

**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:

***Sun Life Assurance Company of Canada
(as represented by MNP LLP), COMPLAINANT***

and

The City of Calgary, RESPONDENT

before:

***L. Wood, PRESIDING OFFICER
K. Farn, MEMBER
R. Deschaine, 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:	048039200
LOCATION ADDRESS:	2015 32 AV NE
HEARING NUMBER:	65891
ASSESSMENT:	\$11,900,000

Appeared on behalf of the Complainant:

- Appeared on behalf of the Respondent:

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

Property Description:

[3] The subject property was assessed based on the Income Approach to value. It includes the following areas and assessed rates:

Sub Component	Area (sq. ft.)	Market Net Rental Rate
CRU 1,001 – 2,500 sq. ft.	5,041	\$11.00
CRU 14,001+ sq. ft.	16,700	\$ 9.00
CRU 2,501 – 6,000 sq. ft.	78,613	\$10.00
CRU 6,001 – 14,000 sq. ft.	11,212	\$ 8.00
Office	2,806	\$ 8.00
Storage Space	575	\$ 2.00

[4] The subject property should be assessed based on the Direct Sales Comparison Approach.

[5] The Complainant requested a revised assessment of \$8,620,000 or \$75.00 psf for the subject property.

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

[6] The Complainant submitted the subject property is a multi building light industrial warehouse site and should be assessed based on the Direct Sales Comparison Approach. He submitted two sales charts of both multi and single building industrial warehouses in support of his request of \$75.00 psf for the subject property (Exhibit C1 pages 27 & 28).

[7] The first sales chart has three sales comparables of multi building industrial warehouses: the assessable building areas ranged between 2,340 – 32,402 sq. ft.; built in 1965 – 1980; have a site coverage ratio of 31.83% - 46.70%; and finish of 0 - 35%. These properties were assessed with a quality rating from C- to C+. The land use designation is Industrial – General. The properties had sold in May 2011 – June 2011 for \$70.00 - \$97.00 psf. Based on these sales comparables, the Complainant derived an average of \$96.00 psf.

[8] On that same chart, the Complainant provided three sales comparables of single building industrial warehouses: the assessable building areas ranged between 49,703 – 82,982 sq. ft.; built in 1976 – 1998; have a site coverage ratio of 33.66% - 51.2%; and finish of 3% - 73%. These properties were assessed with a quality rating from B to C+. Two of the sales comparables have a land use designation of Industrial – General; the third is Industrial - Commercial. Based on these three sales comparables, the Complainant derived an average of \$94.00 psf, a median of \$99.00 psf.

[9] On the second sales chart, the Complainant submitted the sale of a multi building industrial warehouse site located at 3 Freeport WY NE. The two buildings have assessable building areas of 53,040 and 154,986 sq. ft.; and finish of 3% and 42%. Both were constructed in 2006 and have a site coverage ratio of 44.75%. The buildings were assessed with an A2 quality rating. The property had sold in August 2008. During the course of the hearing, it was noted that the Complainant reported data errors for that sale: he indicated the sale price was \$75.00 psf (as opposed to \$103.00 psf) and the 2012 assessment was \$62.00 psf (as opposed to \$105.00 psf).

[10] On that same chart, the Complainant submitted four single building industrial warehouses: the assessable building areas ranged between 96,804 – 301,930 sq. ft.; built in 1981 – 2000; have a site coverage ratio of 43.84% - 57.21%; and finish of 3% - 27%. The assessed quality ratings ranged from C+ to A-. These properties sold in May 2009 – March 2011 for \$79.00 - \$98.00 psf. The Complainant took the average of both the multi building industrial warehouse and the single building industrial warehouses and derived an average of \$89.00 psf and a median of \$86.00 psf.

[11] The Respondent argued that the Complainant's comparables have a different land use designation (Industrial - General) than the subject property (Industrial – Commercial). She indicated that the Industrial – General zoned properties fall further into the community and do not have the same exposure along a major thoroughfare as the subject property (Exhibit R1 pages 48 – 50). She submitted that the Board has already addressed the issue of whether this property should be classified as predominately a light industrial warehouse or a retail strip, and the Board found it is predominately a retail strip. She submitted CARB 1673/2011-P in support of her position (Exhibit R1 pages 109 – 112).

[12] The Respondent submitted the subject property was assessed based on the Income Approach to value. The Respondent provided the subject property's Assessment Request for

Information dated August 26, 2011 which illustrates rents are between \$8.00 - \$15.00 psf (Exhibit R1 pages 14 – 29). She also submitted the subject property's Rent Roll dated July 5, 2012 (Exhibit R1 pages 31 - 33). The Respondent argued that the rents generated in the subject property support the current assessed rates of \$8.00 - \$11.00 psf that were applied to the various CRU spaces within the subject property.

[13] The Respondent also submitted one equity comparable located at 1725 32 AV NE to support the current assessment for the subject property (Exhibit R1 pages 40 – 42). This property is similar to the subject property in terms of its use (retail strip shopping centre), location and land use designation. Unlike the subject property, it has a car wash which was assessed at \$35,000. Overall it had similar income parameters applied to its various CRU spaces as the subject property.

[14] In rebuttal the Complainant argued that half of the subject property does not have exposure to 32 Avenue NE, which is a further indication that it does not have a predominately retail use. Moreover the subject property is marketed as an industrial type property (Exhibit C2 pages 31 – 36). He also noted that the adjacent property located at 2135 32 AV NE was assessed based on the Direct Sales Comparison Approach (Exhibit C1 page 24). It has the same zoning as the subject property.

[15] The Complainant also argued that the leases from the subject property in which the Respondent is relying upon are well outside the July 2010 – July 2011 timeframe (Exhibit C2 pages 9 – 20). The Complainant noted that there was no leasing information provided for the equity comparable located at 1725 32 AV NE.

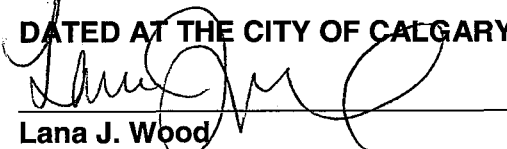
[16] It is not clear to the Board how the Complainant derived his request of \$75.00 psf based upon his market evidence. Moreover the Board finds the Complainant's sales comparables are not similar to the subject property in terms of zoning and traffic exposure and therefore placed little weight on them. The Board finds the subject property's leases are dated; however, the subject property's lease rates were the only market evidence that were put before the Board and the rents support the 2012 assessment for the subject property. The issue of whether this property is an industrial type warehouse as opposed to a retail strip was placed before the Board last year, and this panel did not have sufficient evidence to disturb that Board's finding that this is a predominately retail type property.

[17] The Board finds it troublesome that the Respondent applied a different methodology to assess an adjacent property, which is similar to the subject property, as it is open to argument. However the onus is on the Complainant to prove the assessment is incorrect, and in this instance, the Board finds the Complainant has failed to meet that onus.

Board's Decision:

[18] The decision of the Board is to confirm the 2012 assessment for the subject property at \$11,900,000.

DATED AT THE CITY OF CALGARY THIS 14th DAY OF November 2012.


Lana J. Wood
Presiding Officer

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

NO.	ITEM
1. C1	Complainant's Evidence
2. C2	Complainant's Rebuttal
3. R1	Respondent's Evidence

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.*

FOR ADMINISTRATIVE USE

Subject	Property Type	Property Sub -Type	Issue	Sub - Issue
CARB	Retail	Strip Plaza	Sales Approach; Income Approach	Land & Improvement Comparables