

**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:**

***Lars Strudsholm and Mona Strudsholm  
(as represented by Altus Group Ltd.), COMPLAINANT***

**and**

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

**before:**

***L. Wood, PRESIDING OFFICER  
M. Peters, MEMBER  
E. Reuther, 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:

<b>ROLL NUMBER:</b>	<b>066165200</b>
<b>LOCATION ADDRESS:</b>	<b>2017 10 AV SW</b>
<b>HEARING NUMBER:</b>	<b>63009</b>
<b>ASSESSMENT:</b>	<b>\$2,750,000</b>

This complaint was heard on 23 day of August, 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:

- *Ms. S. Sweeney- Cooper*                      *Agent, Altus Group Ltd.*

Appeared on behalf of the Respondent:

- *Ms. Y. Wang*                                      *Assessor, City of Calgary*

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

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

**Property Description:**

The subject property is a multi – bay warehouse, known as Bridge Bays, located in the community of Sunalta. It is a 27,350 sq. ft. building located on a 0.69 acre site. It was built in 1968 and assessed with a "D" quality rating. The land use designation is Commercial – Corridor 2.

There is an exemption, in the amount of \$389,500, which reflects space within the building that is occupied by a tenant with tax - exempt status.

The subject property was assessed based on the Direct Sales Comparison approach and was assessed at a land rate of \$100 psf with a corner lot site influence of +5%.

**Issues:**

1. The subject property should be assessed based on the Income Approach to value as opposed to the Direct Sales Comparison approach.
2. The tax - exempt status of one or more tenants of the subject property has been incorrectly calculated.

**Complainant's Requested Value:** \$2,100,000

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

1. The subject property should be assessed based on the Income Approach to value as opposed to the Direct Sales Comparison approach.

The Complainant submitted that this is an income generating property and therefore it should have been assessed based on the Income Approach as opposed to its land value only. The Complainant presented lease rates of \$7.30 - \$8.00 psf for areas between 2,530 – 12,770 sq. ft. within the subject building which had commenced in 2007- 2010 (Exhibit C1 page 17).

The Complainant argued that this would not be considered a "full" development site because of

its close proximity to the Crowchild overpass and the future development of the Sunalta Station (CT Train) (Exhibit C1 pages 30 – 32). As a result, the full potential of Land Use Bylaw 1P2007 could not be achieved for this specific property. The Complainant referred to Schedule B, Direct Control District (particularly, the minimum set back requirements), and reiterated the overpass is located above a corner of the property (Exhibit C1 pages 23 – 29).

The Complainant argued that the subject property is comparable to a typical, low - rise, class C office building, located in the Beltline area, which was assessed based on \$10.00 psf and an 8.50% capitalization rate (Exhibit C1 pages 34 & 35). Based on typical income parameters, the Complainant derived an Income Approach to value of \$2,100,000 for the subject property and \$290,000 for the exempt portion (Exhibit C1 pages 37 & 38).

The Respondent submitted that an income producing property cannot be valued less than its bare land value and submitted several CARB decisions in support of her argument (Exhibit R1 pages 56 – 111). She argued that the subject property's current use is a redevelopment site. The Respondent submitted there are no development restrictions imposed on this site and that it is up to the property owner as to what he wants to build on this site. There are many permitted and discretionary uses set out in the bylaw (Exhibit R1 pages 16 – 33). The current multi - bay warehouse is not the highest and best use of this property.

The Respondent submitted 13 similar, commercial properties within the same market area as the subject property, in which the \$100 psf land rate was applied (Exhibit R1 page 50).

The Board finds the Complainant presented insufficient evidence to warrant a change in the assessment based on the Income Approach to value. There was no support or analysis for the income parameters used in the Complainant's methodology. Moreover, the Board finds the Complainant did not dispute the \$100 psf vacant land rate applied by the Respondent. The Board noted that both parties included the 2008 sale of the subject property of \$2,200,000, but the Board placed little weight on it because it was a non - arm's length sale between affiliated organizations.

2. The tax - exempt status of one or more tenants of the subject property has been incorrectly calculated.

The Complainant asked how the Respondent derived the exempt portion of this property, whether it was based on a percentage of the entire site or the size of the building, as it is not evident on the Assessment Summary Report (Exhibit C1 page 18).

The Respondent submitted the exemption reflects the space occupied by the non - profit organization, Dancer's Studio West Society, a tenant who leases an area of 3,700 sq. ft. in the building. She included the Assessment Request for Information – Leasehold Improvement Allowance that the Dancer's Studio West Society completed in October 2010 in her evidence (Exhibit R1 pages 51 & 52). She also included the Renewal for 2011 Property and Business Tax Exemption for this same space which was completed by the tenant in July 2010 (Exhibit R1 page 53).

The Respondent indicated the exemption is based on the percentage of the site and verbally set out the calculation as follows:

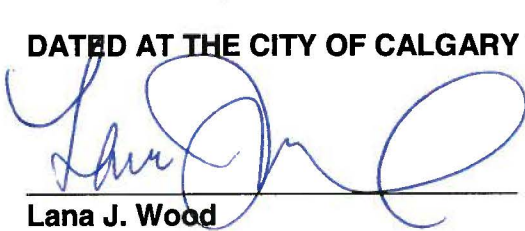
- $3,700 \text{ sq. ft. (Dancer's Studio)} / 29,950 \text{ sq. ft. (land area)} = 12.4\%$
- $29,950 \text{ sq. ft.} \times (\$100 \text{ psf} + 5\% \text{ corner lot influence}) = \$3,144,750 \text{ (overall property value)}$
- $12.4\% \times \$3,144,750 = \$389,900 \text{ (exemption)}$

The Board makes no finding on this issue as the Complainant appeared to have accepted the Respondent's explanation of how that exempt portion was calculated.

**Board's Decision:**

The decision of the Board is to confirm the 2011 assessment for the subject property at \$2,750,000 as well as the exempt portion of \$389,500.

DATED AT THE CITY OF CALGARY THIS 18 DAY OF OCTOBER 2011.



**Lana J. Wood**  
**Presiding Officer**

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

<b>EXHIBIT NO.</b>	<b>ITEM</b>
1. C1	Complainant's Submission
2. R1	Respondent's Submission

*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.*