

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

between:

***Cardinal Coach Lines Limited (as represented by Altus Group Limited ), COMPLAINANT***

and

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

before:

***Board Chair, J. Zezulka  
Board Member, J. Rankin  
Board Member, S. Rourke***

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: 033028309**

**LOCATION ADDRESS: 732 - 41 Avenue NE**

**HEARING NUMBER: 68245**

**ASSESSMENT: \$1,840,000**

This complaint was heard on the 16th day of July, 2012, at the office of the Assessment Review Board located at Floor Number Four, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom Four.

Appeared on behalf of the Complainant:

- C. Van Staden

Appeared on behalf of the Respondent:

- J. Young
- M. Hartmann

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

(1) At the outset of the hearing, the Respondent objected to the Complainant's exhibit C-3, a third rebuttal, on the grounds that the Complainant did not comply with section 8(2)(c) of the Matters Relating to Assessments Complaints Regulation, which states, among other things; *"If a complaint is to be heard by a composite assessment review board, the following rules apply with respect to the disclosure of evidence:*

*(c) the complainant must, at least 7 days before the hearing date, disclose to the respondent and the composite assessment review board the documentary evidence, a summary of the testimonial evidence, including a signed witness report for each witness, and any written argument that the complainant intends to present at the hearing in rebuttal to the disclosure made under clause (b) in sufficient detail to allow the respondent to respond to or rebut the evidence at the hearing".*

By the Complainant's admission, the Complainant did not comply with the requirements of 8(2)(c). As such, the Complainant's exhibit C-3 was excluded from the evidence submission.

### **Property Description:**

(2) The subject is an industrial property located in the Greenview Industrial Park, NE Calgary. The property consists of three buildings, all classified by the City as single tenant industrial warehouse. One of the buildings is a portable office. One is a service garage, and one is a storage warehouse. The total net rentable area is 11,851 s.f. The main building was built in 1955. The other two have construction dates of 1982. The main building has a ceiling height of 14 and 16 ft. The site area is 0.72936 acres. The site has a highly irregular shape.

### **Issues / Appeal Objectives**

(3) The subject is currently being assessed by the sales comparison approach to value. The assessment for each building is as follows;

- a) Main service garage; 9,891 s.f. @ \$147.23 per s.f.
- b) Portable office; 960 s.f. @ \$203.28 per s.f.
- c) Storage shed; 1,000 s.f. @ \$197.85 per s.f.

(4) The Board notes that the assessment has increased from \$1,810,000 in 2011, to \$1,840,000 in 2012.

(4) According to the Complainant, the current assessment does not properly reflect market value. In addition, the assessment is not fair and equitable in relation to similar properties.

**Complainant's Requested Value:**

(5) \$735,000

**Evidence / Argument**

(6) For the market value argument, the Complainant submitted two approaches to value i.e; sales comparison, and cost summation.

(7) The Complainant's sales comparison approach involved six comparables, ranging in size from 8,030 s.f. to 11,400 s.f. All of the properties are newer than the subject. Site coverages bracket the subject. Only one of the comparables is a multi-building property, similar to the subject. Time adjusted selling prices range from \$120 to \$172 per s.f. The Complainant is of the opinion that all except one of the comparables contain better quality improvements. According to the Complainant, the best comparable is a property at 224 - 41 Avenue NE. The time adjusted selling price of that property is \$135.00 per s.f. The improvement is newer than the subject, and the site coverage is virtually the same.

(9) The cost calculations presented by the Complainant produce a total indicated value of \$735,990. The Board takes note of the variation between the Complainant's indicated value by cost summation, and the Respondent's assessment. The variation is illustrated as follows;

	Complainant's Cost	Respondents Assessment
Relocatable Office	\$22,492	\$195,472
Storage Warehouse	\$4,098	\$197,846

The Respondent's assessment includes a land component. The Complainant's cost calculations do not.

(10) The Respondent presented nine sales comparables in support of the assessment. The comparables produced a median time adjusted selling price of \$157 per s.f. The Respondent segregated the comparables into three groups. presumably Groups two and three are the Complainant's comparables.

**Board's Decision**

(11) The Respondent's method of segregating individual buildings on the same property for valuation purposes does not reflect typical market behaviour.

(12) This Board has difficulty accepting the Respondents calculations on a building by building basis. The Respondent treats the three buildings as being homogeneous. In the Board's opinion, that approach produces an inflated result. That is particularly so for the two smaller buildings, which are valued at rates approaching \$200.00 per s.f.

(13) In the Board's opinion, the subject property is relatively unique, and does not readily lend itself to the application of the sales comparison approach. Because the buildings are distinctly different from each other, and because they are virtually obsolete by current industrial standards, adjustments to comparable sales are difficult to apply, and even more difficult to substantiate.

(14) The Board is of the opinion that the Complainant's cost summation calculations most

realistically depict the subject's current market value. At the same time, the Complainant's depreciation estimate of 80 per cent for buildings that are still occupied and in use is considered to be too aggressive. The Board adopts 50 per cent depreciation to be more appropriate.

(15) With the revised inputs, the value of the property calculates to \$963,976, truncated to \$963,500. That total calculates to \$81.30 per s.f. overall.

(16) The assessment is reduced to \$963,500.

DATED AT THE CITY OF CALGARY THIS 29 DAY OF August, 2012.



Jerry Zezulka  
Presiding Officer

#### APPENDIX "A"

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

<b>NO.</b>	<b>ITEM</b>
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| 1. | C1; General Rebuttal Submission of the Complainant   |
| 2. | C2; Follow Up Rebuttal submission of the Complainant |
| 3. | C4 Evidence Submission of the Complainant            |
| 3. | R1 Evidence Submission of the Respondent             |

*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 MGB Administrative Use Only**

Decision No. 1138/2012 - P			Roll No. 033028309	
<u>Subject</u>	<u>Type</u>	<u>Issue</u>	<u>Detail</u>	<u>Issue</u>
CARB	Multi tenant industrial	Market value	N/A	Cost, income, sales