

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:

EMR Economy Maintenance & Repair Ltd, (as represented by Linnell Taylor Assessment Strategies), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

R. Fegan, PRESIDING OFFICER
B. Bickford, BOARD MEMBER
E. Bruton, BOARD 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 2013 Assessment Roll as follows:

ROLL NUMBER:	068117001
LOCATION ADDRESS:	339 10 AV SE
FILE NUMBER:	70566
ASSESSMENT:	\$4,010,000

This complaint was heard on the 1st day of August, 2013 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 8.

Appeared on behalf of the Complainant:

- D. Sheridan (Linnell Taylor Assessment Strategies)

Appeared on behalf of the Respondent:

- M. Byrne (City of Calgary)

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

- [1] No procedural or jurisdictional issues were raised.

Property Description:

[2] The subject property is described in the Respondent's evidence as an office/warehouse consisting of a three and a half storey, brick structure of 29,566 square feet built in 1904. The building has been used as a self-storage building since 1982. The subject property was assessed using the income approach with a base rental rate of \$10.00, a typical vacancy rate of 8% and a capitalization rate of 6.00%.

Issues:

[3] The increase in assessed value from 2012 to 2013 (\$1,360,000 to \$4,010,000) is not justified by either changes to the property or changes in local real estate market activity.

[4] Space in the subject property is not assessed equitably when compared to similar space in neighbouring properties.

[5] The rental rate of \$10.00 is not supported by market rental rates for similar space. It appears to be an "office warehouse" rate and does not reflect the use or nature of this storage space within the subject building.

Requested Value: \$1,770,000.

Board's Decision: The complaint is allowed and the assessment is revised to \$1,770,000.

Position of the Parties**Complainant's Position:**

[6] The Complainant argued that for the assessment to increase from \$1,360,000 in 2012 to \$4,010,000 in 2013, one of two things must have occurred. Either there must have been some physical changes to the subject property or the local real estate market must have shifted significantly. The Complainant argued that neither of these events occurred. The subject property has been used as a self storage business since 1982. There have been no recent improvements or renovations to the subject property.

[7] The Complainant provided a chart showing a five year history of the assessed value of the subject property showing dramatic changes both up and down (C-1, page 3).

[8] The Complainant provided numerous recent pictures of the subject property.

[9] The Complainant provided a list of twelve spaces within the Beltline that were assessed as office storage space and retail storage space which were assessed using rates of \$3.00 and \$5.00 respectively.

[10] The Complainant argued that these spaces offered the best comparability with the subject's storage space, and accordingly that the rate applied to the subject should be \$5.00.

[11] The Complainant argued that in order to reflect the characteristics and physical condition of the subject property a \$5.00 rate would reflect the use and condition of the subject as demonstrated by the subject property photographs.

[12] In rebuttal to the Respondent's evidence, the Complainant provided evidence that the property located at 438 11 AV SE was a multi-tenant office building at the time of the sale.

[13] In rebuttal to the Respondent's evidence, the Complainant provided evidence that the property located at 1407 9 AV SW was a single storey commercial building of 7,500 square feet located in the west end of downtown.

[14] In rebuttal to the Respondent's evidence, the Complainant provided a photograph of the property located at 1333 9 AV SW, demonstrating the lack of similarity between this property and the subject. The clear thrust of the Complainant's rebuttal evidence was that the comparables provided by the Respondent were not appropriate comparisons for the purpose of establishing the value of the subject property.

Respondent's Position:

[15] The Respondent argued that the subject property was being used for self-storage and that the predominant use of warehouse applied by the assessor was correct.

[16] The Respondent provided rental information for the subject property which indicated that the space was being rented on a month to month basis with a net rent of \$10,000 per month.

[17] The Respondent provided evidence showing that the twelve spaces used as examples of comparable space by the Complainant were storage spaces that were used in conjunction with other space within the various buildings.

[18] The Respondent explained that the reason for the increase in the subject property's assessed value from 2012 to 2013 was because in 2012 the property was assessed as if it were a land only parcel.

Board's Reasons for Decision:

[19] The Board found the pictures provided by the Complainant helpful in determining the physical characteristics of the subject property.

[20] The Board was unable to accept the Respondent's characterization of this building as an "office warehouse" in view of the fact that the Complainant described the building as 99% storage and that it has been operated as such for the past thirty years. The Complainant's description of the building as 99% storage was not challenged.


[21] With respect to the equity issue the Board found that the comparable properties supplied by the Respondent were not sufficiently similar to the subject property. Two of the three properties were single storey buildings located some distance from the subject property. The third comparable property was in close proximity to the subject and was a multi-floor structure of the same vintage. However, the Respondent's photographs of this property were taken in 2004. The Complainant's rebuttal evidence indicated that this property was a multi-tenant office building in 2012. This evidence was not refuted by the Respondent.

[22] The Complainant's equity comparables were in fact taken from storage space in the Beltline area. Neither party offered an opinion as to the impact that storage space used in conjunction with other uses may have on the value of the storage space.

[23] With respect to the application of the \$10.00 market rent to the subject property, the only rental evidence provided to the Board was the actual leasing from within the subject property. That amount was reported to be a net rent on a month to month basis. The Board noted that the actual rent within the subject property was \$120,000 per annum.

[24] In the absence of a market rent study suggesting a different result, the Board is satisfied that the actual rent is the best indicator of the value of the subject property space. The Board finds that a rental rate of \$5.00 per square foot as requested by the Complainant represents the value of the space and is equitable when compared to similar space.

DATED AT THE CITY OF CALGARY THIS 14 DAY OF August 2013.



R. Fegan

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. C2	Complainant Rebuttal

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.*

CARB Identifier Codes

Decision No. CARB-70566-P-2013			Roll No. 068117001	
<u>Complaint Type</u>	<u>Property Type</u>	<u>Property Sub-Type</u>	<u>Issue</u>	<u>Sub-Issue</u>
CARB	Commercial	Warehouse/Storage	Rental Rate	Equity

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