

**CALGARY  
COMPOSITE 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, Revised Statutes of Alberta 2000 (the Act).

**Between**

***Altus Group Limited, representing OPB Realty Inc., COMPLAINANT***

**And**

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

**Before**

***M. Chillbeck, PRESIDING OFFICER  
P. McKenna, MEMBER  
B. Jerchel, MEMBER***

This is a complaint to the Calgary Assessment Review Board in respect of a property assessment prepared by the Assessor of The City of Calgary and entered in the 2012 Assessment Roll as follows:

**ROLL NUMBER: 078075702**

**LOCATION ADDRESS: 2600 – Portland ST SE**

**HEARING NUMBER: 68276**

**ASSESSMENT: \$18,410,000.**

[1] This complaint was heard by the Composite Assessment Review Board on 5th day of July, 2012 in Boardroom 4 on Floor Number 4 at the office of the Assessment Review Board located at 1212 – 31 Avenue NE, Calgary, Alberta.

Appeared on behalf of the Complainant:

R. Worthington, Agent

Appeared on behalf of the Respondent:

R.T. Luchak, Property Assessor

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

[2] Neither party raised any objections to a member of the Board hearing the subject complaint.

[3] Neither party raised any preliminary matters.

**Property Description:**

[4] The subject property consists of 7.78 acres of land with three multi tenant warehouses constructed in 2001. The assessable building areas are 55,760, 43,325 and 59,148 square feet for a total of 158,233 square feet. The subject is located at Portland Street adjacent to Blackfoot Trail and the CP Railway. The land is subject to Land Use Designation (LUD) of IC (Industrial Commercial).

**Issues:**

[5] The Complainant identified the matters of an assessment amount and assessment classification on the Assessment Review Board Complaint (Complaint Form) and attached a schedule listing several reasons for the complaint. At the hearing the Complainant advised that the assessment amount is under complaint and the Board identified the issue as follows:

1. What is the correct assessable building area (as assessed at 158,233 or per the rent roll at 149,600 square feet)?
2. Should the property be valued as if it has one building?
3. What should be the assessment rate for the property as if it has one building?

**Complainant's requested Value:** \$13,470,000.

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

**1. Building Area**

[6] The Complainant provided a copy of the rent roll for the subject showing the total lease area for the three buildings at 149,600 square feet in support for his claim that the assessed building area of 158,233 is not correct.

[7] The Respondent provided a diagram for each building showing the dimensions and calculation of total building area for each building. The calculations identify ground floor office,

retail and storage area and upper floor office area.

[8] The Board finds that both parties could not provide a clear understanding of how each party calculated the respective areas, whether on a net basis or a gross basis. The Complainant's rent roll labels the space as "area", the Assessment Request for Information (ARFI) calls the space "rentable area" and the Assessment Explanation Supplement (AES) calls the space "assessable building area". As a result the Board accepts the Respondent's area amount; the amount is supported by the Respondent's diagram and calculations.

[9] During the hearing the Respondent suggested the total area should be corrected to 157,788 because according to their diagram the area for building number two is 42,880 square feet, not 43,325.

[10] The onus of proof is on the party alleging a fact (here, the square feet amount); the Complainant has not provided evidence to tip the balance of probabilities in the Complainant's favour. The Board encourages both parties to resolve building area differences prior to appearing before the Board. This is a factual matter where the Complainant should understand what area the Respondent uses to determine the assessment and the Respondent needs to know what area the Complainant is reporting and identify what area is expected to be reported.

## **2. As One Building**

[11] The Complainant argued that the subject should be valued as if it has one building rather than three because a potential purchaser would be purchasing an income producing property and would consider the total area that produces the income (not as three separate areas or buildings). Reference was made to the fact that 2010 CARBS decided in a number of instances that the assessment of multi-building properties should be determined as if there was one building. CARB decision 0540-2010P was specifically referred to wherein the Board "looked to the aggregate selling price of the most similar comparable to determine what an appropriate value might be."

[12] The Respondent argued that each building should be valued on its own merits to recognize the difference in building characteristics such as amount of finish and the area. CARB decision 1734-2010P was referred to wherein the Board decided that each building should be valued individually because of the disparity in the area of the buildings.

[13] The Board in this case finds the type of construction and the year of construction to be the same for the three buildings and two have the same footprint. A third building has approximately 33% less area than the other two. The AES shows that each building has a different amount of finish and the site coverage shown reflects the ratio of the total footprint area to the land area.

[14] The Board is persuaded by the Complainant's argument, CARB decision 540-2010P and building characteristics that the subject property should be valued as if it has one building of 157,788 square feet. The three buildings were constructed in the same year and are identical in type of construction. The differences in finish amount can be determined in the same way the site coverage was determined. Also the Board believes that consideration should be given to the fact that three buildings are located on one parcel of land and the principle of increasing and diminishing returns comes into play. If one building was an office building, the second a warehouse storage building and the third a manufacturing warehouse, then the Board believes there could be case of valuing each building separately. In this case there is clearly sufficient

similarity of each building; for example the buildings were constructed in the same year and are identical in type of construction.

### 3. Assessment Rate

[15] The Complainant provided two sale comparables from Northeast (NE) Calgary, three sale comparables from Southeast (SE) Calgary with corresponding assessment values and two assessment comparables from the Central Industrial District in SE Calgary. The Respondent did not provide any comparables and asserted the Complainant's comparables are not sufficiently similar to the subject.

[16] The Board placed very little weight on the Complainant's NE and the Central Industrial comparables. For example, the Board finds the NE comparables have a significantly greater land value than the subject; the Central Industrial comparables have significantly different years of construction and amount of finish.

[17] The Board placed weight on the three sale comparables. The Board notes the difference in LUD and amount of finish and the similarity in building area, year of construction and site coverage. In consideration of these similarities and differences the Board concluded in their analysis that the reasonable valuation rate is \$105 per square of building area.

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

[18] The Board changes the assessment to \$16,560,000.

DATED AT THE CITY OF CALGARY THIS 8 DAY OF August 2012.



M. Chilibeck  
Presiding Officer

**DOCUMENTS PRESENTED AT THE HEARING  
AND CONSIDERED BY THE BOARD**

Decision No. 046-0732-2012P			Roll No. 078075702	
<u>Complaint Type</u>	<u>Property Type</u>	<u>Property Sub-Type</u>	<u>Issue</u>	<u>Sub-Issue</u>
CARB	warehouse	Warehouse-Multi Tenant	Sales Approach	Land and improvement value