

**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:

**1414234 Alberta Ltd.
(as represented by Cushman and Wakefield Ltd),
COMPLAINANT**

and

The City Of Calgary, RESPONDENT

before:

**Earl K Williams, PRESIDING OFFICER
S Rourke, MEMBER
J Pratt, 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: 112140900

LOCATION ADDRESS: 7056 Farrell Rd SE

HEARING NUMBER: 63680

ASSESSMENT: \$7,580,000

ASSESSMENT PER SQUARE FOOT: \$122

This complaint was heard on 07 day of September, 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:

- J Goresht

Appeared on behalf of the Respondent:

- R Ford

Property Description:

The subject property, known as Phillips Mall, is a 4 building multi-bay warehouse/office built in 1972 on 4.62 ac of land (30.33% site coverage) in the Community of Fairview Industrial. The total rentable area of the 4 buildings is 62,189 square feet (sq ft), 2 buildings with rentable areas of 23,737 sq ft and 21,952 sq ft and 2 buildings with rentable areas of 10,500 sq ft and 6,000 sq ft. Each building is comprised of office and storage space on the main floor. Three of the four buildings have a mezzanine comprised of office and storage space. The property has an Industrial Property Use and Subproperty Use IN0701 Multi-Bay Warehouse. Two influences are identified to be Traffic Expressway/Freeway and Shape Factor – reduced functionality.

Issues:

The subject property is incorrectly assessed as two different classes.

Complainant's Requested Value: \$6,600,000 (\$106 psf)

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

The Complainant and Respondent presented a wide range of evidence consisting of relevant and less relevant evidence.

The Complainant's evidence package included the Summary of Testimonial Evidence; a map identifying the location of the property, exterior photographs of each building, the commercial lease summary for the subject property, the 2011 Assessment Explanation Supplement, an overview of the City of Calgary 2011 Multiple Building Coefficient and copies of 2010 Calgary Assessment Review Board (CARB) decisions. At the hearing the Complainant presented as evidence a colour copy of the commercial lease summary which was included in the evidence package. The colour copy was accepted into evidence.

The Respondent's evidence package included a Summary of Testimonial Evidence; a map identifying the location of the property, photographs of the exterior of the subject property, the City of Calgary Assessment Request for Information (ARFI) dated May 17 2011, an area breakdown by unit of the office and storage area for the main floor and mezzanine for each of the 4 buildings, the 2011 Assessment Explanation Supplement and details related to the 2011 Multiple Building Coefficient.

Complainant

The Complainant reviewed with the Board the 2011 Assessment Explanation Supplement which showed that the assessed rate per square foot (psf) was different for the buildings based on the assessable building area. The 2 large buildings had a higher assessed rate psf than the 2

smaller buildings as shown in the following table.

Building Number	Footprint	Assessable Area	Finish %*	Assessed Rate psf
1	21,600 sq ft	21,952 sq ft	41	\$107.00
2	22,957 sq ft	23,737 sq ft	48	\$106.07
3	10,500 sq ft	10,500 sq ft	37	\$156.09
4	6,000 sq ft	6,000 sq ft	43	\$176.85
Total	61,057 sq ft	62,189 sq ft		\$121.95

*Finish % is the percent (%) of the area which is finished as office space

It was the position of the Complainant that this difference in assessed rental rate psf is not supported by the current lease rental rates (\$ psf) in the 4 buildings. In support of this position the Complainant reviewed the Commercial Lease Summary for the subject property which showed that the property is 81.7% leased at a weighted average rental rate of \$10.28 psf. The following table presents the weighted average rental rate on a building by building basis as well as comparing the weighted average rental rate to the Assessed Rate.

Building Number	Rentable Area	Rental Rate*	Assessed Rate psf
1	21,479 sq ft	\$10.00 psf	\$107.00
2	23,040 sq ft	\$10.62 psf	\$106.07
3	10,500 sq ft	\$10.42 psf	\$156.09
4	6,000 sq ft	\$8.50 psf	\$176.85
Total	61,019 sq ft	\$10.28 psf	\$121.95

*Rental Rate is the weighted average rental rate for the leased area.

In respect of the City of Calgary 2011 Multiple Building Coefficient (page 23 and 24 of Exhibit C1) the Complainant argued that based on information provided by the City this coefficient had not been applied to the subject property.

Respondent

The Respondent reviewed the 2011 Assessment Explanation Summary with particular attention to the assessable building area which on page 21 of Exhibit R-1 is reported as 62,189 sq ft and includes the appropriate areas of the main floor and the mezzanine space. The assessable area is supported by the area breakdown by unit for each of the buildings which is presented on pages 25 through 28 of Exhibit R-1.

In support of the assessment the Respondent presented on pages 22-23 of Exhibit R-1 the RealNet Industrial Transaction Summary for the September 2008 sale of the subject property for a price of \$9,800,000. A review of the details on the Transaction Summary sheet determined that the transaction was a non-arms' length sale between affiliated properties which questions the applicability of the price as evidence for the assessment.

The Respondent presented on page 38 of Exhibit R-1 a single equity comparable from the same Central Region as the subject property. The following table presents particulars on the comparable and the subject property.

Comparison Factor	Comparable	Subject
Parcel Size	2.27 acres	4.62 acres
Assessable Area	33,734 sq ft	62,189 sq ft
Site Coverage	33.85%	30.33%
AYOC*	1988	1972
Number of Buildings	2	4
Rate psf	\$140.52	\$121.95

*AYOC – approximate year of construction

An Industrial Sales Comparable table on page 39 of the Exhibit R-1 presented particulars on 9 sales for the period July 2007 to April 2010. As one of the 9 transactions was significantly larger, a 180,626 sq ft building on 11.71 acres, than the other 8 comparables it was excluded from further analysis. The following table compares the subject property to the remaining 8 transactions on a number of factors including the Time Adjusted Sale Price (TASP) to the Assessed Rate;

Comparison Factor	7 Comparables (range)	Subject
Parcel Size	1.17 – 3.56 acres	4.62 acres
Building Size	20,699 – 55,054 sq ft	62,189 sq ft
Site Coverage	17.04% - 35.49%	30.33%
AYOC*	1962 – 1979	1972
Number of Buildings	1	4
TASP Rate psf	\$95 - \$216	
Assessed Rate		\$122

*AYOC – approximate year of construction

The Respondent argued that the equity and sales comparables presented supports the current assessment of \$121.95 per square foot.

Board's Findings:

Given the similar rental rates achieved in all four buildings and there is not obvious reason for the assessment differential. The Board further finds evidence to support the multiple building co-efficient had not been applied

Board's Decision:

The Board adjusted the assessed value to \$6,650,000 which is \$107.00 psf for each of the buildings.

DATED AT THE CITY OF CALGARY THIS 13th DAY OF December 2011.



Earl K Williams
Presiding Officer

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

NO.	ITEM
1. C1	Complainant Disclosure
2. R1	Respondent Disclosure
3. R2	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 ADMINISTRATIVE USE

Subject	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	WAREHOUSE	MULTI TENANT		