

**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:

Assessment Advisory Group, COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

H. Kim, PRESIDING OFFICER

A. Blake, MEMBER

S. Rourke, MEMBER

This is a complaint to the Calgary Assessment Review Board in respect of the Property assessments prepared by the Assessor of the City of Calgary and entered in the 2010 Assessment Roll as follows:

ROLL NUMBER:	024018400	024018509
LOCATION ADDRESS:	6390 11 St NE	6390R 11 St NE
HEARING NUMBER:	58175	58177
ASSESSMENT:	\$10,600,000	\$5,310,000

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

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

Some of the pages in the Complainant's package had information cut off due to incorrect alignment of the printer. The Complainant requested that replacement pages be accepted to correct the defect. The original disclosure was sent electronically and the pages were intact, this only affected the packages presented at the hearing. With the concurrence of the Respondent the replacement pages were accepted and entered into evidence.

Property Description:

The subject properties are two single tenant warehouses in the Deerfoot Business Centre district in the Northeast zone, both owned and occupied by Foremost Industries Ltd.

- Property 1 fronts on 11th St NE and is accessed from a stub of 64th Ave NE, which currently ends at 11th St NE. It consists of 81,615 SF rentable area with 22% finish constructed in 1993 on a 6.48 ac parcel designated Industrial-General (I-G). Building footprint is 71,605 SF for site coverage of 25.35%. It is assessed on the sales comparable approach at \$129/SF and is coded for Traffic Main which does not have adjustments applied.
- Property 2 is an irregularly shaped 3.21 ac parcel designated I-G which nominally fronts on 64th Ave NE but in fact has physical access only through Property 1. It is legally separated from it by a drainage channel but the parking/outdoor storage area has been developed over the channel to create a contiguous surface. It is developed with a 31,540 SF warehouse with 5% finish constructed in 2007. The building footprint is 30,000 SF for site coverage of 21.47%. It is coded for Partial Services and Limited/Restricted Access and has a 25% reduction applied.

Issues:

The Complainant identified a number of issues on the Complaint form; however at the hearing the only issue argued and considered was whether the assessment reflected market value.

Complainant's Requested Value:

ROLL NUMBER	024018400:	\$8,160,000 revised to \$9,548,955 at the hearing
	024018509:	\$3,900,000 revised to \$3,322,200 at the hearing

Board's Decision in Respect of Each Matter or Issue:**Market Value of Property 1:****Complainant's position:**

The Complainant presented four sales of comparables in the Northeast zone (Franklin, Deerfoot Business Park, and Greenview Industrial) of warehouses between 39,374 and 95,405 SF net rentable area, built 1977 to 1997, that sold between January and August 2008. They had site coverage of 26 to 35% with sale prices of \$103/SF to \$143/SF. With adjustments for sale date, building size, site coverage and age, the indicated value of the subject is \$117/SF, the basis for the requested value.

Respondent's position:

The Respondent noted that the Complainant did not adjust for site coverage, but in fact the subject had 1.35 acres of extra land due to its low site coverage. Typical site coverage is 32% and there is value in the additional land which is assessed at 60% of its value and added to the assessment of the building.

Five sales were presented, in the Northeast zone (Airways, Horizon, Franklin and Deerfoot Business Park), of warehouses between 61,032 and 119,551 SF net rentable area, built 1976 to 2006, that sold between July 2006 and September 2008. They had site coverage of 24.31 to 51.79% with 0 to 80% finish and time adjusted sale prices (TASPs) of \$120/SF to \$170/SF. The median TASP is \$131 which supports the assessment of the subject at \$129/SF.

Decision and Reasons:

One of the Complainant's comparables, also located in Deerfoot Business Park, was very similar to the subject, and it sold for \$106/SF in May 2008. However, upon reviewing the details for that sale, it appeared to have been purchased by the tenant of the building and not exposed to the market. The Board was not convinced that this sale would be an indicator of market value. The other comparables presented by the Complainant were substantially older than the subject and in a different location and were not of assistance in determining market value. The most comparable of the Respondent's sales was substantially larger than the subject, but it was also in Deerfoot Business Centre and built in 1990 compared to the subject in 1993. It sold for a TASP of \$135/SF.

On balance, in the absence of better comparables, the sales support the assessment of the subject Property 1.

Market Value of Property 2:**Complainant's position:**

The Complainant used the same four sales for Properties 1 and 2. With adjustments for sale date, building size, site coverage and age, the indicated value of the subject before influences is \$140/SF. With 25% applied for limited access, the requested value is \$3,322,200.

Respondent's position:

The Respondent noted that the Complainant did not adjust for site coverage, but in fact the subject had 1.06 acres of extra land due to its low site coverage. Further, while the site has limited access at this time, the planned Aero Drive and 64 Ave access and road alignment will be constructed next year and greatly benefit the subject parcel.

The Respondent presented four sales in the Northeast and Northwest zones of warehouses between 21,227 and 30,226 SF net rentable area, built 1997 to 2006, which sold between August 2007 and January 2009. They had site coverage of 15.86 to 46.34% with 13 to 52% finish and time adjusted sale prices (TASPs) of \$127/SF to \$258/SF. The median TASP is \$172 which supports the assessment of the subject at \$168/SF.

Decision and Reasons:

The photographs show that the subject building is not a typical warehouse but more in the nature of a shed for equipment storage operated together with the main building on Property 1. The Board does not consider the Respondent's comparables, with finish of 13 to 52%, to be comparable to the subject. On balance, the Board found the Complainant's sale in Greenview to be the most comparable, in the same size range as the subject and in reasonable proximity, with the photograph showing a similar arrangement of large storage areas accessible by multiple overhead doors. It is substantially older, but has only 12% site coverage which likely balances the age. It sold for \$143/SF in August 2008 which time adjusted would be somewhat less than the Complainant's request of \$140/SF. There was no dispute that a 25% adjustment for limited access as of the valuation date was justified, accordingly the Board is of the opinion that the requested amount is supported by the sales evidence.

The Board considered the Respondent's argument with respect to excess land, but found due to the irregular shape of the parcel the extra land did not provide greater utility to the parcel. The Board agrees that the planned road alignment would benefit the parcel's access, but determined that the subject assessment should reflect conditions as of the valuation year, 2009.

Board's Decision:

The complaint on Property 1, Roll no. 024018400 is denied and the assessment confirmed at \$10,600,000. The complaint on Property 1, Roll no. 024018509 is allowed and the assessment reduced to \$3,320,000.

DATED AT THE CITY OF CALGARY THIS 2nd DAY OF November 2010.



H. Kim
Presiding Officer

APPENDIX "A"**DOCUMENTS RECEIVED AND CONSIDERED BY THE BOARD:**

NO.	ITEM
C1	Complaint Form
C2	Complainant's submission
C3	Replacement pages 14-16
C4	Replacement pages 31-36
C5	Site plan of both properties
R1	Respondent's submission

APPENDIX 'B'**ORAL REPRESENTATIONS**

PERSON APPEARING	CAPACITY
Troy Howell	Assessment Advisory Group, Complainant
George Bell	Assessor, City of Calgary, Respondent

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.*