

**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:

Kearney Properties Ltd. (as represented by AltusGroup), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

***Board Chair, J. Zezulka
Board Member 1, S. Rourke
Board Member 2, A. Wong***

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 2011 Assessment Roll as follows:

ROLL NUMBER: 120020524

LOCATION ADDRESS: 3111 – Shepard Place SE

HEARING NUMBER: 64343

ASSESSMENT: 12,550,000.00

This complaint was heard on 12 day of July, 2011 at the office of the Assessment Review Board located at Floor Number Four, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom One

Appeared on behalf of the Complainant:

- *D. Mewha*

Appeared on behalf of the Respondent:

- *C. Lee*

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

At the outset of the hearing, the Respondent recommended an amended assessed value of \$9,715,000 be accepted by the Board.

Property Description:

The property is a single tenant warehouse property, contained in two buildings of 71,054 s.f. and 6,090 s.f., both, constructed in 1998, situated on 11.77 acres, located in Shepard Industrial Park. The net rentable area is given at 77,144 s.f.

The site coverage is 13.70 per cent.

Issues / Appeal Objectives

(reproduced from Evidence Submission of the Complainant)

- 1. Show evidence the Cost Approach to Value is the best method of assessment valuation for the subject property given its characteristics.*
- 2. Enable the CARB to conclude that, for assessment purposes, the subject is best suited to be valued on the cost approach to value.*
- 3. Show evidence that the direct sale comparison approach supports a reduction to the current 2010 property assessment.*
- 4. Show evidence that the equity comparables selected by Altus supports a reduction to the current property assessment.*

Following a recommendation by the Respondent, the main and only issue remaining before this Board is the classification and resulting cost calculations to be applied to the larger of the two warehouses.

Complainant's Requested Value: \$9,150,000.00

Evidence

The Board notes that the current assessment calculates to \$162.70 per s.f. of net rentable area.

Following the Composite Assessment Review Board decision No. ARB 1241-2101-p, the City amended their assessment methodology for the subject property to the use of the cost approach, resulting in an amended assessment of \$9,715,000.00.

Both parties to the complaint relied on the cost approach to valuation. The land value was not in dispute.

The evidence presented to the Board is best summarized as follows;

Complainant

Building	Size	Classification	Depreciated Cost
(A)	6,090 s.f.	Storage Warehouse	\$317,648
(B)	71,054 s.f.	Industrial, Light Manufacturing (80.7%) Office Building (19.3%) Rank 2.0	\$4,718,035

Respondent

Building	Size	Classification	Depreciated Cost
(A)	6,090 s.f.	Storage Warehouse	\$327,442
(B)	71,054	Industrial, Light Manufacturing (80.7%) Office Building (19.3%) Rank 2.5	\$5,548,533

Clearly, a minor difference in the classification of the office space results in a noticeable difference in the final cost estimate. It is also noted that the Complainant deducted \$377,721 in architects fees as an exclusion from the replacement cost of the (B) building .

Board's Decision

Although the Complainant's exclusion of the architect's fees might be an acceptable practice for fire insurance valuations, it is not acceptable when the goal is to obtain a reflection of market value. Adding that component back to the Complainant's calculations for the (B) building produces a corrected cost estimate of \$5,095,756. The Complainant's corrected assessment calculations then appear at \$9,532,904, including land.

After corrections, the difference between the two positions appears at \$182,096.00. That variation is the product of differing classifications of the office finishing. The Complainant failed to produce sufficient evidence to convince this Board that the Respondent's classification is in error.

The assessment is reduced to \$9,715,000, being the Respondent's recommended value.

DATED AT THE CITY OF CALGARY THIS 20 DAY OF July, 2011.



Jerry Zezulka
Presiding Officer

APPENDIX "A"

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

NO.	ITEM
1.	C1 Evidence Submission of the Complainant
2.	R1 Evidence Submission of the Respondent
3.	R2 Respondent's colored photographs
4.	R3 Replacement to page 21 of R1.

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.*