

**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:**

***T. Hudson, PRESIDING OFFICER***

***D. Cochrane, MEMBER***

***D. Julien, MEMBER***

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

**ROLL NUMBER: 033041005**

**LOCATION ADDRESS: 1139 – 40<sup>th</sup> Ave. NE**

**HEARING NUMBER: 57489**

**ASSESSMENT: \$5,050,000**

This complaint was heard on the 25<sup>th</sup> day of August, 2010 at the office of the Assessment Review Board located at 4<sup>th</sup> floor, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom #4.

Appeared on behalf of the Complainant: Mr. Michael Urhyn  
*Representative, Colliers International Realty Advisors*

Appeared on behalf of the Respondent: Mr. Marcus Berzins  
*Representative, The City of Calgary*

**PROPERTY DESCRIPTION:**

The subject property is a multi-tenanted industrial building located in the McCall District of the North East industrial region at 1139 – 40 Ave. NE. The building includes 63,488 sq. ft. of net rentable area on two (2) levels, with 29% office finish. The parcel size is 2.89 acres with 45.52% site coverage. The current assessment is based on \$80 per square foot (PSF) of net rentable area or \$5,050,000 rounded. The requested assessment is based on \$67.82 PSF calculated on the building footprint of 57,344 square feet or \$3,889,000 rounded.

**ISSUES/GROUNDS FOR COMPLAINT:**

Issue #1: Should the assessed area be based on the footprint of the building (i.e. 57,344 sq. ft.) or on the net rentable area of 63,488 sq. ft.?

Issue #2: Does the assessment amount reflect a fair estimate of market value for the subject and equity with respect to the assessments of comparable properties?

**ISSUE #1:**

**Position of the Complainant:**

The Complainant submitted a rent roll for the subject property which, in their view, supports the total of 57,344 sq. ft. as being both the footprint and the net rentable area of the building.

**Position of the Respondent:**

The Respondent pointed out that the photographs of the subject property clearly show development on two (2) levels. The difference between the building footprint and the net rentable area is the space available for rent on the second level.

**Board Finding on Issue #1:**

The assessment should be based on the net rentable area of 63,488 sq. ft. for the subject property, given that there is development on two (2) levels.

**ISSUE #2:****Position of the Complainant:**

The Complainant submitted a capitalized income approach to value pro forma using a rent rate of \$6.50 PSF, a vacancy rate of 9.5%, 2% for non-recoverable expenses, and a Cap Rate of 8.5%. The support for the rent rate of \$6.50 PSF includes recent rental rates from comparable IWM buildings with bay sizes from 1,933 sq. ft. at \$10-10.50 PSF to 11,520 sq. ft. at \$5.00. There was also a June 2009 lease for 3,600 sq. ft. at \$9.50 PSF. The requested assessment is \$3,889,000. When the net rentable area (i.e. 63,488 sq. ft.) is used in the calculation the revised estimate of value is approximately \$4,480,000.

**Position of the Respondent:**

The Respondent pointed out that the sales and equity evidence submitted by both parties support the current assessment. However, the rent rate (i.e. \$6.50 PSF) used in the Complainant's capitalized income pro forma produces an assessment which is neither fair nor equitable. The rent rate used in the pro forma should be in the range of \$8 to \$10 per square foot given the evidence submitted by the Complainant, which would result in support for the current assessment. The current assessment is both fair and equitable.

**Board Finding on Issue #2:**

The rent rate (i.e. \$6.50 PSF) used by the Complainant in the income pro forma does not reflect market value for comparable bay sizes. The current assessment is both fair and equitable for the subject property.

**BOARD DECISION:**

The assessment is confirmed at \$5,050,000.

DATED AT THE CITY OF CALGARY THIS 31 DAY OF AUGUST, 2010.

  
T. HUDSON  
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.*