

**CALGARY
ASSESSMENT REVIEW BOARD
DECISION WITH REASONS**

In the matter of the complaint against the business assessment as provided by the *Municipal Government Act*, Chapter M-26, Section 460, Revised Statutes of Alberta 2000 (the Act).

between:

***1319376 Alberta Ltd. (as represented by Assessment Advisory Group Inc.),
COMPLAINANT***

and

The City Of Calgary, RESPONDENT

before:

***Board Chair, Earl K Williams
Board Member, D Julien
Board Member, A Zindler***

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: 112138003

LOCATION ADDRESS: 7309 Flint RD SE

HEARING NUMBER: 67177

ASSESSMENT: \$3,310,000

This complaint was heard on 9 day of July, 2012 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:

- S Cobb
- D Bowman (Observer)

Appeared on behalf of the Respondent:

- J Greer

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

- [1] No Procedural or Jurisdictional Matters were raised by the parties.

Property Description:

[2] The subject property located at 7309 Flint RD SE in the Community of Fairview Industrial was built in 1966 on a 1.83 acre parcel of land with 15.0% site coverage and is comprised of 2 warehouse/office buildings with a total area 16,325 square foot (sq ft). One building has an area of 8,995 square feet (sq ft) and the second an area of 7,330 sq ft. The land use is Industrial-General (I-G), the property has an Industrial Property Use and Subproperty Use IN0209 Warehouse-With Office Extension. The subject property is assigned a traffic collector and a corner lot influence.

Issues:

[3] The subject property is currently classified and assessed as an industrial warehouse and should be classified as a suburban office. Therefore, the assessed value is not reflective of the market value as it does not consider the characteristics of the buildings and comparable values in the area.

Complainant's Requested Value: \$1,830,000

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

[4] The Complainant and Respondent presented a wide range of relevant and less relevant evidence.

[5] The Complainant's evidence package included a Summary of Testimonial Evidence, the City of Calgary 2012 Property Assessment Notice, the Property Assessment Summary Report, the 2012 Industrial Assessment Explanation Supplement, a site plan, interior and exterior photographs of the subject property, the October 3, 2011 City of Calgary Office-Suburban Market Rental Rates for Business Assessment provided for Advance Consultation period for discussion purposes, the Business Assessment Summary Report for the tenants in the subject property and a copy of two CARB decision.

[6] The Respondent's evidence package included a Summary of Testimonial Evidence; the

2012 Assessment Explanation Supplement for the subject property, an aerial photograph identifying the location of the subject property, exterior photographs of the subject, details on a number of sale comparables.

Complainant

[7] In support of their position that the classification of the subject is incorrect the Complainant reviewed the interior photographs (pages 10 to 19 of Exhibit C-1) of the subject property to show that the space is being utilized as a suburban office and not as a warehouse with office extension as is the current classification.

[8] Based on the December 2011 City of Calgary Business Assessment Summary Reports (pages 24 to 29 Exhibit C-1) and summarized on page 22 of Exhibit C-1, the Complainant identified that 14,004 sq ft (85.8%) of the total 16,325 sq ft is leased for office purposes. Only 2,321 sq ft (14.2%) is storage or other uses. Tenants include a law firm, a dental laboratory, a industry business association and a retailer. The Complainant stated that the subject is primarily an office property so the classification and assessment should reflect this classification.

[9] The Complainant argued that the Income Approach is the method that should be used to determine the correct market value of the subject. To calculate the market value as a suburban office building on the Income Approach the Complainant used:

- the square footage based on the Business Assessment Summary Report (paragraph 8 above provides the breakdown of the space),
- the rental rates based on the City of October 2011 Calgary Office-Suburban Market Rental Rates on page 23 of Exhibit C-1,
- the classification of the building as a C- quality based on the Building Quality in the Property Assessment Summary Report on page 7 of Exhibit C-1.

The Income Approach determined the value of the subject property to be \$1,833,933.

