

**CALGARY
ASSESSMENT REVIEW BOARD
DECISION WITH REASONS**

Revised

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:

IMC 8059 Owner # 818354, Byram Holdings Ltd. (as represented by CVG Canadian Valuation Group Ltd., per Linnell Taylor Assessment Strategies), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

***T. Hudson, PRESIDING OFFICER
Y. Nesry, MEMBER
D. Cochrane, MEMBER***

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: 200928372

LOCATION ADDRESS: 10820 27 ST SE

HEARING NUMBER: 64111

ASSESSMENT: \$2,720,000

This complaint was heard on 18th day of July, 2011 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 3.

Appeared on behalf of the Complainant:

- *J. Mayer, Linnell Taylor Assessment Strategies*

Appeared on behalf of the Respondent:

- *C. Lee*

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

There were no procedural or jurisdictional matters raised by the parties.

Property Description:

The subject property is a multi-tenant(IWM) warehouse/office building constructed in 2006 with 13,100 square feet of assessable area and 23% office finish. The land parcel is 1.31 acres with site coverage of 22.88%, located in the Douglasdale industrial area. The property is assessed based on the direct sales comparison approach to value at \$2,720,000, or \$207.63 per square foot(psf).

Issues:

The Complainant identified that the current assessment of the subject exceeds market value and is not equitable with similar properties. The Complainant also questioned the use of the direct sales comparison approach when assessing income producing properties, such as the subject. The Complainant therefore presented a value estimate for the subject using a capitalized income approach to value, and tested the result with a direct sales comparison estimate. In this decision, the Board will be adjudicating the assessment value of the subject property based on market and other evidence presented by the parties. The Board will not specify a preference for any particular approach used by the parties to prepare the estimated assessment value.

Complainant's Requested Value: \$2,200,000.

Board's Findings in Respect of Each Matter or Issue:

What is the Best Estimate of Market Value/Equity for Assessment Purpose for the Subject Property?

The Board finds that the best estimate of market value for assessment purposes is \$2,310,000.

The Complainant presented two estimates of market value for the subject property.

The first estimate, based on capitalized income was \$2,160,000(rounded), or \$164.88 psf. The estimate was calculated based on a lease rate of \$13psf, vacancy of 3.5%, vacancy shortfall of \$4.83 psf, and a cap rate of 7.50%

The Respondent suggested that the first estimate should be rejected because some of the valuation factors utilized were based on third party reports which cannot be verified. **The Board concurs with this suggestion.**

The second estimate, based on direct sales comparison was \$2,310,000(rounded), or \$175.93psf. This estimate was based on the sale of two properties very similar to the subject. The properties sold in May and June of 2010, and are described in detail on page 10 of Exhibit C1.

The Respondent countered the direct sales comparison estimate with four sale comparables. Two of the sales were similar properties to the subject that sold in 2008 for an average time adjusted selling price of \$207psf. **The Board rejected two additional sale comparables submitted by the Respondent due to superior features.** The details are included on page 17 of Exhibit R1.

The Board finds that the comparable sales evidence of the Complainant is compelling due to the very similar features to the subject, and the fact that the sales occurred so close to the valuation date of July 1, 2010. Although two of the sale comparables submitted by the Respondent were similar to the subject, the sales are dated almost two years prior to the valuation date, and no evidence was submitted in support of the time adjustments made to the sale prices.

Board's Decision: The assessment is reduced to \$2,310,000

DATED AT THE CITY OF CALGARY THIS 10 DAY OF August 2011.



T. B. Hudson
Presiding Officer

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

NO.	ITEM
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.*