

**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-26.1, Section 460(4).

between:

Linnell Taylor Assessment Strategies, COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

C. Griffin, PRESIDING OFFICER

Y. Nesry, MEMBER

D. Pollard, MEMBER

This is a complaint to the Comprehensive 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: 032028607

LOCATION ADDRESS: 2181 – 41 Avenue NE

HEARING NUMBER: 56188

ASSESSMENT: \$2,420,000.

This complaint was heard on 26 day of August, 2010 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 9.

Appeared on behalf of the Complainant:

- D. Sheridan

Appeared on behalf of the Respondent:

- R. Powell
- A. Doborski

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

N/A

Property Description:

The property under complaint consists of a free standing, multi-tenant industrial building that is located in the North Airways Industrial Park in northeast Calgary. The property is approximately 34 years of age with a reported year of construction being 1975. The property has a footprint area of 15,066 Sq. Ft. and it sits on a site of 1.25 acres in size. The property has a rentable area of 16,986 Sq. Ft. which includes a mezzanine area of 1,920 Sq. Ft. which is utilized for storage purposes only.

Issues:

The Issue(s) identified on the Assessment Review Complaint Form are:

1. The assessed value is incorrect
2. The assessed value is too high.

Complainant's Requested Value:

\$1,800,000. Revised at the Hearing to \$1,670,000.

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

The Complainant contends that the most appropriate method of deriving an estimate as to the assessable value of the subject property is through application of the Income Approach to Value and supported this position, in part, by referring to the Detailed Assessment Audit Manual (DAAM) page 34 of which is presented in Appendix A of their Exhibit # C1 which the Complainant suggests recommends the use of the Income Approach for properties such as the subject.

As it relates to particular matter, the CARB has no authority to direct which method of valuation should or should not be used to determine the assessable value of any given property. The CARB is concerned with the accuracy, fairness and equity of the assessed value, not the method with which that value has been derived. Additionally, the CARB points out that the referenced DAAM page indicates that when it comes to warehouses the Income Approach or the Sales Comparison Approach or the Cost Approach are the recommended approaches to be used, there being no emphasis on any one particular approach. Having said that the CARB points out that this does not mean that evidence relating to any recognised approach to value, used by the assessing authority or not, will not still be given consideration in determining the accuracy as to the assessed value of any property.

The Complainant presented what the CARB considered to be a well supported Income Approach which resulted in a value estimate of \$1,640,000 for the subject property.

In addition to their Income Approach, the Complainant also submitted two (2) value estimates as derived through their application of what the CARB considers to be, with one exception explained following, a well supported Direct Comparison Approach (Sales Comparison Approach). The first value they derived is \$1,680,000 while the second value they derived is \$1,710,000. The difference between the values stems from their application, in the first instance, of what they refer to as an "Adjustment for NOI". The CARB questioned the origin of this type of adjustment and if the Complainant could provide any reference to any recognised appraisal or assessment manuals or texts that verified the use of such an adjustment, but they

were unable to do so. In consideration of the foregoing the CARB gives little consideration to the value derived through application of this "Adjustment for NOI" but does give consideration to the \$1,710,000 value indication which has been derived without application of such an adjustment.

The Respondent, in defence of the assessed value, submitted both sales and equity comparables and they also pointed out that two of the sales presented by the Complainant were post-facto to the July 1, 2009 valuation date. Their sales evidence consisted of 3 sales, two of which were recorded in 2007 and one in January of 2008. All three properties were classified as multi-tenant industrial as is the subject. The adjusted sales price/Sq. Ft. of building area for these sales were \$133, \$156 and \$134. The Respondent also presented four (4) equity comparables which showed assessed rates/ Sq. Ft. of building area ranging from \$136 to \$174.

The CARB does not consider sales recorded in July and August of 2009 to be post-facto as they were recorded in the year of valuation. Additionally, the Respondent chooses to utilize the registration/transfer date as the date of sale. The CARB notes that a sale that was registered in early July or mid August of the valuation year was most probably negotiated prior to July 1 of the same year. The CARB further notes that use of what some might consider post-facto evidence is appropriate so long as time adjustments, if required, are applied. The sales submitted by the Respondent are not considered to be very comparable to the subject property due to: the date of sale, the building sizes, the percentage of finished area and, in two cases, the site coverage. The CARB also notes that none of the sales were from the same market area as the subject property.

Referring to the equity comparables presented by the Respondent, two were from the same market area as the subject and they are supportive of the assessed rate /Sq. Ft. of the subject property. The two additional equity comparables presented were from outside the market area of the subject property and both involving properties with smaller sites and smaller buildings. The CARB finds these latter equity comparables to be less useful for comparative purposes. The Complainant also introduced Rebuttal evidence (Exhibit C2) which included an additional two equity comparables from the North Airways Industrial Park wherein the subject property is located and pointed out that their inclusion in a North Airways centric grouping of all four equity comparables (2 from each party) resulted in a median rate per Sq. Ft. of \$136 vs. the subject assessment at \$143/Sq. Ft.

In the final analysis the CARB finds the evidence of the Complainant to be more persuasive. Their applied Income Approach is well supported by market based evidence and their Direct Comparison Approach is based upon more recent sales than those utilized by the Respondent.

Board's Decision:

The assessment of the subject property is reduced to \$1,670,000.

DATED AT THE CITY OF CALGARY THIS 3rd DAY OF Sept 2010.


C. J. GRIFFIN

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.*