

**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:

***Jacob Holdings 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:

<b>Roll Number:</b>	<b>116502303</b>	<b>116502402</b>
<b>Location:</b>	<b>2 4063 74 AV SE</b>	<b>3 4063 74 AV SE</b>
<b>Hearing Number:</b>	<b>67193</b>	<b>67136</b>
<b>Assessment:</b>	<b>\$561,000</b>	<b>\$518,000</b>

This complaint was heard on 10 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:

- T Youn
- D Bowman

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 properties are:

- 2 4063 74 AV SE is a industrial condominium (condo) unit in a C quality 15 unit multi bay warehouse industrial condo constructed in 1979 year on 2.30 acres of land located in the community of Foothills Industrial. The subject has a total building area of 3,682 sq ft and is assigned an Industrial Property Use and an IN0610 Industrial Condo Subproperty Use.
- 3 4063 74 AV SE is a industrial condo unit in a C quality 15 unit multi bay warehouse industrial condo constructed in 1979 year on 2.30 acres of land located in the community of Foothills Industrial. The subject has a total building area of 3,625 sq ft and is assigned an Industrial Property Use and an IN0610 Industrial Condo Subproperty Use.

**Issues:**

[3] The subject property abuts a railway track and an influence adjustment of -25% should be applied in the determination of the assessment.

[4] The location of overhead power lines on the property support an influence adjustment.

[5] The subject property is not assessed on an equitable basis to other similar properties.

**Complainant's Requested Value:**

[6] Roll Number 116502303: \$371,825

[7] Roll Number 116502402: \$366,069

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

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

[9] The Complainant's evidence package included a Summary of Testimonial Evidence,

including the City of Calgary 2012 Property Assessment Notice, the Property Assessment Summary Report, the 2012 Industrial Condo Assessment Explanation Supplement, a 2012 Preliminary Explanation Supplement, a site plan, exterior and interior photographs of the subject property, the Property Assessment Summary Report and the Business Assessment Summary Report for the condo units in the subject property, the October 3, 2011 City of Calgary Office-Suburban Market Rental Rates for Business Assessment and an calculation of value utilizing the income approach RealNet Industrial Transaction Summary for selected comparables and a copy of a CARB decision.

[10] The Respondent's evidence package included a Summary of Testimonial Evidence; the 2012 Industrial Condo Assessment Explanation Supplement for the subject property, an aerial photograph identifying the location of the subject property, exterior photographs of the subject, a table of industrial condo sale comparables, a table of 2012 industrial condo equity comparables and a response to the Complainant's evidence.

### **Complainant**

[11] The Complainant reviewed the table on page 28 of Exhibit C-1 which listed for each of the 15 condo units located at 4063 74 AV SE, the building area in square feet (sq ft) and the assessed value. The information provided in the table for each unit was supported by the Property Assessment Summary Report for each of the units (pages 30 to 43 of Exhibit C-1). The average assessment for the 15 units is \$134.65 psf. Of the 15 units at 4063 74 AV SE, 5 of the units have a higher square foot area, indicating a larger unit, than the subject units yet have a lower psf assessment. Specifically, the area of the 5 larger units range from 3,723 to 4819 sq ft with assessments ranging from \$97 to \$131 psf as compared to the subject units which are 3,625 and 3,682 sq ft with assessments of \$143 and 152 psf respectively. The comparison to other condo units at the same municipal address does not support the current assessment of the subject units.

[12] As further support for the requested assessment the Complainant argued that when the assessment is determined on the basis of the income approach rather than the Sales Comparison approach which was the approach utilized to prepare the assessment for the subject units. The table on page 58 of Exhibit C-1 presents the calculation using the Income Approach. To calculate the assessment on the Income Approach the Complainant used the rental rates based on the City of October 2011 Calgary Office-Suburban Market Rental Rates on page 60 of Exhibit C-1 for office warehouse space in a quality C building and the square footage based on the Business Assessment Summary Report. The Income Approach determined the assessment psf for the 2 units to be \$114 and \$120 (page 58 of Exhibit C-1) respectively which is less than the assessment based on the Sales Comparison.

[13] The subject units 2 and 3 are located adjacent to railway tracks. This influence must be recognized in the assessment. Exterior photographs on pages 19 through 22 of Exhibit C-1 show the proximity of the railway tracks to the subject units. An email on page 18 of Exhibit C-1 reported that at the closest point the railway tracks are 30 feet from the corner of the building at the end of the property where the subject units are located.

[14] The Complainant argued that the evidence demonstrates that the assessment should be reduced and an adjustment of -25% applied for the negative influence of the railway tracks abutting the subject units.

### **Respondent**

[15] The Respondent's evidence focused on a review of sales and equity comparables that are similar to the subject on the key variables utilized for comparing industrial properties.

