

**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:

***Continental Alloys & Services, Inc. (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: 677005001**

**LOCATION ADDRESS: 7520 114 AVE SE**

**HEARING NUMBER: 67306**

**ASSESSMENT: \$1,790,000**

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 property is a 12,000 square foot (sq ft) warehouse located at 7520 114 Ave SE in the Community of East Shepard Industrial built in 2000 on a 4.20 acre parcel of land. The land use designation is Industrial-General (I-G), the property has an Industrial Property Use and a Subproperty Use IN0801 Business/Personal Services/Miscellaneous. The land has been assigned a "no services" influence.

**Issues:**

[3] The use of the Cost Approach to determine the assessment is not the standard approach and the Sales Comparison Approach should be utilized.

[4] The influence adjustment for no services should be applied to the building as well as the land.

[5] An influence adjustment should be applied to recognize the power line located on the property.

**Complainant's Requested Value:** \$1,430,000

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

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

[7] 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 Assessment Explanation Supplement Industrial Land and Cost, 2012 Preliminary Assessment Explanation Supplement, Marshall Swift Cost Data analysis, a site plan, exterior photographs of the subject property, the Property Assessment Summary Report and the RealNet Industrial Transaction Summary for selected comparables, a copy of a CARB decision

and legislative material.

[8] The Respondent's evidence package included a Summary of Testimonial Evidence; the 2012 Assessment Explanation Supplement Industrial Land and Cost for the subject property, an aerial photograph identifying the location of the subject property, exterior photographs of the subject, a 2012 Industrial Sales Chart, an analysis of the Complainant's sale and equity comparables.

### **Complainant**

[9] The Complainant advised that the preliminary assessment was prepared on the Sales Comparison Approach. The table titled 2012 Preliminary Assessment Explanation Supplement (page 12 of Exhibit C-1) reported a preliminary assessment of \$2,874,212 which is \$239.00 per square foot (psf) of building area. The application of the -50% adjustment for no services reduced the assessment to \$1,437,106 which is \$119.80 psf.

[10] In support that the Sales Comparison Approach is the accepted practice for the determination of the assessment for similar properties and should be applied to the subject property the Complainant reviewed the table on page 16 of Exhibit C-1. This table compared the 2012 assessed value of 3 properties which was prepared using the Sales Comparison to the preliminary assessment of the subject which was also prepared using the Sales Comparison.

[11] The 2012 assessment for the 3 comparables ranged from \$180 to \$255 psf. Based on the 3 comparables the average was \$228 psf and the median \$249 psf. The preliminary assessment for the subject based on the Sales Comparison Approach is \$239.00 prior to the application of the adjustment for an influence. The Complainant argued that since the assessed value of the subject property was within the range of the assessed value for the 3 comparables which were prepared using the Sales Comparison the same method, specifically the Sales Comparison Approach, must be used for the subject property.

[12] As additional evidence the Complainant reviewed the Property Assessment Summary and RealNet Industrial Transaction Summary (pages 26-29 of Exhibit C-1) of 2 additional comparables which were based on the Sales Comparison Approach and had a weighted assessed value psf of \$157.30 psf.

[13] The Complainant argued that the assessed value psf for the subject based on the Sales Comparison prior to the application of the no services adjustment is within the range of the assessed value psf for the 5 comparables prepared using the Sales Comparison Approach. The assessed value psf prepared on the Cost Approach is not within range of the assessed value for the 5 comparables. Further, one of the comparables is located in the same community of East Shepard and another is in close proximity to the subject.

[14] The preliminary assessment was based on the Sales Comparison Approach and no explanation was provided by the City of Calgary as to why the approach to determination of the assessment was changed. Further the analysis of the sales comparables supports the requested assessment.

[15] In regards to the matter of the adjustment for the no services influence the Complainant advised that City of Calgary has provided the -50% adjustment to the land but it should also apply to the building. Currently the building has a septic system and potable water is trucked to the property.

[16] In regards to an adjustment for the power line influence the Complainant advised that the photograph on page 13 of Exhibit C-1 showed the location of the power line on the property.

### **Respondent**

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

[18] In respect of sales comparables the table on page 13 of Exhibit R-1 provided information on 3 sales of industrial properties in the South East region. Two of the comparables were unserviced and 1 was serviced. The following table presents a comparison of the sales comparables to the subject property.

Address	Bldg Type*	Parcel Size (acres)	Bldg Area (sq ft)	AYOC**	Servicing Status	Transaction Date	TASP psf ***
<b>Comparables</b>							
9550 114 AV SE	IW M	4.83	13,336	2000	Unserviced	2008-08-12	\$173.61
4398 112 AV SE	IW S	1.72	16,939	2008	Serviced	2008-09-02	\$215.75
9050 Innovation AV SE	IW S	2.17	17,885	1965	Unserviced	2011-06-23	\$179.71
<b>Subject</b>							
7520 114 AV SE	IW S	4.20	12,000	2000	Unserviced		<b>Ass. Rate psf****</b> \$149.71

\* Building Type: IW S - Industrial Warehouse 2 or less units; IW M - Industrial Warehouse 3 or more units

\*\* AYOC: Approximate Year of Construction

\*\*\*TASP psf: Time Adjusted Sale Price per square foot

\*\*\*\* Ass. Rate psf: Assessment Rate per square foot

The Respondent reported that the median TASP for the 2 sales comparables which are unserviced, the same as the subject property, is \$176.66 as compared with the subject's assessment of \$149.71psf. Further the sale price for the unserviced comparables is less than the serviced comparable which has a TASP of \$215.75psf.

[19] The Respondent's analysis of the Complainant's sales is presented on page 18 of Exhibit R-1. In respect of the sales comparables the Respondent's position was:

- 4840 90 AV SE was a transaction between related parties and must be excluded
- 4522 and 4528 112 AV SE are industrial condo units and must be excluded
- the median TASP for the two remaining comparables was \$206.26 (one of which was unserviced)
- 9550 114 AV SE is unserviced and the TASP is \$173.61.

The Respondent concluded that an analysis of the Complainant's sales comparables supports the assessment of \$149.71, particularly the TASP psf \$173.61 for the unserviced comparable.

[20] In respect of the Complainant's equity comparables the Respondent argued that the analysis presented on page 19 of Exhibit R-1 supports the assessment. Particularly the unserviced comparable at 9550 114 AV SE which was assessed at \$173.61 which is higher than the subject at \$149.71.

[21] On the matter of a no services adjustment for the building the Respondent argued that the lack of services only affects the use of the land. The building has a septic system and a water supply so the use of the building is not impacted by the lack of services.

[22] In respect of the power lines the Respondent's position was that the power lines on the property are not transmission towers and are the distribution power lines common in communities with industrial developments.

[23] In summary the Respondent argued that the no services adjustment should only be applied to the land and the sales comparables support the assessment.

**Board Findings**

[24] In respect of the Complainant's position that the Sales Comparison Approach should be used to prepare the assessment as this is the standard approach was not supported. The Respondent's sales comparables were able to support the assessment of the subject property on the Cost Approach.

[25] The Complainant was unable to provide sufficient evidence that the influence adjustment for no services should apply to the building as well as the land and that an influence adjustment should be applied for the power line on the land.

**Board's Decision:**

[26] Based on the evidence presented to the Board the assessment is confirmed at \$1,790,000.

DATED AT THE CITY OF CALGARY THIS 14<sup>th</sup> 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.*

## FOR ADMINISTRATIVE USE

Appeal Type	Property Type	Property Sub-Type	Issue	Sub-Issue
Warehouse	Single Tenant		Cost Sales Approach	Influences Adjustment