

**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:**

***Diesel Equipment Limited, COMPLAINANT***

**and**

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

**before:**

***Board Chair, J. Zezulka  
Board Member 1, E. Reuther  
Board Member 2, K. Farn***

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: 097011704**

**LOCATION ADDRESS: 3939 – 54 Avenue SE, Calgary, Alberta**

**HEARING NUMBER: 55820**

**ASSESSMENT: \$4,630,000**

This complaint was heard on 20 day of September, 2010 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 8.

Appeared on behalf of the Complainant:

- *K. French*

Appeared on behalf of the Respondent:

- *A. Mohtadi*

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

Not Applicable

**Property Description:**

The property is a single tenant industrial warehouse, built in 1980. The building is 54,506 sq. ft., set on a 2.88 acre site. The building footprint is 51,559 sq. ft. The site coverage is 41.12 per cent. The community is Foothills Industrial Park.

**Issues:**

1. The assessment does not properly reflect market value.

**Complainant's Requested Value:** \$4,000,000

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

The current assessment calculates to \$85 per sq. ft. overall.

Issue 1:

In support of its argument, the Complainant presented a real estate appraisal report prepared by Cushman & Wakefield Lepage, having an effective date of July 29, 2009. The appraised value was \$4,000,000.

The individual representing the Complainant is an employee of the Complainant company, and was not familiar with the details of the appraisal report, nor was he in a position to offer any critical comments regarding the contents of the report, or the methodology employed therein. Having said that, the Board considered the report contents and makes the following observations:

1. The appraised value is based on a building area of 49,876 sq. ft., which is a variation of 4,630 sq. ft. from the 54,506 sq. ft. upon which the assessment is based.
2. The appraisal report utilized two methods of valuation, income capitalization and direct comparison. Direct comparison was used in a primary capacity.

In the capitalization method, the Complainant adopted a market rent of \$6.25 per sq. ft. from a selection of 7 rent comparables. A 3.0 per cent vacancy rate, and a 1.0 per cent contingency allowance were also adopted. A 7.5 per cent capitalization rate was then applied to the resulting net

operating income, producing an indication of value of \$3,940,000. With the exception of the rental rate adopted, none of the capitalization inputs were disputed or questioned by the Respondent.

As far as the rental rate is concerned, the Respondent presented 7 rent comparables on page 23 of the City's evidence. The median rent indicated was \$7.05 per sq. ft. By reason of the building size, and location, the Respondent's comparables are considered to have more in common with the subject than the comparables used by the Complainant.

The Respondent did not conduct an income capitalization test.

In the Complainant's appraisal report, 6 sales comparables were presented as being indicative of the subject's market value. Selling prices ranged from \$77.99 to \$126.83 per sq. ft. The average calculates to \$98.81 per sq. ft. The appraiser adopted a direct comparison estimate of \$80.00 per sq. ft., applied to a building area of 49,876 sq. ft.

The Respondent presented 6 sales comparables. One of these is discarded by the Board because of its 2006 sale date. The remainder of the comparables reflect a range of \$87.00 to \$98.00 per sq. ft., with an average of \$90.00 per sq. ft. All of these comparables are considered to be similar to the subject in terms of building size, location, construction date, and site coverage.

The Respondent also presented 5 equity comparables that supported an assessment of about \$85.00 per sq. ft. None of these were disputed or questioned by the Complainant.

#### **Board's Decision:**

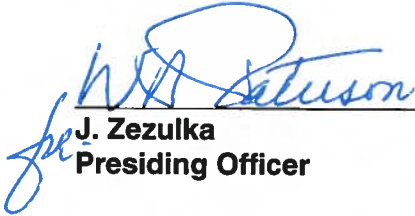
In the opinion of the Board, the chief reason for the difference between the Complainant's appraised value (\$4,000,000) and the Respondent's assessment (\$4,640,000) is the difference in the area appraised (49,876 sq. ft.) and the area assessed (54,506 sq. ft.). For example, had the appraiser adopted the same floor area as the assessor, and applied the same \$80.00 per sq. ft. direct comparison estimate contained in the appraisal report, the indicated value would have calculated to \$4,360,000.

Similarly, applying the Respondent's rental rate, and the Complainant's other capitalization inputs, to the Respondent's 51,506 sq. ft. subject building footprint, a value of \$4,632,000 appears. If the total building area of 54,506 sq. ft. is utilized, an even higher value is indicated.

Within the evidence submitted, the only indication of the building's actual floor area is contained in a floor plan submitted by the Respondent. The dimensions shown on that plan confirm the floor area used in calculating the assessment. There are no plans or area calculations contained in the Complainant's appraisal report. As such, the Board has no alternative but to accept the Respondent's floor area.

The assessment is confirmed at \$4,630,000.

DATED AT THE CITY OF CALGARY THIS 24 DAY OF September 2010.

  
J. Zezulka  
Presiding Officer

**List of Exhibits**

C-1; Evidence submission of the Complainant, including the appraisal report of Cushman & Wakefield Lepage, file ID 09-4444.

R-1; City of Calgary Assessment Brief

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*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.*