

**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:

***IMC 8059 Owner #481888, CUE Real Property(3) Ltd, Moncue (3) Inc., (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: 117009704

LOCATION ADDRESS: 5380 72 AV SE

HEARING NUMBER: 64113

ASSESSMENT: \$5,030,000

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 single tenant (IWS) warehouse/office building constructed in 2000, with 33,400 square feet of assessable area* and 18% office finish. The land parcel is 3.76 acres with site coverage of 18.56% located in the Great Plains industrial area. The property is assessed based on the direct sales comparison approach to value at \$5,030,000, or \$150.59 per square foot (psf).

*Note: The Board determined that the assessable area used by the Complainant (ie 33,219sf) was based on incorrect information. All of the calculations have therefore been adjusted to reflect the correct assessable area (ie 33,400sf).

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. 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: \$4,175,000(rounded) or \$125. psf.

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

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

The Board finds that the best estimate of market/equity value for the subject property is \$4,175,000.

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

The first estimate, based on capitalized income was \$4,210,000(rounded), or \$126 psf. The estimate was calculated based on a lease rate of \$9.50psf, vacancy of 5%, operating costs of \$3.00 psf, and a cap rate of 7%.

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 \$4,175,000 (rounded) or \$125 psf. This estimate was based on the 2010 sale of three warehouse/office properties located in the Foothills industrial area, which is in reasonable proximity to the subject. The Complainant adjusted the unit values of the sale prices of these properties, based on age, assessable area, office finish, and site coverage; in an effort to increase the level of comparability with the subject. The chart of these sales and the adjustments is located on page 12 of Exhibit C1.

The Respondent countered with three sales comparables; one from 2007 and two from 2008. The median time adjusted unit value of these sales was \$142 psf. No other adjustments were included by the Respondent. The chart of these sales is located on page 19 of Exhibit R1.

The sales evidence of the Respondent does not support the current assessment of the subject property. The sales are also dated in comparison to those submitted by the Complainant, and no evidence was submitted in support of the time adjustments made to the sale prices of the Respondent comparables.

The Board finds that the comparable sales evidence submitted by both parties required a significant amount of adjustment in order to be judged similar to the subject property. However, on balance, the Board accepts the evidence of the Complainant as achieving the best estimate of the market value of the subject property on July 1, 2010.

Board's Decision: The assessment is reduced to \$4,175,000.

DATED AT THE CITY OF CALGARY THIS 9 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.*