

**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:**

***AB Mauri (Canada) Limited (as represented by Altus Group Limited), COMPLAINANT***

**and**

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

**before:**

***Board Chair, M. Vercillo  
Board Member 1, J. Pratt  
Board Member 2, J. Massey***

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 2011 Assessment Roll as follows:

**ROLL NUMBER: 200613487**

**LOCATION ADDRESS: 2204 ALYTH PL SE**

**HEARING NUMBER: 61071**

**ASSESSMENT: \$1,900,000**

This complaint was heard on the 23<sup>rd</sup> day of June, 2011 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:

- *R. Worthington*

Appeared on behalf of the Respondent:

- *R. Luchak*

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

The Calgary Composite Assessment Review Board (CARB) derives its authority to make this decision under Part 11 of the Act. No specific jurisdictional or procedural issues were raised during the course of the hearing, and the CARB proceeded to hear the merits of the complaint, as outlined below.

**Property Description and Background:**

The subject property is a single tenanted warehouse property located in the "Alyth/Bonnybrook" industrial area of SE Calgary. According to the Respondent's Assessment Explanation Supplement (AES), the building is situated on an assessable land area of approximately 2.42 acres and has a building to site coverage ratio of approximately 3.80%. In addition, the AES indicates that the subject contains 2.11 acres of "extra land". The property has a land use designation of "Industrial – General" (I-G). The building was built in 1960 and has a 20% Finish.

The property is assessed using the Direct Sales Approach to value and assesses the building at a rate of \$199.00 per SF. The assessment for extra land is assessed on the basis of its land use designation. Accordingly, the I-G land rates for 2011 are \$525,000 per acre or a total of \$1,108,106 for the 2.11 acres of extra land.

**Issues:**

The CARB considered the complaint form together with the representations and materials presented by the parties. There were a number of matters or issues raised on the complaint form; however, as of the date of this hearing, the Complainant addressed the following issues as restated below:

1. The building improvement contributes little value to the subject property and accordingly, the property should be assessed as vacant land.
2. The subject land is not in a location that is conducive to I-G land classification. The assessment land rates on equity comparables support a reduced assessment.
3. There is limited ingress/egress to the subject parcel and this negative influence would reduce its market value.
4. The parcel is irregularly shaped and this negative influence would reduce its market value.

**Complainant's Requested Value:**

\$1,210,000 on the complaint form revised to \$423,500 at this hearing.

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

**ISSUE 1:** The building improvement contributes little value to the subject property and accordingly, the property should be assessed as vacant land.

**The Complainant** provided a document entitled "Evidence Submission of Complainant" that was entered as "Exhibit C1" during the hearing. The Complainant along with Exhibit C1 provided the following evidence with respect to this issue:

- The entire property leases for \$48,000 per annum. Using a rental rate of \$12.00 per SF on the 4,000 SF building, a capitalization rate (cap rate) of 8.25%, and a vacancy rate of 8.25%, the Complainant calculates an indicated value of \$552,727 or approximately \$138 per SF. The Complainant, making no adjustment for additional land, concludes that in order to achieve the assessment value of the Respondent, the building would have to lease for an unattainable lease rate of \$41.25 per SF.
- Various pictures of the subject property were provided showing the building from various points of view and how it is situated on the property.

**The Respondent** provided an "Assessment Brief" document that was entered as "Exhibit R1" during the hearing. The Respondent along with Exhibit R1 provided the following evidence with respect to this issue:

- A table of five industrial equity comparables to the subject property. The parcel sizes ranged from 0.45 to .62 acres, had 16% to 29% site coverage, and were single tenanted warehouses of similar vintage and finish percentage to the subject. None of the equity comparables contained extra land. The assessment rate per SF for the buildings for these comparables ranged from \$183 to \$190. The subject property, not including extra land, is assessed at \$199 per SF of building space.
- A table of three industrial sales comparables to the subject property. The parcel sizes ranged from 0.24 to .29 acres, had 30.87% to 39.03% site coverage, and were single tenanted warehouses of similar vintage to the subject, but with higher finish percentages. None of the sales comparables contained extra land. The median time-adjusted sales price per SF for these comparables was \$217. The subject property, not including extra land, is assessed at \$199 per SF.

**The CARB** finds the following with respect to this issue:

- The Complainant failed to account for the extra land in applying his Income Approach to value.
- The comparables provided by the Respondent are reasonable sales and equity comparables to the subject.

**ISSUE 2:** The subject land is not in a location that is conducive to I-G land classification. The assessment land rates on equity comparables support a reduced assessment.

**The Complainant** along with Exhibit C1 provided the following evidence with respect to this issue:

- A map of the Alyth/Bonnybrook industrial area where the subject property is located. The map showed that all the properties in this area had a land classification of I-G (Industrial – General).
- Various pictures of the Alyth/Bonnybrook industrial area showing that the properties in

the area have very little infrastructure, are surrounded by railway tracks, have largely unpaved roadways, no curbs and gutters and little building or improvements.

