

**CALGARY
ASSESSMENT REVIEW BOARD
DECISION WITH REASONS**

In the matter of the complaints against the property assessments as provided by the *Municipal Government Act*, Chapter M-26, Section 460, Revised Statutes of Alberta 2000 (the Act).

between:

Viatar Capital Advisors Ltd. (as represented by P. Crane), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

T. Golden, PRESIDING OFFICER

P. Pask, MEMBER

S. Rourke, MEMBER

These are complaints 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 NUMBERS:

- Roll 201596640**
- Roll 201596632**
- Roll 201596657**
- Roll 201596624**
- Roll 201596665**
- Roll 201596616**

LOCATION ADDRESSES:

- 200 - 60 Industry Way SE**
- 205 - 60 Industry Way SE**
- 210 - 60 Industry Way SE**
- 215 - 60 Industry Way SE**
- 220 - 60 Industry Way SE**
- 225 - 60 Industry Way SE**

HEARING NUMBERS:

- File 62719**
- File 62720**
- File 62721**
- File 62723**

File 62725
File 62726

ASSESSMENTS:

200 - 60 Industry Way SE	Roll 201596640	\$382,000.00
205 - 60 Industry Way SE	Roll 201596632	\$422,000.00
210 - 60 Industry Way SE	Roll 201596657	\$390,000.00
215 - 60 Industry Way SE	Roll 201596624	\$353,500.00
220 - 60 Industry Way SE	Roll 201596665	\$377,000.00
225 - 60 Industry Way SE	Roll 201596616	\$430,500.00

These complaints were heard on 21 day of September, 2011 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 4.

Appeared on behalf of the Complainant:

- *P. Crane*

Appeared on behalf of the Respondent:

- *J. Lepine*

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

Both the Complainant and the Respondent agreed that the issues before the Board were the same for each of the six office condominiums. The presentation to the Board would focus on 200 - 60 Industry Way SE. However whatever decision was made on that file would be applied to each of the other five properties. The Industrial portion of the building was not an issue in this complaint.

Property Description:

The structure that contains the subject property is located on 4.5 acres in the far south east area of the City. These lands were part of a recent annexation from the County of Rockyview. The building is an office and warehouse structure that was converted into a condominium for the tax year under complaint. Six offices are located on a separate floor above the three warehouse condominium titles located on the main floor of the structure. Each warehouse unit has approximately .5 of an acre of land attached to it. No land is attached to the office units. The assessments on the warehouse units are not in question and the complaint is on the 6 office units. Office units vary in size from 1582/square feet (sq. ft.) to 2005/sq. ft. and are fully finished. No City services are available to the site. Four of the office units are vacant. The property was purchased by the owners in 2008.

Issues:

- 1) Are the subject office condominiums typical in the market?
- 2) Is the assessment applied to the subject properties appropriate?
- 3) Should the income approach be applied to develop market value in this case?

Complainant's Requested Values:

200 - 60 Industry Way SE	\$118,650.00
205 - 60 Industry Way SE	\$146,850.00
210 - 60 Industry Way SE	\$130,350.00
215 - 60 Industry Way SE	\$133,725.00
220 - 60 Industry Way SE	\$128,325.00
225 - 60 Industry Way SE	\$150,375.00

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

- 1) The structure and the subject are not typical of office warehouse condominiums in the market.

The Complainant discussed the special nature of the structure and the offices contained in the building. Firstly the offices are physically separated from the warehouse units and intended to be purchased separately from the warehouse space. The warehouse spaces have a mezzanine level. The office units are accessed by an elevator separately from the warehouse uses. The sale value or lease value of the offices is restricted by location as they are located in the area commonly referred to as the Walton industrial Park. This is an area in the outlying portion of the City east of the proposed extension of Stoney Trail. There appears to be no market for office only uses that far removed from the developed part of the City. The office condominiums have been offered for sale starting at \$130.00/sq. ft. and are currently being offered at \$80.00/sq. ft. In any case this is far below the range of 215.00/ sq. ft. to \$223.00/sq. ft. of assessed value on the properties. The market in this area is for large sites and shop area not offices. The site is serviced by cistern for water and pump out tanks for sewage.

