

**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:

R. Mowbrey, PRESIDING OFFICER

P. Pask, MEMBER

K. Kelly, 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:	049018005
LOCATION ADDRESS:	2876 SUNRIDGE WY NE
HEARING NUMBER:	57346
ASSESSMENT:	\$5,490,000

This complaint was heard on the 17th day of September, 2010 at the office of the Assessment Review Board located at the 4th Floor, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 4.

Appeared on behalf of the Complainant:

- S. Meiklejohn Colliers International

Appeared on behalf of the Respondent:

- M. Lau Assessor, City of Calgary
- J. Young Assessor, City of Calgary

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

There were no procedural or jurisdictional matters.

Upon questioning by the Presiding Officer, the parties present indicated they had no objection to the composition of the Board. In addition, the Board members indicated they had no bias on this file.

When the Respondent was giving evidence, the Complainant argued that the additional colour photographs the Respondent wanted to present had not been disclosed to the Complainant and therefore should not be allowed. The Board recessed, deliberated and rendered a decision. The decision of the Board was the additional colour photographs would not be allowed as they did not meet the disclosure rules.

Property Description:

The subject property consists of a 30,000 square foot single tenant building, constructed in the year 2000 and has a B+ quality rating. The building is located in the Sunridge area, NE quadrant. The land use code is I-G. The assessment of the property is \$5,490,000.

Complainant's Requested Value:

The Complainant's requested value is \$100.00 PSF for \$3,000,000.

Issues:

What is the market value of the subject property?

The Complainant advised the Board that the subject property was assessed using the cost approach. The Complainant did not agree with this approach and advised the Board that direct sales comparison was the preferred method for valuation of the subject property. The Complainant notes the building had a 48% office component and a 10% laboratory for nearly 60% office and laboratory.

The Complainant provided four most similar industrial sales comparables, with no additional land, with building areas from 30,000 SF to 48,000 SF to the Board. These comparables came from a larger chart of 13 sales found on page 42, (C-1) featuring industrial sales that were 25,001 SF to

50,000 SF. The comparables, using the time adjustment methodology recommended by Colliers produced an adjusted selling price per square foot of \$93.93 for the average mean and \$93.41 for the median. (Exhibit C-1 page 28). The Colliers time adjusted methodology uses a negative 1.26% per month from the date of sale to the date of valuation for the last 18 months. The Complainant argued that a preferred and endorsed (Alberta Municipal Affairs) methodology is "Average-Unit Value Analysis". The Complainant argued that after exhaustive analysis, a correct time-adjusted factor is a negative 1.26% per month for the last 18 months. (Exhibit C-1 pages 50/61) and (Exhibit C-1 pages 76/95). The Complainant notes the City over the last 36 months uses 2.75% for the first 12 months, 0% for the next 12 months and a negative 0.5% per month for the current last 12 months. To support this argument, the Complainant cited 2 Municipal Government Board (MGB) decisions from March 2010 and July 2009 where the assessments were reduced based on the principle that the City's time-adjustment methodology was flawed.

The Respondent advised the Board that the subject property was unique and custom built for the owner. The owners had improvements made specific to their needs. Since the building was unique and not typical the subject property does not lend itself to the mass appraisal model, so the cost approach was utilized employing cost data from Marshall and Swift. The Respondent indicated that a thorough site inspection had been completed very recently, along with a dialogue with the manager.

The Respondent disputed the Complainant's time-adjusted methodology and stated any assessment technique requires many adjustments to each property in order to make accurate comparisons.

The Respondent argued that time adjustments alone are insufficient. The Respondent argued that the Complainant has considered only time adjustments and therefore the analysis of values is flawed and unreliable as factors such as size, location, finish, site coverage etc. must be considered and adjusted.

In examining the evidence and argument of both parties on this matter, the Board finds the Respondent's evidence and argument to be most compelling. The most compelling reason the Board had was the fact that the Respondent had been to the subject property for a thorough site inspection and a dialogue with the manager. The Complainant admitted that he had not been to the site. The Board believed the Complainant had a weak argument for the subject property being unique when the Complainant had not seen the subject property.

Board's Decision:

The assessment is confirmed at \$5,490,000.

DATED AT THE CITY OF CALGARY THIS 24th DAY OF September 2010.



**R. Mowbrey
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.*

Exhibits

C-1 Complainant's evidence (118 pages)

R-1 Respondent's evidence (39 pages)