

**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:

Ing Development Ltd., COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

***Board Chair, T Golden
Board Member, P Charuk
Board Member, K Coolidge***

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: 093160901

LOCATION ADDRESS: 3024 49 Av SE

HEARING NUMBER: 57147

ASSESSMENT: \$2,910,000.00

This complaint was heard on 09 day of September, 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:

- *Bill Ing*

Appeared on behalf of the Respondent:

- *D Desjardins*

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

There were no preliminary issues

Property Description:

The subject property is located in the Golden Triangle area of the City and is a 2.06 acre site with an industrial warehouse. There are 15,162 sq ft of rentable area that includes both warehouse space and office area constructed in 1982. The site has 13.48% site coverage. A characteristic of the structure is that it has 16 ft high walls considered low for warehouse purposes.

Issues:

- 1) Does the assessment established by the City reflect the market value of the property?

Complainant's Requested Value:

\$1,713,000.00

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

- 1) The assessment represents the market value of the property and the assessment is confirmed.

The Complainant suggested that part of the difficulty with establishing a market value was the lack of sales of the type of properties similar to the subject during 2007 and 2008. In the Complainants description of the structure it was pointed out that the building was an older warehouse and had only 16 ft ceilings which restricted the use of both the office and the storage area. The low ceiling height restricted the ability to rent the structure and the amount of rent that could be achieved. The rentable area of the building was 44% office and 54% warehouse. Since areas of the structure have been vacant some portions of the building have received less maintenance and are in poor condition.

Three alternate valuations to the City calculation were presented to the Board by the complainant. Firstly a discussion took place regarding an appraisal completed Jan 09 2008 and although the Complainants package contained the summary a full copy could have been made available. This appraisal gave a value of \$1,800,000.00.

Secondly the Complainant presented 11 comparables that indicated that the value of properties similar to the subject parcel have a mean value of \$113.73 per sq ft as opposed to the \$191.00 per sq ft of the subjects assessment. Applying this value to the subject yields a market value of \$1,726,535.00.

Lastly an income approach was submitted arguing that with an 8% cap rate a value of \$1,612,980.00 was calculated. Averaging the three calculations results in the requested value of \$1,713,000.00

The Respondent stated that the method of assessing the subject property was the direct sale approach. Five sales were presented to support the assessment. Each sale was chosen because they were in the same market area, represented similar site coverage and similar rentable area. The City sales comparables were time adjusted and the per sq ft values were between \$142.00 and \$326.00. In addition the City presented a table of equity comparables to demonstrate that the subject is equitably assessed. These equity comparables demonstrate per sq ft values of between \$202.00 and \$218.00 compared to the subjects \$192.00.

The Board dismissed the Complainants income approach as it was calculated using none of the normal factors that are required for such a calculation. In a review of the appraisal presented the Board had concerns about the purpose for which the appraisal was conducted, that being for family reasons. In addition the appraisal mentioned certain cost to remediate problems and those costs were unsupported. The appraisal was given less weight in the decision. The Complainants sales comparisons gave the Board reason to further examine the City list of sale comparisons.

The Board notes that none of the Complainants comparables are in the same market area as the subject. All the Complainants comparables are on smaller lots with greater site coverage than the subject and little indication of the use of the comparables was available. In the case of the City comparables there is the weakness that all the buildings are newer that could indicate the comparables do not have the same constraints of the subject. Even though the Complainant argued the limitations of the structure the City assessment model may have made adjustments for some obsolescence given the age of construction. Since the City comparables were not only in the same market area reflected similar site coverage and on comparable parcel sizes the Board placed more weight on the evidence provided by the Respondent.

Board's Decision:

The assessment is confirmed at \$2,910,000.00

DATED AT THE CITY OF CALGARY THIS 4 DAY OF October 2010.



for **T. Golden**
Presiding Officer

APPENDIX "A"

DOCUMENTS RECEIVED AND CONSIDERED BY THE ASSESSMENT REVIEW BOARD:

NO.	ITEM
1.	Exhibit C-1 Complainant's Complaint Form
2.	Exhibit C-2 Complainant's Brief
3.	Exhibit R-1 Respondent's Assessment Brief

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.*