[16] The Respondent's table titled 2012 Industrial Condo Sales Comparables on page 13 of Exhibit R-1 provided information on 6 industrial condo sales and subject unit 2. All of the comparables are located in the South East (SE) region, the Foothills (FH1 and FH2) NRZ. One of the comparables was unit 12, which is located at the same municipal address, 4063 74 AV SE, as subject units 2 and 3. The following table presents data selected from the table on page 13 of Exhibit R-1 which facilitates a comparison of the sales to the subject property.

	NRZ	AYOC*	Total Ground Area** (sq ft)	Sale Date	Sale Price psf***	2012 ASR****
<b>Comparables</b>						
12 4063 74 AV SE	FH1	1979	2525	2011-03-31	\$191	0.90
6945 48 ST SE	FH2	2005	2003	2010-04-20	\$183	0.93
5 7003 30 ST SE	FH1	1979	2700	2010-06-28	\$210	0.84
M 7139 40 ST SE	FH1	1979	2998	2010-12-02	\$149	1.19
L 7139 40 ST SE	FH1	1979	3030	2009-11-12	\$154	1.16
1117 4416 64 AV SE	FH1	1977	3850	2011-04-14	\$173	0.95
Median					\$178	0.94
<b>Subject</b>						
2 4063 74 AV SE	FH1	1979	3051			
2 4063 74 AV SE	FH1	1979	2971			

\* AYOC: Approximate Year of Construction

\*\* Total Ground Area is ground area only, excludes any upper or mezzanine area

\*\*\* Sale Price per square foot

\*\*\*\* Assessment to Sales Ratio

The Respondent reported that an analysis of the sales comparables determined the following:

- the psf median sale price of \$178 compares favourably with the assessed value of \$156 psf. for subject unit 2;
- the median 2012 ASR for the comparables is 0.94 which the Respondent views as support for the assessment of unit 2 even though the median ASR is just below the minimum of the range which is the range of 0.95 to 1.05 provided for in the regulations;
- the sale price psf of \$191 psf for unit 12, which is located in the same building as the subject, is higher than the \$156 psf assessed rate for subject unit 2 even though unit 12 has a smaller total ground area of 2525 sq ft compared to the subject at 3015 sq ft.

[17] The Respondent's table titled 2012 Industrial Condo Equity Comparables on page 15 of Exhibit R-1 provided details on the 15 industrial condo units in the same building (4063 74 AV SE) as the subject units. The 2012 Assessment expressed as rate psf, based on the total ground area and not the total building area, ranged from \$147psf to \$181psf with a median of \$175 psf which is higher than the subject units which are reported in the table to be \$156psf for subject unit 2 and \$174psf for subject unit 3.

[18] On the matter of an adjustment for the railway tracks the Respondent argued that the track has no detrimental impact on the usage of the subject unit as supported by the aerial photograph on page 19 of exhibit R-1.

[19] In summary the Respondent argued that the industrial condo sales and equity comparables support the assessment. Further there is no basis for a railway track adjustment to be applied to the land.

## Board Findings

[20] The Respondent's table of Industrial Condo Sales Comparables reported details on 6 comparables, 5 of which were in the FH1 NRZ the same as the subject. The median sale price psf for the 5 comparables in the FH1 NRZ was \$178 psf which is higher than the assessed value for subject unit 2 which is \$156psf and for subject unit 3 which is \$174psf. Further the

sale price of unit 12, located in the same property as the subject units, was \$191psf which is higher than the assessment rate for the subject units. The sales comparables are strong evidence supporting the assessment.

[21] The Respondent's 2012 Industrial Condo Equity Comparables were the 15 units located at the same municipal address as the subject units and were calculated on the total ground area, which is the assessable area. The assessments for other units in the same property as the subject ranged from \$147psf to \$181psf which supports the assessment of the subject units 2 and 3.


[22] The subject unit is located adjacent to a railway track, however, the Complainant was unable to provide conclusive evidence that the influence adjustment for the location of the railway tracks should apply to the subject units. The negative impact of the track was not demonstrated. In regards to the Complainant's request for an adjustment for the overhead power lines no evidence was presented by the Complainant.

**Board's Decision:**

[23] Based on the evidence presented the Board determined that the property is not eligible for a negative adjustment to recognize the location of the railway tracks and the assessment is confirmed at:

<b>Roll Number:</b>	<b>116502303</b>	<b>116502402</b>
<b>Location:</b>	<b>2 4063 74 AV SE</b>	<b>3 4063 74 AV SE</b>
<b>Hearing Number:</b>	<b>67193</b>	<b>67136</b>
<b>Assessment:</b>	<b>\$561,000</b>	<b>\$518,000</b>

DATED AT THE CITY OF CALGARY THIS 12 DAY OF September 2012.

  
**Earl K Williams**  
Presiding Officer

**APPENDIX "A"****DOCUMENTS PRESENTED AT THE HEARING  
AND CONSIDERED BY THE BOARD:**

<b>NO.</b>	<b>ITEM</b>
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.*