



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:

Enders Management Ltd.
(as represented by Assessment Advisory Group Inc.), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

J. Dawson, PRESIDING OFFICER
K. B. Bickford, BOARD MEMBER
T. Livermore, BOARD MEMBER

This is a complaint to the Composite Assessment Review Board [the Board] in respect of a property assessment prepared by the Assessor of The City of Calgary and entered in the 2014 Assessment Roll as follows:

ROLL NUMBER:	071044101
LOCATION ADDRESS:	316 Meridian Rd SE
FILE NUMBER:	76582
ASSESSMENT:	\$6,250,000

This complaint was heard on the 14th day of July, 2014 at the office of the Calgary Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 11.

Appeared on behalf of the Complainant:

- *S. Cobb* *Agent, Assessment Advisory Group Inc.*

Appeared on behalf of the Respondent:

- *C. MacMillan* *Assessor, The City of Calgary*

Present and did not appear on behalf of any party:

- *D. Wilson* *The City of Calgary*
- *F. Taciune* *The City of Calgary*

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

- [1] There are no preliminary, procedural, or jurisdictional issues.

Property Description:

[2] The subject property is an 121,786 square foot parcel with three assessable structures located in the community of Meridian in the northeast quadrant. The three structures are comprised of two office warehouses, totalling 31,146 square feet of area, built in 1966 with a 'B-' quality grading; and one 70 parking space parking structure built in 2009 with a 'B+' quality grading. The Income Approach to Value is used to derive the assessment.

Issues:

- [3] The first issue is with the assessed parking stall rate of \$1,080 or \$90 per month per stall.
- [4] The second issue is with the office warehouse rental rate of \$12 per square foot.

Complainant's Requested Value: \$5,370,000

Board's Decision:

- [5] The Board altered the assessment of the subject finding a value of \$5,810,000.

Position of the Parties**Complainant's Position:**

[6] The Complainant argued the parking rate information in the area of the subject is very hard to obtain and there appears to be no reason to increase it over the previous year when it was \$80 per month per stall or \$960.

[7] The Complainant asserted that the subject's office warehouse rental rate should be \$10 per square foot when equity is considered because comparable office warehouse properties are \$10 per square foot, and comparable office only properties are receiving a \$12 to \$14 per square foot assessment. Office warehouse space is a lower rental rate than office space alone.

[8] The Complainant provided the '2014 Property Assessment Notice' indicating a 15% increase over the previous year (C1 p. 2).

[9] The Complainant disclosed photographs, maps, the 'Property Assessment Detail Report', and the 'Non-Residential Properties – Income Approach Valuation' report for the subject property establishing the pertinent details of the subject property (C1 pp. 4-10).

[10] The Complainant reviewed information regarding comparable properties; a 'C' and a 'C+' office warehouse, and a 'C' and a 'B' suburban office. The suburban office buildings receive a substantial reduction for vacancy not provided to office warehouse. The vacancy rate for suburban office is 14% versus 1% for the subject property (C1 p. 12).

[11] The Complainant provided details of each comparable property, including; 'Property Assessment Summary Report', 'Non-Residential Properties – Income Approach Valuation' report, map and photograph (C1 pp. 14-34).

Respondent's Position:

[12] The Respondent disclosed the '2014 Property Assessment Notice', the 'Non-Residential Properties – Income Approach Valuation' report, the 'Property Assessment Summary Report', maps and photographs (R1 pp. 11-22).

[13] The Respondent provided the 'Property Assessment Summary Report' for each of the four comparable properties submitted by the Complainant to show the sub-property use is different for two of them and the quality grading is different for three making none of them comparable to the subject (R1 pp. 24-27).

[14] The Respondent reported on the rental rate analyses for suburban office warehouse. Three separate studies were conducted with the first study including leasing activity for 'A2' ('A') and 'A-' quality properties, the second study found no valid leasing activity for 'B' quality properties and the third study analysed leasing activity in 'C' and 'D' quality properties.

