

**CALGARY
COMPOSITE 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:

Dundee Flex Properties Inc. (as represented by Colliers International), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

S. Barry, PRESIDING OFFICER

R. Kodak, MEMBER

D. Morice, MEMBER

This is a complaint to the Composite Assessment Review Board (CARB) 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: 049018005

**LOCATION ADDRESS: 2876 Sunridge Way N.E.,
Calgary, Ab.**

HEARING NUMBER: 61345

ASSESSMENT: \$5,450,000

This complaint was heard on 30th day of June, 2011 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 3.

Appeared on behalf of the Complainant:

- *D. Porteous*

Appeared on behalf of the Respondent:

- *J. Lepine*

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

While the Parties did not raise any issues, the Board noted that there was no Complainant's Disclosure in its file. The Assessment Review Board (ARB) records did not indicate it had been received but the Respondent noted that his copy was received in time, at 4:35 p.m. on May 18, and the covering email showed that it had been sent concurrently to the ARB. The Respondent supported the Complainant's request to have a clean copy emailed to the Board for submission at the hearing and, upon considering those representations, the Board concurred.

Property Description:

The property under complaint is a 2.29 acre parcel in the Sunridge district with a 30,000 rentable square foot (sq.ft.), single-tenanted, B+ class, industrial/manufacturing warehouse with office, constructed in 2000. Office space occupies 48% of the property; warehouse and manufacturing occupy 42%; and the remaining 3,000 sq.ft. or 10% is a laboratory. The land use classification is Direct Control District. The property is assessed using Marshall & Swift for a building value of \$3,428,310 and a land value of \$2,025,926. The resulting calculation was truncated for the final assessment.

Issues:

A number of reasons and grounds for complaint were listed on the Complaint Form. At the time of the hearing they were reduced to the question of market value based on the valuation method – the Complainant proposing the Income approach over the City's Cost approach.

Complainant's Requested Value: The requested assessment on the Complaint Form was \$3,730,000. At the time of the hearing this was revised to \$3,540,000 based on the income approach and \$4,230,000 based on direct comparison for equity.

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

The Respondent's position was that this property contains a unique building with special features related to the laboratory and constructed purposefully for the particular tenant. It would not trade as a typical warehouse and is definitely not suburban office space, having regard to the manufacturing operation as well as the laboratory. These unique characteristics and limited potential sales rendered it a suitable candidate for the Cost approach to value.

The Complainant contended that the property is typical of other warehouse buildings in the surrounding area. The special features related to the laboratory should be viewed as tenant improvements rather than real estate – they can, for the most part be removed. As a warehouse and with the large office component, the best valuation method is through the Income or the Direct Comparison approach for equity.

The Complainant proffered three assessment records and income valuations for A- quality properties within the Sunridge Business Park and a B quality property in the Deerfoot Business Centre in the South Airways district. All are assessed as commercial property with a sub-classification of suburban office. None are categorized as warehouses or manufacturing operations or indicate that those uses are carried out or contemplated within the properties. The primary purpose of the introduction of this evidence was to support the income approach to value and the rents applicable to office space. The Complainant also provided the rent roll for the subject property in support of his income approach calculations. The Complainant, however, has not documented the variables in his income analysis in terms of vacancy, operating costs, etc.

The Complainant also provided five equity comparables that were all industrial warehouses in different parts of the north east, containing a mix of multi-building and single building properties. While the Complainant intended to demonstrate assessment equity, these properties were assessed using the sales comparison approach, not the income or the cost approach.

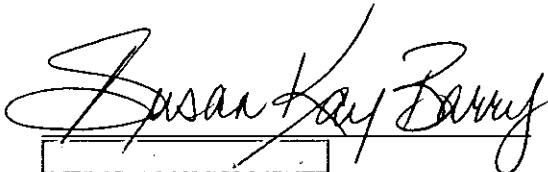
The Respondent submitted a portion of an Assessment Request for Information returned by the Owner of the property in which he states that a market value appraisal of the property was completed on Dec 31, 2010 estimating the value at \$5,600,000. Essentially, the Respondent argued that the subject is not a suburban office and comparisons to suburban offices are irrelevant.

The Board concurred with the Respondent that a request for valuation based on the income approach, supported only by suburban office rents is invalid for this property. The Board might have been more amenable to an income approach based on industrial warehouse rents, or warehouse/office combined rents, but this information was not provided. The Complainant did not challenge the Marshall & Swift analysis or the land values directly and without any other evidence before it, the Board denied the complaint.

Board's Decision:

The 2011 assessment is confirmed at \$5,450,000.

DATED AT THE CITY OF CALGARY THIS 8 DAY OF July 2011.



S. Barry, Presiding Officer

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

NO.	ITEM
1. C1	Complainant's Disclosure
2. R1	Respondent's 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.*