

**CALGARY
ASSESSMENT REVIEW BOARD
DECISION WITH REASONS**

In the matter of the complaint against the Property/Business assessment as provided by the *Municipal Government Act*, Chapter M-26, Section 460(4).

between:

Altus Group Ltd., COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

L. Wood, PRESIDING OFFICER

C. McEwen, MEMBER

A. Wong, 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: 200375111

LOCATION ADDRESS: 5150 90 AVENUE SE

HEARING NUMBER: 57415

ASSESSMENT: \$6,720,000

This complaint was heard on 28th day of July, 2010 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 11.

Appeared on behalf of the Complainant:

- Mr. D. Mewha

Appeared on behalf of the Respondent:

- Mr. J. Lepine

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

There were no procedural or jurisdictional matters raised at the hearing.

Property Description:

The subject property is comprised of three single tenant warehouses on a 3.99 acre site in South Foothills. The first warehouse has a net rentable area of 4,960 sq ft; the second has 4,800 sq ft and the third has 27,012 sq ft (total of 36,772 sq ft). The two smaller buildings were built in 1970, the larger warehouse in 2003. The land is zoned I-G Industrial General. The site coverage ratio is 20.71. The property is used to manufacture concrete and asphalt.

Issues: (as indicated on the complaint form)

1. Due to the characteristics and physical condition of the subject property, the cost approach would provide a more reliable estimate of market value for assessment purposes and should be \$90 psf.
2. The aggregate assessment per square foot applied is inequitable with the assessments of other similar and competing properties and should be \$90 psf.

Complainant's Requested Value: \$2,860,000

Board's Decision in Respect of Each Matter or Issue:

The Board notes that an appendix to the complaint form contains several statements as to why the subject property's assessment is incorrect; however, the Board will only address those issues raised at the hearing.

Due to the characteristics and physical condition of the subject property, the cost approach would provide a more reliable estimate of market value for assessment purposes and should be \$90 psf.

The Complainant submitted that the subject property, which is used to manufacture concrete and brick, was assessed based on the direct sales comparison approach. However, the property located at 3145 Shepard PL SE, which is used for the same purpose, was assessed based on the cost

approach (Exhibit C1 page 48). The Complainant argued that the two smaller warehouses are storage sheds or industrial outbuildings and should not be assessed at \$226 or \$224 psf. The Complainant also submitted the Assessment Summary Reports for two other properties which show that they are used for heavy industrial manufacturing and they are assessed based on the cost approach (Exhibit C1 pages 35, 55). The Complainant submitted the subject property should be assessed on the cost approach as well.

The Respondent submitted that this is a typical warehouse used for storage and therefore the subject property was assessed based on the direct sales comparison approach. The Respondent submitted that its assessment is supported by several sales and equity comparables (Exhibit R1 pages 29- 31).

The Board finds that this is a special use property, used for the manufacturing of concrete and brick. Although no interior photographs of the subject property were provided, the photographs of its exterior show silos similar to the property located at 3145 Shepard PL SE (Exhibit C1 pages 15-18). The Board also finds an inequity exists when the subject property is not assessed similarly to other manufacturing industrial properties which are assessed based on the cost approach.

The Complainant provided cost data by Marshall & Swift for the building on site for a total depreciated cost for the buildings of \$1,447,119 and a land rate of \$315,854 based on two properties: 3001 Shepard PL SE (\$361,106/acre) and 3145 Shepard PL SE (\$270,602/acre) (Exhibit C1 pages 23- 29).

The Board finds the depreciated cost data for the building of \$1,447,119 reasonable and notes that it was uncontested by the Respondent. The Board does not find the two land parcels comparable to the subject property. The two land parcels are almost three times the size of the subject property (11.3 acres each), and they are located in East Shepard Place as opposed to the subject's location in South Foothills Industrial.

The Board notes in the Respondent's verbal testimony he referred to the City's land rate for I-G zoned lands as \$1,050,000 for the first acre and \$350,000/acre (acres 1-10). The Board finds a discrepancy in the \$350,000/acre rate and it should be corrected to \$300,000/acre. The Board finds the land rate of \$1,050,000 for the first acre and \$300,000/acre (1-10 acres) should be applied in this instance (Exhibit C1 page 32).

Based on the cost approach, the Board determines the value for the subject property as follows: \$1,447,119 (buildings) + \$1,947,000 (land) (\$1,050,000 (1st acre) + 300,000 per acre x 2.99 acres) = \$3,394,119.

The aggregate assessment per square foot applied is inequitable with the assessments of other similar and competing properties and should be \$90 psf.

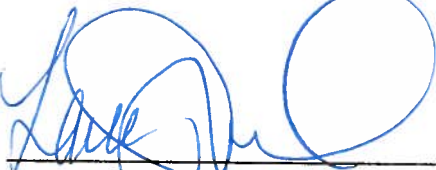
The Board has addressed the equity issue as indicated above.

Board's Decision:

The decision of the Board is to reduce the 2010 assessment for the subject property from

\$6,720,000 to \$3,394,000 (truncated).

DATED AT THE CITY OF CALGARY THIS 30 DAY OF AUGUST 2010.



Lana J. Wood
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.*