

**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:

1040851 Alberta Ltd. (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: 034191932

LOCATION ADDRESS: 3812 - Edmonton Trail NE

HEARING NUMBER: 68238

ASSESSMENT: 9,840,000.00

This complaint was heard on the 17 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) There were no procedural or jurisdictional matters to be dealt with.

Property Description:

(2) The subject is a single tenant industrial warehouse, comprised of a main structure, and two industrial outbuildings buildings, located in the Greenview Industrial Park, of NE Calgary. The main structure is a manufacturing facility of approximately 105,000 s.f. The total assessable building area is shown by the Respondent at 115,347 s.f. The Complainant shows the total building area at 116,947 s.f. In the context of this complaint, the difference is not considered significant. The date of construction is 1973. The site area is 5.40 acres. Site coverage is 45.0 per cent.

Issues / Appeal Objectives

(3) The property was originally assessed by the City using the cost approach. During that process, the buildings, and the estimated cost, were inadvertently included twice. That is the original reason for the Complaint before this Board. After receiving the Complainant's evidence submission, the Respondent apparently realized the error and amended the assessment to a revised amount of 8,174,156, based not on cost, but on sales comparison. This is the amount the Respondent recommended to the Board. The Complainant was not informed of the change in valuation techniques.

(4) The Complainant's objective in this complaint is to have the double entry removed, and the assessment restored to something lower than erstwhile levels.

(5) The Board notes that the assessment increased from 6,810,000 in 2011 to 9,840,000 in 2012. The corrected 2012 cost calculation is 6,830,000.

Complainant's Requested Value: \$5,730,000

Evidence / Argument

(6) In support of the argument, the Complainant submitted cost summation calculations that produced a total assessment of \$5,732,363, truncated to \$5,730,000, which is the requested amount.

(7) The Respondent submitted six sales comparables. Building sizes range from 91,405 to 133,325 s.f. Site sizes ranged from 3.38 to 9.65 acres. The median site coverage appeared at 49.65 per cent, compared to 45 per cent for the subject. However, the median interior finish was 21 per cent, compared to three per cent for the subject. No physical details relative to the comparables, or their existing use were presented to the Board.

(8) Neither party addressed the question of equity.

Board's Decision

(9) This Board will not identify a preference as to which valuation approach should be used to determine the assessed value of any property. It is the assessed value that this Board is authorized to adjudicate. If any party can satisfy the Board, to the extent required by law, that in application of any applied approach to value errors have been made that have resulted in an incorrect assessed value, then it is those errors, supported by market based evidence, that should be given consideration. That is not to say that an alternative method of valuation cannot be applied. However, any alternative method must be as equally well founded in market evidence as the method already being employed.

(10) In the Board's opinion, the subject is a manufacturing facility. Manufacturing facilities more often than not have special purpose or specifically designed unique features that are not common to other industrial facilities. There is no reason to believe that the subject is any exception.

(11) Having said that, the Respondent has not demonstrated to the satisfaction of the Board that there is sufficient commonality between the subject and the comparables, to render the comparables as comparable.

(12) On balance, the Board prefers the City's original approach to value, supported by the Complainant's cost calculations. The Board considers the Complainant's depreciation estimate to be too aggressive. The Board adopts the City's 2012 depreciated cost calculations, corrected to exclude any double entry.

(12) The assessment is reduced to 6,830,000.

DATED AT THE CITY OF CALGARY THIS 11th DAY OF September 2012.



Jerry Zezulka
Presiding Officer

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

Decision No. 1137/2012 - P			Roll No. 033025404	
<u>Subject</u>	<u>Type</u>	<u>Issue</u>	<u>Detail</u>	<u>Issue</u>
CARB	Industrial	Cost v. Sales Comparison		Market value