- As an equity comparison the Portland Street industrial area across the railway tracks from the Alyth/Bonnybrook industrial area have highly developed infrastructure, paved roadways, curbs and gutters, are not surrounded by railway tracks and contain substantial development in buildings and improvements. The Portland Street industrial area properties are also zoned I-G land, and like the subject are assessed at \$525,000 per acre.
- Conversely, to the Portland Street industrial area, the Complainant offers an Ogden Dale Rd. SE property across Blackfoot Trail and within reasonable distance to the subject as more comparable to the subject in terms of infrastructure, unpaved roads, lacking curbs and gutters and lacking substantial rail track influences. This property is zoned I-H or Heavy Industrial and assessed at \$350,000 per acre.
- The Complainant concludes that from an equity standpoint, the subject should be classed I-H like its neighbouring Ogden Dale Rd. property and should be assessed accordingly.

**The Respondent** along with Exhibit R1 provided the following evidence with respect to this issue:

- A comprehensive listing of the land use guidelines for I-H and I-G zoned properties. The listing outlines the various permitted uses applicable to each land designation.
- An explanation that the assessment of properties such as the subject considers land use as part of the assessment process because the market has shown that this may add value to the land.

**The CARB** finds the following with respect to this issue:

- The assessment of vacant land such as the subject must consider land use as part of the assessment process. Land use speaks to development potential of a property which can reasonably be assumed to affect value.

**ISSUE 3:** There is limited ingress/egress to the subject parcel and this negative influence would reduce its market value.

**The Complainant** along with Exhibit C1 provided the following evidence with respect to this issue:

- An aerial photograph along with a map of the Alyth/Bonnybrook subdivision was provided. The Complainant described that the area has having limited access from Blackfoot Trail and/or 15<sup>th</sup> ST SE. He also described the roads as being quite narrow and not typical of what you would find in other comparable industrial areas.
- A chart of land rate adjustments used by the Respondent was provided. The chart indicated that "Limited Access/Uses" is a negative influence which typically reduces a calculated assessment based on land rates by 25%.

**The Respondent** along with Exhibit R1 provided the following evidence with respect to this issue:

- A comparable property located at 1250 20 AV SE in the Portland industrial area was provided. The assessment of that property showed that adjustments to the assessment were made for limited access, shape, partial services and contamination, all negative influences. The Respondent suggested that the limited access to this property is much

more severe than the subject property and therefore an access/egress adjustment is not warranted on the subject property.

**The CARB** finds the following with respect to this issue:

- Although the comparable provided by the Respondent does suggest a limited access adjustment to that property is warranted, the CARB is of the opinion that access to the Alyth/Bonnybrook industrial area as a whole appears somewhat inferior to other comparable industrial areas.

**ISSUE 4:** The parcel is irregularly shaped and this negative influence would reduce its market value.

**The Complainant** along with Exhibit C1 provided the following evidence with respect to this issue:

- An aerial photograph along with a map of the Alyth/Bonnybrook was provided. The photograph and chart shows that the subject property is somewhat irregular triangular shape and is along a corner and seemingly surrounded by Alyth PL SE.
- A chart of land rate adjustments used by the Respondent was provided. The chart indicated that "Shape" is a negative influence which typically reduces a calculated assessment based on land rates by 25%.

**The Respondent** along with Exhibit R1 provided the following evidence with respect to this issue:

- A comparable property located at 1250 20 AV SE in the Portland industrial area was provided. The assessment of that property showed that adjustments to the assessment were made for limited access, shape, partial services and contamination, all negative influences. The Respondent suggested that the shape to this property is much more severe than the subject property and therefore a shape adjustment is not warranted on the subject property.

**The CARB** finds the following with respect to this issue:

- The subject property is not sufficiently irregular to cause it to suffer from its shape, particularly when considering that it is surrounded by Alyth PL SE.

**Board's Decision:**

The complaint is accepted in part and the assessment is adjusted to \$1,425,000.

- The CARB determined that based on the Respondent's equity and sales comparables, the subject is not inequitably assessed and should not therefore be assessed on the basis of vacant land only as requested by the Complainant.
- The CARB determined that the land rate of \$525,000 applied to the subject, used for I-G land is fair and equitable with other I-G zoned property.
- The CARB was convinced that the maps, photographs and evidence provided by the Complainant were sufficient to warrant a 25% reduction relative to ingress and egress to the Alyth/Bonnybrook industrial area.
- The CARB was not convinced that the maps, photographs and evidence provided by the Complainant were sufficient to warrant a 25% reduction relative to shape of the subject property.

DATED AT THE CITY OF CALGARY THIS 22 DAY OF July 2011.

  
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. 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.*