In developing the requested assessment, the Complainant found neither sales of buildings in the area nor any similar buildings.

The Respondent agreed that the total condominium building was unusual in the design of independent office units so separate from the warehouse units. Also the location was also understood by the Respondent to be unusual for office use. The City was also unable to find similar structures or sales.

It was important for the Board to understand the nature of the subject parcel as the assessment for the offices was conducted on a direct comparison approach using typical inputs for an office warehouse structure. The Board finds that the building is not a typical warehouse office condominium structure. The Board is of the opinion the office uses in such a remote industrial location is not something found neither in the east portion of the City nor the outlying areas of the City as a whole. Neither the Respondent nor the Complainant could identify any comparable properties to use in an analysis of value. The sale of the units is likely hindered by the lack of City services.

- 2) The assessment on the subject properties is not appropriate.

The Complainant presented a series of sales brochures used in an attempt to market the office condominiums. It was demonstrated that the asking price was below the assessment value. This initial asking price of \$130.00 /sq. ft. found no buyers. Subsequently the asking price has been further reduced and is \$80.00/ sq. ft. as reflected in a letter in exhibit C-1 dated August 9th. 2011. In the Complainant's opinion the unusual nature of the building and the location contribute to the lack of sales of these units. The offices have the same assessed value as the warehouse areas and it is felt the assessment should be less than the more marketable warehouse uses.

The Respondent outlined that the assessment on the building was conducted using typical warehouse information. Normally office areas are assessed at a higher rate than warehouse areas as generally offices are finished to a higher degree. In this case because of lack of information the same rate was applied to both the office areas and the warehouse areas.

The Board earlier found the structure to be atypical in nature and therefore also finds that the use of typical inputs to the assessment model does not serve this property well for the determination of market value and assessment.

Limited information is available to determine a market value for the property. Information regarding various listing prices is not generally accepted as the best evidence of market value of a particular property. In this case however the Board finds two listings informative. In questioning, the Complainant stated the listing that was active closest to the assessment date was the first one attached to the complaint form submitted. The listing offers office space for \$130.00/sq. ft. This reflects a range of \$93.00/sq. ft. to \$85.00 /sq. ft. value lower than the assessment and at that value the units were still unsold.

The next listing, said in testimony to be from mid 2010, offered the same office space for \$120.00 /sq. ft. and again no sales occurred. This suggests to the Board a range of value of between \$120.00 /sq. ft. and \$130.00 /sq. ft as the best information available to act as a basis to establish market value.

To further refine the value the Board looked to the previous tax year where the assessment on the total building prior to being converted to a condominium was at \$138.00 per sq. ft including

the warehouse and office area. The Board notes that the City has assessed both the warehouse and the offices at the same rate. Since each warehouse has a land component not part of the office condominium title the board feels the lower end of the range would yield a more appropriate value to base the assessment. The revised assessment is calculated using \$120.00 per sq. ft. applied to the various sizes of the subject offices,

3) The income approach is not considered appropriate in this case.

The Complainant argued that without comparisons the only approach to value should be the income approach. Using that approach the requested assessment values were developed.

The Respondent explained the City uses a direct comparison approach for properties such as the subject.

The Board determined that the income approach was not appropriate because the inputs to the calculation were not verified.

Board's Decision:

The assessments are revised as follows:

200 - 60 Industry Way SE	Roll 201596640	\$208,500.00
205 - 60 Industry Way SE	Roll 201596632	\$234,500.00
210 - 60 Industry Way SE	Roll 201596657	\$213,500.00
215 - 60 Industry Way SE	Roll 201596624	\$189,500.00
220 - 60 Industry Way SE	Roll 201596665	\$205,000.00
225 - 60 Industry Way SE	Roll 201596616	\$240,500.00

DATED AT THE CITY OF CALGARY THIS 14th DAY OF October 2011.



Presiding Officer

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

NO.	ITEM
1. C1	Complainant Disclosure
2. R1	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.*

Appeal Type	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	Office	Low rise (unit ownership)	Cost/Sales Approach	Equity Comparables