

**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-26.1, Section 460(4).

between:

Linnel Taylor Assessment Strategies, COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

R. Reimer, PRESIDING OFFICER

D. Julien, MEMBER

T. Usselman, 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: 112142708

LOCATION ADDRESS: 7905 Flint Rd SE

HEARING NUMBER: 56588

ASSESSMENT: \$4,840,000

This complaint was heard on 13th day of August, 2010 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 3.

Appeared on behalf of the Complainant:

- *J. David Sheridan, Linnel Taylor Assessment Strategies, Agent*

Appeared on behalf of the Respondent:

- *Don Kozak, Assessor*

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

There was no objection to the composition of the Composite Assessment Review Board (CARB).

There were no other procedural or jurisdictional matters raised.

Property Description:

The subject property is a freestanding multi-tenant Industrial Office/Warehouse built in 1971 and located in the Fairview Industrial area of South Central Calgary. The property is bordered by the LRT tracks on the west and Flint Road SE on the east.

Issues:

The single issue identified on the Assessment Review Board Complaint Form was the assessment amount.

Complainant's Requested Value:

On the Assessment Review Board Complaint Form the Complainant requested a value of \$4,050,000. During the hearing this was modified to a requested value of \$4,200,000.

Position of the Parties:

The Complainant stated that there were errors regarding the rentable building area and the percentage of office finish. The Assessment Explanation Summary shows a rentable area of 43,680 sq. ft. and an office finish percentage of 100%. The owner's records show a rentable area of 42,660 sq. ft. The Complainant stated that an inspection of the property and a review of rent roles revealed that there was 8481 sq. ft. of mezzanine office area, an equivalent area of main floor office and a residual warehouse area of 34,179 sq. ft. The Complainant's position was that the correct office ratio was 39.76%, rounded to 40%.

The Complainant stated that, from 2007 onwards, the City of Calgary has chosen the Direct Sales Comparison Approach to value the subject property. He stated that the Detailed Assessment Audit Manual directs the use of the Income Approach as the first choice for this property stratification.

The Complainant valued the building using the Income Approach. He used a rental rate of \$8.00/sq. ft., a vacancy rate of 2.0%, operating costs of \$3.00/sq. ft. and a capitalization rate of 8.00% and

arrived at a valuation of \$4,148,675, rounded to \$4,140,000.

The Complainant also valued the subject property using the Direct Sales Approach. He used the same five sales as were used to determine the capitalization rate for the Income Approach. Without going into the details, this approach yielded a valuation of \$4,260,000.

The Complainant also provided the assessment for two similar buildings, contiguous with the subject property and owned by the same owner. The subject property has an assessment of \$113.46/sq. ft, the property next door, built in 1978, has an assessment of \$109.92/sq. ft. and the property two doors down, built in 1971, has an assessment of \$97.81/sq. ft.

The Respondent stated that the rentable area and percent office finish was based on what was in the database as of December 31, 2009. He stated that the percent office finish has been based on what was the predominant use of the building, not on an actual inspection or measurement. He agreed that there may be errors in the rentable space and that it appeared that the building did not have 100% office finish. The Respondent stated that a change of office finish percentage of 0% to 100% could increase the per sq. ft assessment by as much as \$30.00/sq. ft.

Board's Decision:

The CARB finds that the correct rentable area for the subject property is 42,660 sq. ft. The CARB also agrees that the correct office finish percentage for the subject property is 40%.

The Complainant's requested value of \$4,200,000 divided by the rentable area of 42,660 results in a value per sq. ft of \$98.45. This is a reduction of approximately \$15/sq. ft., which is consistent with the Respondent's estimated value change for reduced office finish.

The CARB orders that the assessment be reduced to \$4,200,000.

DATED AT THE CITY OF CALGARY THIS 19 DAY OF August 2010.


R. Reimer
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.*