

**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:

***Leotel Holdings Ltd.
Markis Holdings Ltd.
Cartradan Holdings Ltd.
Dezi Holdings Ltd.
Miktel Holdings Ltd.
Lissette Holdings Ltd.
(as represented by Altus Group Limited), COMPLAINANT***

and

The City of Calgary, RESPONDENT

before:

***J. Dawson, PRESIDING OFFICER
S. Rourke, MEMBER
A. Zindler, MEMBER***

This is a complaint to the Calgary Composite Assessment Review Board [CARB] 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:	090066804
LOCATION ADDRESS:	4605 1 Street SE
LEGAL DESCRIPTION:	Plan 7703GH; Lot 11
HEARING NUMBER:	68050
ASSESSMENT:	\$ 1,600,000

[1] This complaint was heard on the 3 day of October, 2012 at the office of the Assessment Review Board [ARB] located at Floor Number 4, 1212 31 Avenue NE, Calgary, Alberta, Boardroom 1.

[2] Appeared on behalf of the Complainant:

- R. Worthington Agent, Altus Group Limited

[3] Appeared on behalf of the Respondent:

- J. Greer Assessor, City of Calgary

SECTION A: Preliminary, Procedural or Jurisdictional Issues:

Preliminary Issue 1 - Evidence:

[4] The Complainant and the Respondent requested to bring forward all evidence, comments, questions, and answers articulated during a previous hearing, CARB 1952/2012-P, and heard before this Board to this hearing.

[5] **The Board determined, from CARB 1952/2012-P, that all evidence, comments, questions, and answers, is to be brought forward and incorporated just as if it were presented during this hearing.**

[6] No additional procedural or jurisdictional matters were raised.

SECTION B: Issues of Merit

Property Description:

[7] Constructed in 1956, the subject – 4605 1 Street SE, is a single-storey warehouse building abutting the Canadian Pacific railroad east of MacLeod Trail SE in an area known as Manchester Industrial with a non-residential sub-market zone [NRZ] of NM5.

[8] The Respondent prepared the assessment showing 7,750 square feet of warehouse space. The site has an area of 1.04 acres or approximately 45,302 square feet.

Matters and Issues:

[9] The Complainant identified two matters on the complaint form:

- Matter #3 - an assessment amount*
- Matter #4 - an assessment class*

[10] Following the hearing, the Board met and discerned that these are the relevant questions which needed to be answered within this decision:

1. *How should the subject site be assessed? ‘As if vacant’ – without*

- improvement, or *'as improved'*?
2. If the subject is assessed *'as improved'*, what value should the improvement be assessed at?

Complainant's Requested Value:

- \$1,020,000 on complaint form
- \$623,500 in disclosure document confirmed at hearing as the request

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

Matter #3 - an assessment amount

Question 1 How should the subject site be assessed? 'As if vacant' – without improvement, or 'as improved'?

Complainant's position

- [11] The Complainant explained that the building, at 7,750 square feet, is very small in relation to the land, calculating 17.10% site coverage. The building is currently being used as a transfer dock for a trucking company, and is reported to be in poor condition. (C1 p. 4)
- [12] The Complainant contends that the building contributes no value to the property and therefore the property should be valued *'as if vacant'*. The land use designation [*LUD*] is Industrial-General [*I-G*] and the property should be valued at the Calgary Southeast *I-G* rate of \$525,000 per acre.
- [13] The Complainant reviewed the document, "Assessment Range of Key Factors, Components, and Variables – 2012 Industrial", showing seven criteria for assessing industrial properties: Building Type, Net Rentable Area, Actual Year of Construction, Region/Location, Interior Finish Ratio, Site Coverage, and Multiple Buildings. (C1 p. 25) The Complainant made specific note of the lack of consideration of the *LUD* when calculating an assessment.
- [14] The Complainant provided information on industrial land use designations, vacant land values, and influence adjustments. (C1 pp. 26-34) This information explained the *I-G LUD* of the subject, the *LUD*'s of comparable properties, and provides insight on; vacant land values, calculation methodology, and influence adjustments.
- [15] The Complainant presented CARB 1277/2011-P decision to show how a similar circumstance was adjudicated. (C1 pp. 20-23) In that decision, the *CARB* determined that the building did not contribute value to the property and altered the assessment to land only, *'as if vacant'*.