[15] The individual results of each study are included below:

2014 Suburban Office Warehouse Rental Analysis: A2 and A- Quality

Class (quality)	Address	Space Area (square feet)	Lease Commencement Date	Lease Term (years)	Lease Rate (per square foot)
'A2' ('A')	5735 7 ST NE	9,922	2012-NOV-01	5	\$17.00
'A-'	3220 118 AV SE	71,183	2012-OCT-01	5	\$13.40
'A-'	808 55 AV NE	8,880	2012-JUL-01	5	\$13.90
Mean					\$14.77
Median					\$13.90
Weighted Mean					\$13.85
Assessed Rate					\$13.00

2014 Suburban Office Warehouse Rental Analysis: B Quality

Assessed Rate	\$12.00
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2014 Suburban Office Warehouse Rental Analysis: C and D Quality

Class (quality)	Address	Space Area (square feet)	Lease Commencement Date	Lease Term (years)	Lease Rate (per square foot)
	7317 12 ST SE	8,801	2013-FEB-01	3	\$9.75
Mean					\$9.75
Median					\$9.75
Weighted Mean					\$9.75
Assessed Rate					\$10.00

[16] The Respondent argued that the subject fits within a hierarchy of values and is assessed correctly.

[17] The Respondent disclosed comparable equity properties to show that the assessment is correct, fair and equitable (R1 pp. 33-52).

[18] The Respondent referred the Board to two previous Board decisions; CARB 71081/2013-P on the subject property and CARB 0897-2012-P on a nearby similar property. Each decision confirmed the assessment based primarily on a lack of evidence from the Complainant (R1 pp. 59-71).

Board's Reasons for Decision:

[19] The Board found it difficult, with the evidence before it, to ascertain the difference between the various quality grading's assigned by the Respondent. Without evidence to the contrary, the Board accepted the subject property's office warehouse buildings are correctly graded as a 'B-' quality.

[20] The Board found no evidence to place a different value on the warehouse space versus the office space within the office warehouse stratification. The Complainant argued that there is a difference between a 90% office and 10% warehouse property versus a 37% office and 63% warehouse property such as the subject. Without evidence to quantify the variance, the Board must not make a change.

[21] The Board is uncertain how the Respondent arrived at a value for the 'B' graded properties without any evidence of leasing activity. According to the facts outlined in CARB 71081/2013-P at paragraphs 11 through 14; the Respondent provided two comparable properties and one lease at \$12 per square foot to assess an \$11 rental rate in 2013. Though not current the last known lease is at \$12; however, no evidence is provided to suggest lease rates have increased; therefore, the \$11 rate may still be a valid assessment value.

[22] The Board reviewed the study for 'A' and 'A-' properties and noted that the mean (\$14.77), median (\$13.90) and weighted mean (\$13.85) all suggest a value near \$14 per square foot; however, the Respondent lowered the assessed value to \$13 per square foot. The result is an 'A' and 'A-' property are assessed \$1 per square foot higher than a 'B+', 'B', and 'B-' property.

[23] The Board reviewed the study for 'C' and 'D' properties and noted that the mean, median, and weighted mean all arrive at \$9.75; however, the Respondent rounded up the result to an assessed value of \$10 per square foot. In this case the Respondent increased the result by 25 cents but in the 'A' and 'A-' study, with three times as much data, decreased the result by \$1.77, 90 cents and 85 cents showing a lack of consistency in analysing the data.

[24] The Board cannot adjust the results of the assessments not before the Board; therefore, to treat the subject property equitably the Board determined the 'C' and 'D' result, when analysed in the same manner as the 'A' and 'A-' result would arrive at a rental value of \$9 per square foot. Then to maintain a hierarchy of values that appears to be fair, the 'B' properties would fall in the middle of the two reports and arrive at the same value arrived at in 2013; \$11 per square foot.

[25] The Board found no evidence to adjust the assessment of the parking structure.

DATED AT THE CITY OF CALGARY THIS 11 DAY OF August 2014.



Jeffrey Dawson

Presiding Officer

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

NO.	ITEM
1. C1 – 35 pages	Complainant Disclosure
2. R1 – 87 pages	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.*

Municipal Government Board use only: Decision Identifier Codes				
Appeal Type	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	Warehouse	Warehouse Single Tenant	Income Approach	Net Market Rent