[10] The Complainant's position on the 2 sales comparables presented on page 30 and 31 of Exhibit C-1 is that they are not comparable to the subject in terms of quality, their classification as industrial and a location not in close proximity to the subject property.

[11] The Complainant argued that the evidence demonstrates that the subject property is a suburban office and when the value is determined on the Income Approach the requested assessment is supported.

Respondent

[12] The Respondents position is that the subject property is properly classified as a warehouse with multiple units and not a suburban office. The subject is a building which was partially converted to office space. In support of the position that the building is a converted warehouse the Respondent presented exterior photographs dated 2007 (pages 8, 9, 26, 27 and 28 of Exhibit R-1) which shows on one of the buildings a number of warehouse doors some of which are operational today and on the other building the location of bay doors which in 2011 have been built over to provide for office use.

[13] As further support that the subject building is not a suburban office building the Respondent provided the Property Assessment Summary Report and exterior photographs of 3 comparables located in the Community of Fairview Industrial which have a Commercial Property Use and a CS0302 Suburban Offices Subproperty Use (pages 15 to 24 of Exhibit R-1) Only one of the 3 comparables had a warehouse door and that was the comparable which had one door to provide access to a 2,600 sq ft warehouse (pages 21 -24 of Exhibit R-1).

[14] The Respondent presented a table titled 2012 Industrial Sales Chart (page 13 of Exhibit R-1) which compared the subject with 4 comparables classified as industrial warehouse with multiple units located in the Central Region. The following table compares the 4 comparable properties to the subject on a number of factors

Address	Building Type	Transaction Date	AYOC*	Land Size	Bldg Area (sq ft)	Site Coverage	TASP psf ****
Comparables							
911 48 Av SE	IW S*	2009-10-21	1968	.36 ac	2,341	12.29%	\$279.60
5329 1A St SW	IW S*	2009-09-29	1966	.29 ac	3,900	31.20%	\$227.06
929R 42 Av SE	IW M**	2010-08-31	1961	.52 ac	5,000	22.24%	\$211.76
1107 46 Av SE	IW S*	2009-08-26	1966	.79 ac	9,500	27.75%	\$220.37
Subject							
		Valuation Date					Ass. Rate psf*****
Building 1	IW S*	2011-07-01	1966	1.82ac	7,330	15.34%	\$206.44
Building 2	IW S*		1966		8,995	15.00%	\$200.68

*Industrial Warehouse 2 or less units

**Industrial Warehouse 3 or more units

*** Approximate Year of Construction

**** Time Adjusted Sale Price per square foot

***** Assessment Rate per square foot

The TASP for the sale comparables range \$211.76 to \$279.60 per square foot (psf) with a median of \$223.72 psf. The assessment for the subject property on a per square foot basis are \$206.44 and \$200.68 which is an average of \$203.56.

[15] In summary the Respondent argued that the subject property is properly classified as a warehouse-with office extension and when compared to the median TASP of \$233.72 for 4 comparable sales the assessment of \$203.26 is supported.

Board Findings


[16] In respect of the classification of the subject property the Respondent's comparison to properties classified as suburban office showed that suburban offices do not have a number of warehouse bay doors. Further the Complainant did not provide market evidence to support that the property is a suburban office.

[17] On the factors of location, building type, AYOC, building area, TASP and the average TASP of \$233.72 the Respondent's 4 sales comparables supported the assessment of \$203.36 psf. as a warehouse with office extension.

Board's Decision:

[18] Based on the evidence presented to the Board and the strength of the comparables the classification is confirmed as IN0209 Warehouse-With Office Extension and the assessment is confirmed at \$3,310,000.

DATED AT THE CITY OF CALGARY THIS 7th DAY OF September 2012.



Earl K Williams

Presiding Officer

APPENDIX "A"

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

NO.	ITEM
1. C1	Complainant Disclosure
2. R1	Respondent Disclosure

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.*