Respondent's position

- [16] The Respondent provided information regarding property valuation methodology and defined terms used during this hearing. (R1 pp. 4-5, and 45)
- [17] The Respondent showed maps and photos to demonstrate that the subject's building is a solid

structure built with heat and electrical service. (R1 pp. 7-10)

- [18] The Respondent drew attention to the Assessment Request for Information [ARFI] contained within the Complainant's disclosure. (C1 pp. 42-45) The ARFI shows lease revenue of \$8.83 per square foot for the entire 7,750 square foot building.

Board's findings

- [19] The Board finds that the building located on the subject property is a permanent structure utilised for warehouse space for a trucking business and does contribute value to the Complainant.

- [20] **The Board finds that the subject must be assessed 'as improved'.**

Question 2 If the subject is assessed 'as improved', what value should the improvement be assessed at?

Complainant's position

- [21] The Complainant argued that if the building has any value, it should be valued at the Respondent's prescribed rate for Industrial Outbuildings [IOBS], which is \$10 per square foot.
- [22] The Complainant provided maps, photos and other information for the subject and a comparable property to show that outbuildings typically assess at the requested \$10 per square foot. (C1 pp. 10-15)

Respondent's position

- [23] The Respondent indicated that by definition an outbuilding *"generally refers to structures that are any combination of unheated, non-insulated, without foundation, poorly constructed, or designed with atypically limited utility"*. (R1 p. 45)
- [24] The Respondent asserts the building located on the subject property is a permanent structure with solid exterior walls, roof, foundation, heating and electricity.
- [25] The Respondent listed four sales comparables to illustrate that the subject property's value of \$206.44 per square foot is within the lower range of the comparable properties at \$191.73 to \$228.19 per square foot. (R1 p. 14)
- [26] The Respondent listed six equity comparables to illustrate that the subject property's value of \$206.44 per square foot is within the lower range of comparable properties at \$175.54 to \$257.66 per square foot. (R1 p. 16) All of these properties had assessed building areas between 6,000 and 8,680 square feet, site coverage of 9 to 20 percent (three were reported as 30% site coverage), and were constructed between 1954 and 1996. Upon questioning, the Respondent removed one comparable which did not change the range for area and assessment per square foot but did change the range for age to 1954 through 1971.

Board's findings

- [27] The Board finds that the building, located on the subject property, is a permanent structure and not an outbuilding; therefore, is assessable at its market value.
- [28] The Board accepts the calculation for excess land as described during the referenced hearing CARB 1952/2012-P and in evidence here. (C1 pp.30-32 and R1 p. 45)
- [29] The Board calculates a derived value for the excess land based on the Assessment Explanation Summary [AES] wherein approximately .45 acres or approximately 19,469 square feet of land is deemed extra and based on the calculation from testimony and evidence, the Board finds a value of \$140,789 or \$18.17 per square foot for the value for the extra land. (R1 p. 12)
- [30] The Board finds the net value per square foot for the subject is \$188.27 which is on lowest end of comparable properties.
- [31] **The Board finds that the subject's assessment is correct.**

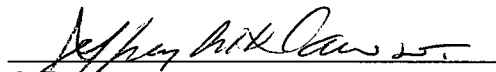
Matter #4 - an assessment class

- [32] The Board did not hear any evidence requesting a change in an assessment class from its current non-residential designation.

Board's Decision:

- [33] **After considering all the evidence and argument before the Board it is determined that the subject's assessment is correct at a value of \$1,600,000, which reflects market value and is fair and equitable.**

DATED AT THE CITY OF CALGARY THIS 22 DAY OF November 2012.


J. Dawson
Presiding Officer

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

NO.	ITEM
1. C1	Complainant Disclosure – 67 pages
2. R1	Respondent Disclosure – 47 pages
3. C2	Rebuttal Disclosure – 13 pages

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.*

Municipal Government Board use only: Decision Identifier Codes				
Appeal Type	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	Warehouse	Warehouse Single Tenant	Cost/Sales Approach	Land Value
				Improvement Value