

**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:

Linnell Taylor Assessment Strategies, COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

M. Vercillo, PRESIDING OFFICER

D. Pollard, MEMBER

B. Jerchel, MEMBER

This is a complaint to the Calgary Composite Assessment Review Board (CARB) 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: 101016905

LOCATION ADDRESS: 5709 2 ST SE

HEARING NUMBER: 55986

ASSESSMENT: \$ 26,810,000

This complaint was heard on 1st day of November, 2010 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom # 3.

Appeared on behalf of the Complainant:

- Mr. J. D. Sheridan (Linnell Taylor Assessment Strategies)

Appeared on behalf of the Respondent:

- Mr. G. Bell (The City Of Calgary)

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

The CARB derives its authority to make this decision under Part 11 of the Act. No specific jurisdictional or procedural issues were raised during the course of the hearing, and the CARB proceeded to hear the merits of the complaint, as outlined below.

Property Description and Background:

The subject property, known as "Builders Park" is located in the "South Manchester" industrial district of SE Calgary. The subject property is an industrial property containing nine buildings ranging in rentable area size from 5,225 square feet (SF) to 48,562 SF. The largest building is a single tenanted warehouse building with internal office space. The other eight buildings are typically much smaller and multi-tenanted. The total rentable area of all buildings combined is approximately 160,853 SF. The average year of construction of the various buildings, range from 1973 (for the largest building) to 1999. The assessment rates per SF of each building range from \$124.00 per SF for the largest building to \$220.40 per SF, with an overall assessment rate of \$179.00 per SF.

According to the Respondent's Assessment Explanation Supplement (AES), the buildings are situated on an assessable land area of approximately 4.81 acres and have a building to site coverage ratio of approximately 29.58%. In addition the AES indicates that the buildings have a range of "Finish %" from 46% to 100% for the largest building.

Issues:

The CARB considered the complaint form together with the representations and materials presented by the parties. The matters or issues raised on the complaint form are as follows:

1. IWS & O/W ratio for Build #1 wrong.
2. City disclosure under MGA 299/300 insufficient.
3. Best market sales show assessment is too high.
4. Assessment of market sales show inequity due to out of range ASRs.
5. IAV when applied to the subject show assessment is too high.
6. Assessed NRA incorrect

However, as of the date of this hearing, the Complainant addressed the following issues:

1. The subject AES as it pertains to Building 1 (the largest building) is incorrect as it indicates a 100% finish to what is predominately an open unfinished warehouse.
2. The Direct Comparison Approach and the Income Approach both support a lower assessment for the subject property.

Complainant's Requested Value:

\$20,900,000 on the complaint form revised to \$19,400,000 at this hearing.

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

ISSUE 1: The subject AES as it pertains to Building 1 (the largest building) is incorrect as it indicates a 100% finish to what is predominately an open unfinished warehouse.

The Complainant document of evidence labeled "Exhibit C1" provided the following evidence with respect to this issue:

- A series of photographs and descriptions of the subject's largest and single tenanted building indicating that the property does not have 100% finishing as indicated on the Respondent's AES.

The Respondent document of evidence labeled "Exhibit R1" did not provide any evidence with respect to this issue. However, in review of the evidence submitted by the Complainant, he agreed to adjust the Finish % to 17% from 100%.

Decision: Issue 1

In view of the above considerations, the CARB accepts the recommendation of the Respondent and agreed to by the Complainant to revise the Finish % of Building 1 to 17%.

ISSUE 2: The Direct Comparison Approach and the Income Approach both support a lower assessment for the subject property.

The Complainant document of evidence labeled "Exhibit C1" provided the following evidence with respect to this issue:

- A table of direct sales comparables. The table stratified the various buildings based on size and then compared them to various comparable building sales of similar size. The result of this exercise was to arrive at a requested overall assessment of \$19,170,000
- Another direct sales comparison approach was used by comparing the subject to similar multi-building property known as the Manchester Business Centre. Using this approach the Complainant derived an assessment rate of \$121.00 per SF. Applying this rate to the subject resulted in a requested overall assessment of \$19,460,000.
- An Income approach to value was calculated to arrive at an overall requested assessment of \$19,110,000 by using the following parameters:
 - 112,291 SF @ \$10.00 per SF
 - 48,562 SF @ \$7.50 per SF
 - Vacancy of 3%
 - Shortfall of \$1.78 per SF
 - A Capitalization rate (Cap rate) of 7.5%
- Various supporting documentation or appendices in support of his approaches to value.

Prior to presenting his evidence, **the Respondent** was asked by the CARB and the Complainant to investigate the site coverage of the subject and confirm that the 29.58% indicated on the AES was accurate. After his investigation, the Respondent, admitted that the AES' indication of site coverage was in error and recommended that it be adjusted to 67.49% from 29.58%

Decision: Issue 2

In view of the above considerations, the CARB accepts the recommendation of the Respondent and agreed to by the Complainant to revise the site coverage of the subject property to 67.49%. In doing so, the Respondent's evidence on this issue was not heard as it was deemed unnecessary because the Respondent recommended a revised overall assessment taking into consideration revised figures for Finish % and site coverage, which was subsequently agreed to by the Complainant.

Board's Decision:

The CARB revises the assessment at \$22,730,000 arrived at by mutual consent as a result of recommendations made by the Respondent revising the Finish % and the site coverage of the subject.

DATED AT THE CITY OF CALGARY THIS 12 DAY OF November 2010.


Michael A. Vercillo

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.*