

**CALGARY
ASSESSMENT REVIEW BOARD
DECISION WITH REASONS**

In the matter of the complaint against the Property/Business assessment as provided by the *Municipal Government Act*, Chapter M-26.1, Section 460(4).

between:

Assessment Advisory Group, COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

***H. Kim, PRESIDING OFFICER
D. Pollard, MEMBER
T. Usselman, 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 2010 Assessment Roll as follows:

ROLL NUMBER:	120019302
LOCATION ADDRESS:	8825 Shepard Rd SE
HEARING NUMBER:	58611
ASSESSMENT:	14,140,000

This complaint was heard on the 18th day of June, 2010 at the office of the Assessment Review Board located at Floor Number Four, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 6.

Appeared on behalf of the Complainant:

- *Yuan Tao*
- *Troy Howell*

Appeared on behalf of the Respondent:

- *Ian McDermott*

Property Description:

The subject is a single tenant industrial property consisting of two buildings:

- 1) 103,443 square feet including a second storey component constructed in 1971, and
- 2) 4,300 square feet constructed in 1997

on a 14.95 acre parcel in the Shepard Industrial area. The parcel has 15.14% site coverage and is zoned Industrial Heavy (I-H). The assessment is based on sales comparables.

Issues:

The Complainant identified two issues on the Complaint form:

1. The assessed value is not reflective of the property's market value.
 - a. Comparable property sales demonstrate lower market value is appropriate for the subject property or \$80/sq. ft.
 - b. Comparable property sales demonstrate lower market value is appropriate for the subject property or \$350,000 /acre
 - c. The assessed value does not adequately reflect the condition and characteristics of the subject property.
2. The assessed value is inequitable with comparable property assessments.

Complainant's Requested Value: \$11,000,000 (revised to \$11,770,000 at the hearing)

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

The Complainant did not lead evidence with respect to Issue 2, therefore only Issue 1 was considered, specifically whether comparable sales supported the per square foot rates used in the assessment for Building 1.

Complainant's position:

The Complainant stated that the assessment of the subject property had gone up to \$14,140,000 from \$9,850,000 in the previous year, in spite of the general decline in the market over that period of time.

The assessment was prepared using sales of similar sized buildings with Building 1 assessed at \$125/sq. ft. Building 2 was not at issue. The Complainant submitted four comparables sales.

The subject is a very large building and there were not a lot of sales, therefore the comparables are located in the Northeast (Franklin and Deerfoot Business Park) as well as the Southeast (Foothills and Great Plains) Industrial zones. They range in size from 95,405 sq. ft. to 262,000 sq. ft. and sold between January 2008 and July 2009 for \$75 to \$113 per sq. ft. He applied adjustments for sale date, building size, clear wall height, site coverage and year of construction totalling +5% to +10% to arrive at an average value per square foot of \$102. He requested the rate for Building 1 be reduced to \$102/sq. ft. for a total assessment of \$11,770,000.

Respondent's position:

The Respondent stated that one of the sales provided by the Appellant was not an arm's length sale and that another transferred on July 22, 2009 therefore post facto. The Respondent presented five sales comparables of which two (#1 and #2) were also included in the Complainant's comparables:

Address	NRZ	Sale Date	Parcel size	% Site cov	AYOC	Area (sq. ft.)	% fin	Sale price	TASP	TASP/sq. ft.
SUBJECT	SH1		14.95	15.14	1971	103,443	11			
2807 57 Ave SE	FH1	07-Nov-07	5.41	46.16	1976	108,800	2	8,200,000	7,721,307	71
6875 9 St NE	DF2	20-May-08	6.27	34.91	1997	95,405	16	10,150,000	9,557,471	100
1338 36 Ave NE	MC3	21-Jul-06	4.38	37.57	1978	92,023	41	8,235,000	10,450,588	114
6732 8 St NE	DF2	27 Aug 08	9.65	26.41	1990	119,551	32	16,990,530	16,159,865	135
5300 86 Ave SE	FO1	26-Aug-08	14.01	26.76	1998	167,560	5	20,000,000	19,022,203	114

Sale 1 has only 14' wall height compared to the subject which has a more normal 24'. All of the sales have much higher site coverage than the subject. The Respondent argued that after allowing for these differences, the sales support the rate used in the assessment.

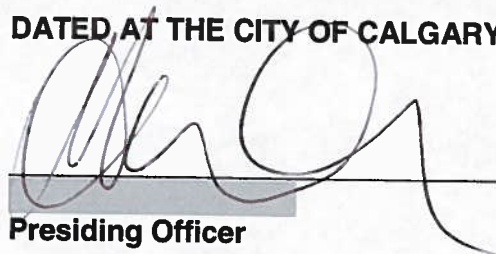
Decision and Reasons:

The Board reviewed the comparables submitted by both the Respondent and the Complainant. The RealNet data submitted by the Complainant to provide details of his comparables supported the position of the Respondent that one of the sales was not arms length. Of the sales submitted by the Respondent, Sale 1 was not comparable due to the low wall height. Sales 3 and 4 were also not comparable due to having a substantially higher level of finish, and also because they are both multiple tenant industrial warehouses while the subject and the other sales are single tenant. The Board determined that the remaining sales, #2 and 5, at \$100 and \$114/sq. ft. were most comparable to the subject. The Board agrees that the site coverage is higher than the subject, but notes that the buildings in both cases are significantly newer. The Board is of the opinion that the two characteristics would offset each other. The average of the two sale prices is \$107/sq. ft. which in the opinion of the Board is an appropriate rate for Building 1.

Board's Decision:

The complaint is allowed, in part, and the assessment is reduced to \$12,180,000.

DATED AT THE CITY OF CALGARY THIS 7th DAY OF July 2010.



Presiding Officer

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.*