

**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:

***766556 Alberta Ltd. (as represented by DuCharme,
McMillen and Associates Canada Ltd.), COMPLAINANT***

and

The City Of Calgary, RESPONDENT

before:

***L. Wood, PRESIDING OFFICER
J. O'Hearn, 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:	117002303
LOCATION ADDRESS:	7843 54 ST SE
HEARING NUMBER:	63297
ASSESSMENT:	\$2,730,000

This complaint was heard on 25 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:

- *Mr. M. Pierson* *Agent, DuCharme, McMillen & Associates Canada Ltd.*

Appeared on behalf of the Respondent:

- *Mr. G. Bell* *Assessor, City of Calgary*

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

At the commencement of the hearing, the Board asked the parties if they had any objection to a two member panel hearing and deciding this matter. The parties stated they had no objections and the hearing proceeded.

Property Description:

The subject property is a single tenant industrial warehouse with office extension located in the community of Great Plains. The building is 12,087 sq. ft., constructed in 1999, and was assessed with a B+ quality. The building has a finish of 20%. It is situated on a 1.88 acre parcel of land and the land use designation is I-G, Industrial General. The site coverage ratio is 14.8%.

The subject property is currently assessed at \$226 psf based on the direct sales comparison approach.

Issues:

1. The assessed value of the subject property does not reflect comparable market sales.
2. The assessed value of the subject property is not equitable with other similar or comparable properties.

Complainant's Requested Value: \$2,272,000

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

1. The assessed value of the subject property does not reflect comparable market sales.

The Complainant submitted the subject property should be assessed at \$2,357,000 or \$195 psf based on the direct sales comparison approach. He submitted 18 industrial sales comparables that ranged between 10,000- 20,000 sq. ft., located in the SE quadrant in support of his request of \$195.00 psf (Exhibit C1 page 13). From these sales, he identified 5 with an asterisk as his best sales comparables. These sales occurred between September 2008 and May 2010. The buildings are 10,050- 18,940 sq. ft.; land parcels of 0.99- 3.11 acres; site coverage 14.0%- 23.5%; built in 1984 and 1998; and sold for \$180-\$205 psf.

The Complainant also submitted a third party appraisal evaluation for the subject from Cushman & Wakefield Ltd. dated September 7, 2010 valuing the property at \$2,300,000 (Exhibit C1 pages 24- 85). The Complainant acknowledged that this is a post facto appraisal (the purpose of which was to obtain financing) but since the industrial property market in Calgary was relatively stable between July 2010 and September 2010, it still had value.

The Respondent submitted 9 sales comparables in support of the median rate of \$226 psf (Exhibit R1 page 20). The sales occurred in August 2007- January 2010. The net rentable area was 8,120 – 17,550 sq. ft.; parcel sizes of 0.93 to 4.87 acres; site coverage of 7.91%- 23.45%, built in 1990- 2008 and finish of 13%- 35%. The Respondent time adjusted the sales and derived a sale price between \$196- \$326 psf and a median of \$223 psf.

The Board noted that the assessor stated that typical site coverage is 30% and a land adjustment is made in the assessment model for extra land. The Board finds there is an extra land component associated with the subject property (site coverage 14.77%) that a potential purchaser would have to take into consideration. Without quantifiable evidence to indicate what the value is for that extra land component, the Board referred to two sales comparables put forward by both parties with similar site coverage as the subject property because those sales would presumably have captured that extra land value. The Board considered the comparable located at 6503 30 Street SE (\$198 psf) and 3520 48 Street SE (\$199 psf). However, the Board finds the Complainant's comparable located at 4750 30 Street SE (\$205 psf) is the most similar to the subject property in terms of building size (12,220 sq. ft.), parcel size (2.01 acres) and site coverage (14%). Based on this, the Board finds the rate of \$200.00 psf is a reasonable rate to apply to the subject property and has set out its calculation below:

\$200 psf x 12,087 sq. ft. = \$2,417,400 or \$2,410,000 (truncated).

2. The assessed value of the subject property is not equitable with other similar or comparable properties.

The Complainant submitted an alternative request, a rate of \$188 psf, based on four equity comparables (Exhibit C1 page 12). The Complainant indicated the four equity comparables are located in the vicinity of the subject property. The comparables have building areas of 14,480- 17,520 sq. ft.; land area of 1.08- 2.13 acres; site coverage of 17.5%- 31.7%; and built in 1995- 2000. The assessed rates ranged between \$158 to \$204 psf.

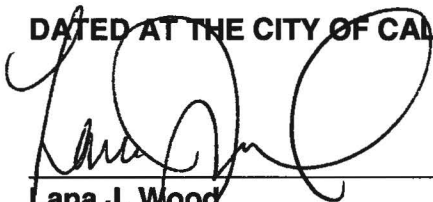
The Respondent submitted 7 equity comparables in support of the assessed rate at \$226 psf (Exhibit R1 page 18). The comparables have building areas of 10,400- 14,330 sq. ft.; land parcels of 1.08- 2.42 acres; site coverage of 11%- 23%; built in 1981- 2009; and finish of 13%- 51%. The assessed rates ranged between \$222 to \$244 psf.

The Board finds the Complainant's equity comparable located at 8019 54 Street SE to be the best comparable as it is located within close proximity to the subject property and has similar attributes as the subject property (15% site coverage; parcel size of 2.13 acres; built in 1999; and has finish of 39%). It was assessed at \$204 psf and it further supports the Board's finding of \$200 psf based on the direct sales comparison approach.

Board's Decision:

The decision of the Board is to revise the 2011 assessment for the subject property from \$2,730,000 to \$2,410,000 (truncated).

DATED AT THE CITY OF CALGARY THIS 20 DAY OF SEPTEMBER 2011.



Lana J. Wood
Presiding Officer

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

EXHIBIT NO.	ITEM
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.*