

**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:

***ELEEMOSYNARY DIRECTIONS INC.,
(as represented by Altus Group), COMPLAINANT***

and

The City Of Calgary, RESPONDENT

before:

***R. Glenn, PRESIDING OFFICER
A. Zindler, MEMBER
J. Joseph, 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 2012 Assessment Roll as follows:

ROLL NUMBER: 048042402
LOCATION ADDRESS: 2115 27Ave NE
FILE NUMBER: 66866
ASSESSMENT: \$1,820,000

This complaint was heard on Monday, the 27th day of August, 2012 at the offices of the Assessment Review Board located on Floor Number 4, at 1212 – 31 Avenue NE, in Calgary, Alberta, Boardroom 4.

Appeared on behalf of the Complainant:

- C. Van Staden and M. Robinson, Agents for Altus Group

Appeared on behalf of the Respondent:

- G. Bell and L. Cheng, Assessors for the City of Calgary

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

[1] There were no preliminary issues raised regarding jurisdiction or procedure by either of the parties when asked.

Property Description:

[2] The subject property is a 1980 vintage industrial warehouse comprising a total assessed building area of 50,265 SF, on a 2.14 acre parcel, located in the South Airways district in north east Calgary. Based on the building footprint, this building has 34% site coverage.

Issues:

- [3] [a] Whether the subject assessment is too high based on:
- [i] a previous sale of the subject property,
 - [ii] sales comparables, and,
 - [iii] the cost approach,
- [b] Whether the tax exempt portion of the subject property is correctly calculated.

Complainant's Requested Value:

[4] \$4,447,007 less \$3,122,858 exempt portion=\$1,320,000 (truncated)

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

The Complainant's Position:

[5] The subject building was purchased in November 2009 for \$4,150,000, and the new owners immediately spent approximately \$470,000 on capital improvements, including asphalt

repairs, roof and HVAC replacement.

[6] The Assessor has time adjusted the November 2009 sale price to \$3,994,606. Adding the capital improvements to the unadjusted sale price and then adjusting the total by the Respondent's time adjusted sale co-efficient, results in a market value of \$4,447,007 (\$88/SF).

[7] This value is supported by a direct comparison of sold properties adjusted by their net rents that results in a median value of \$82/SF. Normally the net rent figures already have the appropriate or relevant adjustments considered, in other words, the net rent reflects the market place.

[8] A reduction is further supported by the cost approach, which shows the Marshall & Swift cost of improvement to be \$2,154,994, plus land at \$800,000/acre, for a total value of \$3,866,944.

[9] The tax exemption has not been applied to the full exempt area on the property. Only 21,810 SF occupied by Aspen Family & Community Network Services is assessed as exempt, when the 2011 rent roll shows this tenant occupying 24,898 SF of the building. There is another tax exempt tenant (Springboard Centre) which occupies 10,400 SF.

[10] Removing the tax exempt portions from the adjusted sale price results in a taxable assessed value of \$1,320,000.

[11] The Complainant requested that their argument in this matter be applied to all of the subsequent matters heard in this series.

The Respondent's Position:

[12] The Respondent did not object to the Complainant's request regarding the argument here being applied to subsequent files.

[13] The Respondent asserts that two of the Complainant's sales comparables have time adjusted sale prices that support the assessment. The Respondent notes the Complainant then requests a reduced assessment based on net rents of these properties. The Respondent feels that this is not a valid basis for an adjustment.

[14] They go on to say that the Complainant has utilized this methodology on a multi-building sale. They say that a multi-building coefficient has been introduced based on previous CARB decisions. They further state that multi-building parcels are adjusted downward and are not true sales or equity comparables with single building parcels.

Board's Decision:

[15] It is appropriate that the sales approach to value be employed here. The Complainant argues that the time adjusted sale price of the subject is important. In addition, they say the amount of exempt area must be calculated properly, as the Respondent has not considered the actual area of exempt property.

[16] The Complainant is surprised that the Respondent has not included the subject property's sale in its comparables, as they say it is most relevant. The Respondent argues that one sale does not make a market.

[17] The Complainant counters that one sale does make a market when that sale is the subject property, with a proper time adjustment. The Board rejects the Respondent's argument regarding the multi-building co-efficient as applied to this situation.

[18] In the absence of an ARFI submitted by the Respondent, the Board accepts the breakdown between taxable and exempt space as detailed on the rent roll set out at page 22 of Exhibit C-1.

[19] The Board accepts the time adjusted subject sale and immediate CAPEX as the best indicator of value. The Board then considered the following: the subject assessment of \$4,447,007 divided by 50,265 SF equals \$88.47/SF. Applying that value to the actual amount of taxable space, a revised assessment of \$1,301,147 or, \$1,300,000 truncated is arrived at.

[20] The Board placed very little weight on the market rents argument arrived at through adjustments that was suggested. The Board simply does not accept this analysis

[18] Based on all of the foregoing, the Board finds that the subject assessment is higher than sales figures indicate it ought to be. Accordingly, the subject assessment is herewith reduced to the requested amount of \$1,320,000.

DATED AT THE CITY OF CALGARY THIS 28th DAY OF SEPTEMBER, 2012.



R. Glenn
Presiding Officer

APPENDIX "A"

DOCUMENTS PRESENTED AT THE HEARING AND CONSIDERED BY THE BOARD:

NO.	ITEM
1. C1	Complainant Disclosure
2. C2	Complainant Rebuttal Disclosure
3. 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.*

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<i>Decision No.1603-2012-P</i>		<i>Roll No.048042402</i>		
<u><i>Subject</i></u>	<u><i>Type</i></u>	<u><i>Issue</i></u>	<u><i>Detail</i></u>	<u><i>Issue</i></u>
CARB	Industrial Warehouse	Equity	Sale Approach	Market Value