

**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(4).

between:

Colliers International Realty Advisors, COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

***Myron Chilibeck, Presiding Officer
Robert Kodak, Member***

This is a complaint to the Calgary Assessment Review Board in respect of property assessment prepared by the Assessor of The City of Calgary and entered in the 2010 Assessment Roll as follows:

ROLL NUMBER: 097008403

LOCATION ADDRESS: 5815 – 40 ST SE

LEGAL DESCRIPTION: Plan 7910925, Block 2, lot 2

HEARING NUMBER: 57563

ASSESSMENT: \$3,490,000

This complaint was heard by the Composite Assessment Review Board on 12th day of August, 2010 at the office of the Assessment Review Board, Boardroom 4, 4th Floor, 1212 – 31 Avenue NE, Calgary, Alberta.

Appeared on behalf of the Complainant:

- *Michael Uhryn*

Appeared on behalf of the Respondent:

- *Aram Motadi*

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

There were no objections to the composition of the Board.

The Board heard this complaint as a quorum two members pursuant to s.458(1) of the *Municipal Government Act*. The parties did not object to the hearing of this complaint by the quorum of the Board.

The Complaint advised the Board that the disclosure of evidence was not received from the Respondent for this complaint and that the circumstances are identical to those for file numbers 57551 and 57577 that were heard August 10. After these hearings, the Complainant requested and received a copy of the Respondents evidence and advised the Board that he was prepared to proceed with hearing the merits of the subject complaint.

Property Description:

The subject property is an industrial warehouse, constructed in 1979, located in the Foothills district in south east Calgary. The building footprint and rentable area is 40,222 square feet is situated on a parcel of land with 2.13 acres or 92,782 square feet. Parcel coverage is 43% and office finish is 9%.

The property assessment is determined using the sales comparison method and is assessed at \$3,490,000 which equates to \$86.95 per square foot of building area.

The Complainant requests a reduction in the assessment to \$3,140,000 which equates to \$78.23 per square foot. This request includes a roof replacement deduction of \$343,285.

Issues:

The Complaint form identified a list of 16 reasons for complaint. However, at the outset of the hearing, the Complainant clarified that there was only one reason:

- 1) The physical condition and attributes of the property has not been properly reflected in the subject's assessed value. The subject property suffers severe deferred maintenance and requires significant repairs to the roof in form of replacing the roof.

Complainant's Requested Value:

\$3,140,000

Board's Decision:

The assessment is confirmed at \$3,490,000.

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

The Complainant claimed the subject property suffers severe deferred maintenance and as a result requires significant repairs to the roof in the form of replacing the roof.

The Complainant supported their request for roof replacement allowance by providing a copy of a "Project Authority, Deferred Maintenance-Recoverable" sheet from CREIT Management Limited showing a total amount of \$343,285 as the cost attributable for roof replacement. The estimated project completion date was 31-Aug-10. Total amount includes tender price to replace the roof at \$301,778, engineering fees at \$10,300 and CML (CREIT Management Limited) fee at \$31,207.

The total amount of \$343,285 was deducted from the assessed value of \$3,490,000 to arrive at the requested reduction in assessment at \$3,140,000.

The Respondent contended that roof is a maintenance item that eventually and periodically needs to be replaced. This is covered by the structural allowance or reserve for replacement allowance in the capitalized income method. The Respondent requested that no allowance be given for the roof replacement.

The Complainant did not provide any evidence to support the fact that the leasing of the subject is affected or the current tenants are significantly affected because of roof replacement. There is no evidence to indicate that tenants have vacated or intend to vacate their premises.

The Respondents' sale and equity comparables are of similar vintage and the Board believes these comparables are in a similar condition as the subject. If the subject needs roof replacement, it could well be that roofs of the comparables need replacement. No evidence was provided by the Complainant to support their contention and to convince the Board that the comparables are superior to the subject because they have new or newer roofs and that an adjustment should be made to sale price per square foot to reflect the subject's roof condition.

The Board accepts that a replacement reserve provides for periodic replacement of building components such as a roof. The Board believes that a prudent owner would maintain a replacement reserve to provide for the replacement cost of short-lived building components, such as a roof. Also, when dealing with rental properties, such as the subject, a portion of the rental income would be put into a replacement reserve to pay for the periodic replacement of building components, such as roof.


Also, the Board believes, in this case, that an assessment would not be increased because a roof has been replaced.

The Board is not convinced to change the subject assessment by allowing a reduction for roof

replacement.

The Board confirms the assessment at \$3,490,000.

DATED AT THE CITY OF CALGARY THIS 8 DAY OF SEPTEMBER, 2010.


for **Myron Chilibeck**
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.*