



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:

GPM REAL PROPERTY (10) LTD. (as represented by AEC International), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

***R. Glenn, PRESIDING OFFICER
A. Zindler, BOARD MEMBER
J. Lam, 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:	115062002
LOCATION ADDRESS:	7703 30 ST SE
FILE NUMBER:	71196
ASSESSMENT:	\$7,530,000

This complaint was heard on Monday, the 26th day of August, 2013 at the offices of the Assessment Review Board located on Floor Number 4, at 1212 – 31 Avenue NE, in Calgary, Alberta, in Boardroom 2.

Appeared on behalf of the Complainant:

- J. Smiley, Agent

Appeared on behalf of the Respondent:

- M. Hartmann and T. Nguyen, Assessors

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

[1] When asked, neither party raised any issues with regard to either Jurisdiction or, Procedure.

Property Description:

[2] The subject is a 4.55 acre parcel of land with a single building multiple tenant industrial warehouse improvement comprising 73,659 SF, built in 1975, with a site coverage of 36.33 % and an interior finish of 6%, assessed at \$102.25/SF, and located in the Ogden area of SE Calgary.

Issues:

[3] Whether the subject assessment is correct, based on:

- (a) The Sales Comparison Approach, or,
- (b) The Income Approach to Value

Complainant's Requested Value:

[4] \$5,990,000

Board's Decision:

[5] The assessment is confirmed at: \$7,530,000

Complainant's Position:

[6] The Complainant in their argument based on the sales comparison approach, suggested that the assessment was too high, because it was higher than the Market Value. They presented a series of 4 comparables which came from the selection criteria of: 40,000 to 100,000SF, 1990 or older year of construction and located in the SE Quadrant. The two best comparables indicated a value ranging from \$78/SF to \$97/SF, compared to the subject assessment of \$102.25/SF.

[7] The subject was larger than both, had greater site coverage than both, was older than both and had lower levels of finish than both. The Complainant argued that the subject was inferior to its best comparables using characteristics deemed important by the Respondent's Industrial Model, and therefore, should have been at a lower value than either of the best comparables in a perfect market.

[8] They argued that the Respondent's predicted value for each of the comparables was high, with ASR's of 1.15, and 1.40.

[9] The second thrust of their argument, based on the income approach to value, suggested that there was a recent lease in place for the majority of the building at \$4.50/SF. They said that using typical inputs of 5% structural vacancy, and a 7% capitalization rate, the value of the subject should have been \$5,248,204, or, \$61/SF.

[10] They argued the actual rent in place indicated a value of \$6.00/SF. This value was corroborated by the \$6.00/SF used to determine typical rent for a business assessment at the subject. They said that using this income, the value should be \$5,997,947, or, \$81/SF.

[11] With the subject apparently being inferior to both of the best comparables, the Complainant said that one would expect the value to fall at, or below the bottom of the indicated range, rather than above it. They carried on saying that "our income approach agrees with the lower end of the range". The Complainant confirmed they were relying on actual values, as opposed to typical values

Respondent's Position:

[12] The Respondent commenced their presentation by arguing that one of the Complainant's comparables supports the Respondents position, but they did not develop that argument.

[13] The Respondent presented a list of six comparables, which included the two best comparables presented by the Complainant. Their comparables chart included properties in the Central Region of the City. Typically, values in the Central area would be higher than in the SE area

[14] The Respondent argued that there was enough sales information, so there was no need to rely on the income approach in argument. They also acknowledged that both the age of a property and its location were a significant 'driver' of value.

[15] The Respondent confirmed that they had not personally attended on the subject property. The Respondent also argued that all of the their comparables were "OK", even though two of them were 25 years newer than the subject, and it was questionable that one particular comparable sale was in fact an arm's length transaction.

Board's Decision in Detail:

[18] The Complainant presented four comparables, but their two best comparables were not close enough to some of the subject's critical criteria (site coverage, age, level of finish) to be helpful to the Board. In addition, the Respondent suggested that there was adequate sales information, so the Complainant need not have resorted to an income approach comparison to advance their argument. The Board agreed with that assertion. The Income approach argument was superfluous.

[19] All told, the argument and evidence of the Complainant failed to convince the Board that the subject assessment was in need of correction, and accordingly, the assessment in the amount of \$7,530,500 is herewith confirmed.

DATED AT THE CITY OF CALGARY THIS 25th DAY OF OCTOBER, 2013.



R. Glenn
Presiding Officer

APPENDIX "A"

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

NO.	ITEM
1. C1	Complainant Disclosure
2. C2	Complainant Rebuttal Disclosure
3. 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.*