

**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:**

***Linnell Taylor & Associates, COMPLAINANT***

**and**

***The City Of Calgary, RESPONDENT***

**before:**

***J. Noonan, PRESIDING OFFICER***

***K. Coolidge, MEMBER***

***P. Charuk, MEMBER***

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

<b>ROLL NUMBER:</b>	<b>116003401</b>
<b>LOCATION ADDRESS:</b>	<b>3816 64 Ave SE</b>
<b>HEARING NUMBER:</b>	<b>56187</b>
<b>ASSESSMENT:</b>	<b>\$3,060,000.</b>

This complaint was heard on the 25th day of August, 2010 at the office of the Assessment Review Board located at the 4<sup>th</sup> Floor, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 1.

Appeared on behalf of the Complainant:

- *D. Sheridan, Partner, Linnell Taylor Assessment Strategies*

Appeared on behalf of the Respondent:

- *I. Baigent, Sr. Assessor, The City of Calgary*

**Property Description:**

The subject is located at 3816 64 Ave SE, Calgary. It is an 18,222 square foot (sq. ft.) industrial warehouse on 2.71 acres in the Foothills Industrial area. Site coverage is 15.4% and the improvement was constructed in 1980. The assessed value is \$3,060,000.

**Issues:**

1. **Is the assessment fair in consideration of the income and sales comparison tests advanced by the Complainant?**
2. **Does the subject's "extra land" add to its value?**

**Board's Findings in Respect of Each Matter or Issue:**

The two issues identified by the panel are intertwined.

The Complainant has advanced 3 tests, an income approach and 2 variations of a direct sales comparison approach, all of these tests concluding similar values: \$1.79 - \$1.83 million. These tests support the requested assessed value of \$1.8 million or about \$99 per sq. ft. rather than the \$168 value attributed by the assessment branch. The Complainant argued that some businesses required larger parcels to accommodate their daily needs for storage and access, and should not be penalized for this; in any event, the value attributable to extra or excess land was theoretical and unsubstantiated by market evidence.

The Respondent explained that a typical industrial property has 30% site coverage, and when as here, the site coverage is lower, the assessment model attributes value to excess land, and expresses that in a higher value per sq. ft. of improvement. In the present case, there is some 1.32 acres beyond what would be considered typical for an improvement of the subject's size. Mr. Baigent ventured that if one were to simply value that land at the City's rate for vacant land in the Foothills area and deduct it from the current assessment, the remaining value would be about \$105. per sq. ft. for the subject improvement.

The Composite Assessment Review Board (the 'Board') found the most instructive sales evidence contained within the Respondent's list of 21 low site coverage industrial sales: 5 of these sales were of sites ranging 2.12 – 3.23 acres with site coverage ranging from 13%-20%. The lowest per sq. ft. value was \$140 and the others ranged from \$188 to \$222 time-adjusted. The \$188 was derived from a north-east sale of a 1997 property. The Board noted with interest another 2.7 acre parcel in North Manchester with a 1962-vintage improvement some 2500 sq.ft larger than the subject: it sold in March 2008 for a time adjusted price of \$4,472,000 or \$216 per

sq.ft. The Board finds these comparables as a group supportive of the subject assessment at \$168 per sq.ft.

The income approach employed by the Complainant seemed reasonable in all respects but one: it failed to account for the extra 1.32 or 1.4 acres of extra land. The typical lease rate used by the complainant would be appropriate for an industrial property with typical site coverage. However, one would expect that a higher lease rate would accrue to a property that afforded a greater freedom of space for those in the market that required this attribute. The Board cannot agree with the Complainant's assertion of a lack of market evidence or purely theoretical nature of the value of extra land. The Respondent's evidence shows values closer to \$200 per sq.ft. than the \$100 or less urged by the Complainant, and whatever differences might be apportioned to age, office finish, etc., the significant difference is site coverage.

**Board Decisions on the Issues:**

The Board confirms the assessment of \$3,060,000.

DATED AT THE CITY OF CALGARY THIS 9<sup>th</sup> DAY OF September 2010.

  
J. Noonan

**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.*