

**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>116009192</b>
<b>LOCATION ADDRESS:</b>	<b>3700 78 Ave SE</b>
<b>HEARING NUMBER:</b>	<b>56184</b>
<b>ASSESSMENT:</b>	<b>\$4,790,000.</b>

This complaint was heard on the 24th 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, A. Mohtadi, Assessors, The City of Calgary*

**Property Description:**

The subject is located at 3700 78 Ave SE, Calgary. It is a 50,384 sq.ft. industrial warehouse with 55% office finish, built in 1980 on a 2.41 acre parcel in the Foothills Industrial area. The assessed value is \$4,790,000.

**Procedural Matter:**

The question of the subject's correct size for assessment purposes was raised as an issue early in the hearing by the Complainant, and no objection was heard. Subsequent to the hearing, a closer examination of the complaint form attachment showed that the size of the improvement had not been specifically mentioned as an issue. However, reference to this matter was clear and prominent in the evidence disclosure.

Regulation, *Matters Relating to Assessment Complaints Regulation, AR 310/2009*, advises at s 9(1), "A composite assessment review board must not hear any matter in support of an issue that is not identified on the complaint form".

The Composite Assessment Review Board (CARB) resolves this dilemma by observing that size is an integral component of an income approach calculation of value, and the complaint form does make reference to an income approach test of the purported excessive assessment. Depending on viewpoint, this resolution might appear contorted but the Board further observes that the matter became moot, as reading of the findings and decision will reveal.

**Issues:**

1. What is the correct size of the subject improvement?
2. Is the assessment excessive in consideration of comparable sales and an income approach test?

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

**1. Size**

The Complainant submitted the size of this multi-tenanted improvement ought to be the net rentable area as determined by the Assessment Request for Information (ARFI): 48,896 sq.ft. Prior to 2007, the City had employed the income approach in determining assessments for warehouse properties, and from 2007 onwards, the direct sales comparison approach. The correct area issue had been heard in the subject's complaints in 2005, 2006, and in 2007; in

each case, the Complainant's view had been upheld and the written decision of the 2007 Assessment Review Board (ARB) was included in the evidence package.

The Respondent advised that the assessment record of 50,384 sq.ft. is derived from actual measurement of the subject, or taken from certified blueprints, measured from outside foundation walls, and includes mechanical and Heating, Ventilation, and Air Conditioning (HVAC) areas that would not appear on an ARFI. The same method of measurement is used for all industrial warehouse properties in the City.

The Board can appreciate the concerns of the taxpayer regarding this matter of size. When the income approach was used to determine assessments, the proper assessed area would indeed be the net rentable area with an allowance for vacancy. However, the assessment methodology has changed to a sales comparison approach where the common method of measurement is the entire area of the improvement. The 2007 ARB decision accepting the net rentable area when the same sales comparison approach was also used, makes no mention of explanation from the City justifying the larger area, but notes the same rent roll in the City package as was relied upon by the Complainant. One is left with the impression that no explanation was given for the use of the building's gross area.

The CARB finds that the proper area is 50,384 sq.ft., the gross building area, the same measurement used in the assessment of similar properties.

## **2. Comparable sales and Income Test**

The Complainant requested an assessment of \$4,000,000 and showed an income approach test that yielded a value of \$4.35 million, a sales comparison approach that sought to adjust for net operating income that determined a value of \$4.36 million, and a more traditional sales comparison approach that adjusted for single tenant property versus the subject's multi-tenant status, this last method finding a value of \$3.91 million. Given the 29 year age of the subject, and the oddity of mezzanine office space only accessible from the exterior, it was submitted that the \$4,000,000 value was reasonable.

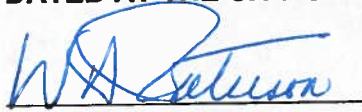
The Respondent established that the requested assessment based on the City's area would be \$79.40 per sq. ft. as compared to the current \$95. If in the income test one applied a more-realistic lease rate of \$10.25 but accepted the other parameters, the resultant value would be close to \$5.5 million. The Respondent presented 8 sales comparables and 7 equity comparables in support of the assessment.


The CARB found the best evidence to be three 2008 sales in the Foothills area drawn from the Respondent's comparables, at prices per sq.ft. of \$96, \$98, and \$86 or an average of \$93. This evidence was supportive of the \$95 assessed rate.

### **Board Decisions on the Issues:**

The CARB confirms the assessment of \$4,790,000.

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.*