusive and unrestricted use of the site for storage and/or related business enterprises; it may even be secured as fenced storage. The subject property, on the other hand, does not appear to offer any such benefit to the (2) tenants, and in fact appears to be very similar to the Complainant's multi-tenant (equity) comparables.

Decision: Issues 2 and 3

In light of the Board's decision with respect to Issue 1, it was unnecessary to continue with the remainder of the Complainant's issues.

PART D: FINAL DECISION

The 2010 property assessment is revised from \$5,230,000 to \$4,600,000.

Dated at the City of Calgary in the Province of Alberta, this 15 day of September, 2010



J. Krysa
Presiding Officer

APPENDIX "A"**DOCUMENTS RECEIVED AND CONSIDERED BY THE ASSESSMENT REVIEW BOARD:**

NO.	ITEM
1.	Exhibit C1 Complainant's Brief
2.	Exhibit R1 Respondent's Brief

APPENDIX 'B'**ORAL REPRESENTATIONS**

PERSON APPEARING	CAPACITY
1. D. Sheridan	Representative of the Complainant
2. S. Powell	Representative of the Respondent

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.*