

**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:**

***Leako Holdings Ltd. (as represented by Altus Group Limited), COMPLAINANT***

**and**

***The City Of Calgary, RESPONDENT***

**before:**

***M. Axworthy, PRESIDING OFFICER  
H. Ang, BOARD MEMBER  
A. Wong, 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 2014 Assessment Roll as follows:

**ROLL NUMBER: 112108006**

**LOCATION ADDRESS: 6909 Farrell RD SE**

**FILE NUMBER: 75625**

**ASSESSMENT: \$5,450,000**

This complaint was heard on 23 day of July, 2014 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 2.

Appeared on behalf of the Complainant:

- *M. Cameron, Agent*
- *A. Izzard, Agent*

Appeared on behalf of the Respondent:

- *D. Gioia, Assessor*

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

[1] The Respondent objected to certain maps and photographs included in pages 27-54 of the Complainant's Rebuttal package C2, attesting that it was new evidence and should not be heard by the Board.

[2] The Board considered the matter and determined that it would allow the Complainant to refer to the material. In its deliberations, the Board would determine how much weight to place on the pages in question.

**Property Description:**

[3] The subject property is a multi-building industrial property with four buildings ranging in size from 775 to 22,310 square feet (SF) with finishes ranging from 22% to 100% and a site coverage of 34.80%, with years-of-construction (YOCs) ranging from 1963 to 1987. The subject is assessed at \$144.95 per SF, based on the Sales Comparison approach to value.

**Issues:**

[4] The issues identified on the Complainant Form are;

- a) The total assessed area of the subject is incorrect and should be reduced to 34,151 SF.
- b) The per SF assessed value of the subject is excessive and should be reduced to \$128.21 per SF.

**Complainant's Requested Value: \$ \$4,370,000**

**Board's Decision:**

[5] The Board reduced the assessment to \$4,370,000.

**Legislative Authority, Requirements and Considerations:**

[6] Under the Act Section 460.1(2) and subject to Section 460(11), a composite assessment review board has jurisdiction to hear complaints about any matter referred to in section 460(5) that is shown on an assessment notice for property, other than property described in subsection 460.1 (1)(a).

[7] The Board will limit its comments to the relevant facts pertaining to this case and materials which led to the decision.

**Position of the Parties****Issue #1: Is the size of the assessed area incorrect?****Complainant's Position:**

[8] The Complainant asserted that the size of the assessed area was incorrect and should be reduced to 34,115 SF, and stated that the root cause of the problem is that the Shell space was double counted. The Complainant stated that it had tried to resolve this matter with the Respondent prior to the hearing, but had been unable to do so.

[9] In support of its argument, the Complainant provided the ARFI and the rent roll for the subject [C2, pp. 20-25], annotated to indicate the area that had been double counted. In further support of its position, the Complainant provided a series of building footprint maps and measurements from the City of Calgary's "City On-line" service, indicating the building footprint measurements of each building on the site.

**Respondent's Position:**

[10] The Respondent stated that the customer had not provided any information to support the error in the ARFI.

[11] The Respondent objected to the Complainant's use of the "City On-Line" maps in its Rebuttal package C2, arguing that these materials constituted new evidence that had not been properly disclosed to the Respondent.

[12] The Board recessed to allow the Complainant and the Respondent an opportunity to resolve the area issue, but the parties were unable to resolve the matter as the Respondent indicated that it was not in a position to make a recommendation.

**Board's Reasons for Decision:**

[13] The Board accepts the material on pp. 27 to 54 of C2 that the Respondent suggested was new evidence and should be excluded by the Board. The Board finds that the material was provided by the Complainant in response to the Respondent's statement under Complainant issue #2 [R1, p. 3]. Further, the Complainant indicated that it had contacted the Assessment Business Unit (ABU) prior to the hearing to resolve the matter, but was unable to meet with an ABU representative, requiring the Board to make this determination.

