

**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:

***GPM Real Property(10) Ltd, GPM (10) GP INC c/o Humford Management Inc (as  
represented by AEC International), COMPLAINANT***

and

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

before:

***F. W Wesseling, PRESIDING OFFICER  
J. Lam, MEMBER  
P. Charuk, 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 2012 Assessment Roll as follows:

**ROLL NUMBER: 200477016**

**LOCATION ADDRESS: 7910 51 Street SE**

**FILE NUMBER: 66176**

**ASSESSMENT: \$4,760,000**

This complaint was heard on 21 day of August, 2012 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 6.

Appeared on behalf of the Complainant:

- *B. Ryan*
- *J. Wingrowich (Observer)*

Appeared on behalf of the Respondent:

- *R. T. Luchak*

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

No specific jurisdictional or procedural matters were raised during the course of the hearing, and the CARB proceeded to hear the merits of the complaint. The Complainant withdrew the rebuttal document following objections from the Respondent that some new information was being introduced.

**Property Description:**

[1] The subject property is located in the Foothills Industrial area. The property contains 2.2 acres and contains an industrial warehouse which was constructed in 1998. The building contains 49,300 square feet and has some mezzanine office space. The City of Calgary Land Use Bylaw classifies the property with "Industrial-General" designation.

**Issues:**

The Complainant raised the following matter in Section 4 of the Assessment Complaint form: Assessment amount

Presentation of the Complainant and Respondent were limited to:

- Assessment market value is overstated in relation to comparable properties.
- Income approach and Cost approach

**Complainant's Requested Value:** \$4,140,000

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

[2] Complainant's Position: The assessment for 2012 was arrived at correctly using mass appraisal however due to the limited number of sales of comparable properties, the Complainant puts forward that the assessment is too high and inaccurate. The assessment values the property at \$92 per square foot. The Complainant puts forward three accepted assessment approaches to value (income, direct sales and cost) which support the lowering of the assessment.

[3] Utilizing the income approach using the following parameters; rentable area—51,800 sq ft, market rental rate of \$6.00 per square foot, vacancy rate of 3%, capitalization rate of 7%, the

estimated market value of the property was calculated at \$4,220,000 (\$85 per square foot). In support of this approach, a rental rate analysis was provided as well as third-party market reports and analysis to determine the appropriate capitalization rate.

[4] The cost approach analysis utilized the Marshall & Swift estimate. This approach determined an indication of value of \$3,573,000 for the building or a per square foot value of \$69.

[5] From an equity perspective the Complainant presented information on four comparable properties all located in SE Calgary. These comparable properties had similar floor area ratios however were considerably larger in total building area. The average per square foot assessment value for the comparable properties is \$83. When applied to the subject property the suggested equitable value is \$4,324,893.

[6] In summary, the Complainant suggests that due to the lack of sales, the approach used to value the property by 3 different methods shows that a case to lower the assessment is justified and warranted. It is suggested that the model used by the City does not account for the subject property's unique characteristics which has resulted in an assessment that is too high and inequitable.

[7] Respondent's Position: A general background on the subject site and how the assessment was arrived at was provided. Seven sales comparables (R1, p16) were outlined and reviewed. In addition, seven equity comparables in the same general area as the subject site were outlined.

[8] The Respondent spent considerable time reviewing the three approaches put forward by the Complainant. In particular, a review of comparable properties utilized to form the basis of the income and sales approach was undertaken which suggested that from the City's perspective the suggested capitalization rate derived by the Complainant is only based on two valid sales and as such may not be appropriate for use. Further the rental rate determination is questionable as the comparable buildings are different than the subject property.

[9] It was noted that the City does not use the cost approach to evaluate a property except in exceptional unique circumstances and when sales are not available.

**Board's Decision:** Upon reviewing information provided by the parties, the Board found that the Complainant failed to demonstrate that the assessment was in excess of market value.

**The Board confirms the assessment at \$4,760,000.**

**Reasons:**

-The Board found that the comparable sales and equity information presented by the Respondent to be more compelling and showed that revision to the assessment are not warranted and justified.

-The Board determined that the various approaches to valuation of the subject property by the Complainant was well presented however in particular as it relates to the income and sales approach was inadequately supported by appropriate data. The use of the Cost approach for this property was not considered appropriate

DATED AT THE CITY OF CALGARY THIS 11<sup>th</sup> DAY OF Sept 2012.

  
F.W. Wesseling  
Presiding Officer

**APPENDIX "A"**

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

<b>NO.</b>	<b>ITEM</b>
1. C1a Complainant's Submission	Complainant Disclosure
2. C1b Complainant's Submission	Complainant Disclosure
2. R1 Assessment Brief	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.

*For MGB Administrative Use Only*

Decision No.		Roll No.		
<u>Subject</u>	<u>Type</u>	<u>Issue</u>	<u>Detail</u>	<u>Issue</u>
CARB	Industrial	Assessment too high	Alternate approaches to value the property	Equity