

**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:**

***1414225 Alberta Ltd, COMPLAINANT (represented by Colliers International Realty Advisors)***

**and**

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

**before:**

***F.W. Wesseling, PRESIDING OFFICER  
B. Jerchel, MEMBER  
P. Pask, 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: 112107909, 112107750, 112107701 and 112105358**

**LOCATION ADDRESS: 6912 Farrell Road SE  
6908 Farrell Road SE  
6812 Fairmont Dr SE  
7475 Flint Road SE**

**HEARING NUMBER: 61362, 61365, 61369 and 61371**

**ASSESSMENT: \$1,820,000 – 112107909 6912 Farrell Road SE  
\$1,730,000 – 112107750 6908 Farrell Road SE  
\$2,110,000 – 112107701 6812 Fairmont Dr SE  
\$4,270,000 – 112105358 7475 Flint Rd SE**

This complaint was heard on 30<sup>th</sup> 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:

- S. Meiklejohn - Colliers International Realty Advisors

Appeared on behalf of the Respondent:

- C. Yee -- City of Calgary

### **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 and Respondent had prepared to submit information on these four properties in a single hearing as there were common arguments regarding the four assessments. The Board agreed to conduct one hearing to consider the assessment complaints.

**Property Description:** Subject properties are located in the Fairview Industrial area in close proximity to each other. All properties contained warehouses constructed during the 1960's. Below are details for each property:

<b><u>Location</u></b>	<b><u>Assessed Building Area (sq ft)</u></b>	<b><u>Assessed Value/square ft</u></b>
6912 Farrell Rd	17919	\$101.57
6908 Farrell Rd	9200	\$188.04
6812 Fairmount Dr	18,050	\$116.90
7475 Flint Rd	52,060	\$87.02

The sites are classified "I-G" Industrial General District in the City of Calgary Land Use Bylaw.

**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 overstated in relation to comparable properties.
- Assessment is overstated in relation to the sale of one of the properties.

**Complainant's Requested Value:** \$1,010,000 -- 112107909  
 \$1,000,000 -- 112107750  
 \$1,020,000 -- 112107701  
 \$2,940,000 -- 112105358

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

Complainant's position: The Complainant provided a background on the properties with a focus on the restricted access into this older industrial area. There is no direct access and egress to

and from Glenmore and Blackfoot Trails. The buildings associated with these properties are "C" quality buildings and as such are considered below average. The Complainant outlined two approaches to determine what the assessed value should be for these properties. Firstly, the Cost approach was presented and outlined for the Board's consideration. The equitable and market value per square foot using the cost approach (Exhibit C-1, page 36) as proposed for each property is listed below:

<b>Location</b>	<b>Building Area (sq ft)</b>	<b>Equitable Value/sq ft</b>	<b>Market Value/sq ft</b>
6812 Fairmount Dr	18,050	\$68.99	\$94.54
6908 Farrell Rd	9,200	\$108.99	\$155.15
6912 Farrell Rd	17,919	\$59.94	\$80.33
7475 Flint Rd	52,060	\$66.12	\$86.03

Secondly, the Comparison approach was presented (Exhibit C-1, page 27) which is outlined below.

<b>Location</b>	<b>Building Area (sq ft)</b>	<b>Equitable Value/sq ft</b>	<b>Market Value/sq ft</b>
6812 Fairmount Dr	18,050	\$56.64	\$80.92
6908 Farrell Rd	9,200	\$76.62	\$109.45
6912 Farrell Rd	17,919	\$56.64	\$80.92
7475 Flint Rd	52,060	\$56.64	\$80.92

This approach was supported by the property sale of 6912 Farrell Rd SE for \$1,450,000 in November of 2009 (Exhibit C-1 page 28-29 RealNet Report) as well as comparable industrial sales (land only). The sale of 6912 Farrell Rd SE is considered an arm's length transaction and is used by the City in its evaluation as a valid sale. The decision with regard to CARB 0882/2011-P was pointed to for the Board's consideration as a recent ruling on a similar complaint.

**Respondent's Position:** The City provided background on each property including the *Assessment Request for Information* reports (Exhibit R-1, pages 22-24). CARB decision 1068/2010-P was reviewed as it dealt with the assessment for 6912 Farrell Road SE (Exhibit R-1, pages 28-31). In addition, the sale transaction activity for 6912 Farrell Road SE over the last few years was reviewed. The city does consider the sale in November of 2009 of 6912 Farrell Road a valid arm's length sale however, as shown by other sales comparables, it is far below typical value and as such is considered an outlier. Six industrial equity comparables were presented as well as four industrial sales comparables. All of the comparables were located in the Central region. The median time adjusted sale price per square foot reflected favourably in terms of the assessed value for the subject properties outlined above. The Respondent further indicated that the City would only use the cost approach in assessing a property for special purpose buildings in situations where there is a lack of sales data. That is not the case for these kinds of industrial properties.

**Board's Decision:** Upon reviewing the verbal and written evidence provided by the parties, the Board considers that the evidence provided by the Respondent as more relevant and valid. The Board confirms the assessment at

**\$1,820,000 – 112107909, 6912 Farrell Road SE**  
**\$1,730,000 --112107750, 6908 Farrell Road SE**  
**\$2,110,000 – 112107701, 6812 Fairmont Dr SE**  
**\$4,270,000 – 112105358, 7475 Flint Rd SE**

Reasons: The Board did not accept the approach suggested by the Complainant. The use of cost approach as outlined by the Complainant was curious in light of the large number of sale comparables available. Both parties presented valid sales information however the Board found that the data presented by the Respondent to be more representative of the subject properties in terms of establishing a typical assessment value. The primary focus of the Complainant's argument rested on the sale of one of the properties in November of 2009. In the Board's view the subject sale appears to be an outlier, outside the reasonably expected range and well below the list price. In addition, the unusually high sales activity in recent years for this property (6912 Farrell RD SE) provided the Board with little confidence that this sale reflected a fair and equitable value for the properties under consideration.

The consideration that the Fairview Industrial area is inferior to other comparable industrial areas was not accepted by the Board as little evidence, apart from general access issues not uncommon in many parts of the City, was submitted.

DATED AT THE CITY OF CALGARY THIS 12 DAY OF September 2011.



F.W. Wesseling  
Presiding Officer

#### APPENDIX "A"

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

Complainant: C1 Evidence Submission of the Complainant to the 2011 ARB  
Four properties

Respondent: R1 Assessment Brief prepared by City of Calgary Assessment  
Four Properties

*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.

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Decision No.		Roll No.		
<u>Subject</u>	<u>Type</u>	<u>Issue</u>	<u>Detail</u>	<u>Issue</u>
CARB	Warehouse	Sales approach	Land and Improvement Comparables	Sale of one of properties