[14] The Board finds that there was an error in the assessable area of the subject and determines that the correct assessable area is 34,115 SF as demonstrated by the Complainant through its ARFI area analysis and the City On-Line maps for the site.

**Issue #2:** Should the per SF assessed value of the subject be reduced to \$128.21 per SF?

**Complainant's Position:**

[15] The Complainant stated that the correct assessed per SF value for the subject is \$128.21 per SF

[16] In support of its argument, the Complainant provided a study of the assessed value of 18 equity comparables in the SE area, with a median per SF assessed value of \$128.21 per SF.

**Respondent's position**

[17] The Respondent stated that the subject was a multi-building property, not a single building property, and the Complainant's study [C1, p. 29], with the exception of 4327 Manhattan RD SE, comprised single building industrial properties that were not comparable to the subject.

[18] In support of its assessed value of \$148.95 per SF, the Respondent provided a 2014 Industrial Equity Chart with two multi-building properties as equity comparables for one of the buildings in the subject [R1 p. 20]. The Respondent also provided the Assessment Information Supplements for these properties [R1, pp. 21-27], stating that the property at 7056 Farrell RD SE was the best comparable.

[19] The Respondent stated that the assessed per SF value for these two equity comparables are \$148.23 and \$141.58, which supported the subject assessment at \$148.95 per SF.

The Respondent provided a second chart entitled 2014 Industrial Complainant's EQUITY CHART, Single Building [R1, p. 17], that appears to be a re-creation of the Complainant's evidence from C1, p.29. When questioned, the Respondent was unable to provide the Board with an explanation of the significance of the value on this chart of \$151.16 under "Rate per SF" and does not accord with the "Assessed Value \$/SF" on R1, p.8.

[20] The Respondent provided a third chart in its evidence package [R1, p.18], also entitled 2014 Industrial Equity Chart, with a property from the Complainant's study [C, p.29] (4327 Manhattan RD SE), but made no reference to it during the hearing.

**Board's Reasons for Decision:**

[21] The Board finds that the Complainant's study of 18 properties with a median assessed value of \$128.21 per SF raises questions about the equity and fairness of the subject assessment [C1, p. 29].

[22] While the Complainant's study is mainly comprised of single building industrial properties, the Board agrees with other Calgary Assessment Review Boards (CARBs), notably the decision in CARB 72998/2013, which states in paragraph [14] that:

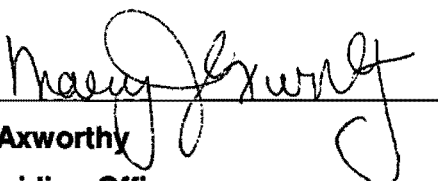
"It is generally accepted that an investor would consider the total floor area of the buildings on a property to determine the potential income and not the characteristics of each of the buildings on the site." [C1, p. 101]

Therefore, the Board accepts the Complainant's study of 18 equity comparables in the SE area.

[23] In defending the assessment, the Respondent compared one building in the subject to two multi-building equity comparables [R1, p.20]. The Board is not persuaded by this approach which isolates a single building in the subject for comparative analysis. Further, the Board finds that the range in per SF values included in the chart (\$127.25 to \$276.84) does not support the assessment.

[24] The Board reduces the per SF assessed value of the subject to \$128.21 per SF and reduces the assessment to \$4,370,000.

DATED AT THE CITY OF CALGARY THIS 19 DAY OF August 2014.

  
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M. Axworthy  
Presiding Officer

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

<b>NO.</b>	<b>ITEM</b>
1. C1	Complainant Disclosure
2. C2	Complainant Rebuttal
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.*

**For Administrative Use Only**

<b>Municipal Government Board use only: Decision Identifier Codes</b>				
<b>Appeal Type</b>	<b>Property Type</b>	<b>Property Sub-Type</b>	<b>Issue</b>	<b>Sub-Issue</b>
CARB	Industrial	Assessed value		