

**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:

**Concert Real Estate Corporation
(as represented by Altus Group Ltd.), COMPLAINANT**

and

The City Of Calgary, RESPONDENT

before:

**J. Krysa, PRESIDING OFFICER
B. Bickford, MEMBER
R. Kodak, MEMBER**

This is a complaint to the Calgary Assessment Review Board in respect of the property assessment prepared by the Assessor of The City of Calgary and entered in the 2012 Assessment Roll as follows:

ROLL NUMBER:	116021502
LOCATION ADDRESS:	4510 76 Ave SE
HEARING NUMBER:	68025
ASSESSMENT:	\$6,270,000

The complaint was heard on July 04, 2012, in Boardroom 3 at the office of the Assessment Review Board, located at 1212 – 31 Avenue NE, Calgary, Alberta.

Appeared on behalf of the Complainant:

- J. Smiley

Appeared on behalf of the Respondent:

- I. McDermott

[1] There were no procedural or jurisdictional matters raised by either party during the course of the hearing.

[2] The subject property is comprised of two, individually-titled parcels of land:

- Lot 1 is a 3.30 acre parcel of land, improved with a 45,337 sq.ft. (square foot) single-tenanted industrial warehouse constructed in 1980, and containing approximately 7% office finish (development) and 93% warehouse finish. Lot 1 is further improved with a 17,050 sq.ft. covered storage warehouse addition. The improvement site coverage (building : land) ratio is 30.9% based on the area of the warehouse structure alone, and 42.7% based on the combined area of both structures.
- Lot 2 is a vacant 3.36 acre parcel of land.

[3] The Complainant raised the following matters in section 4 of the complaint forms:

- [4] However, at the hearing the Complainant withdrew matter 4 and led evidence and argument only in relation to matter 3, an assessment amount. The Complainant set out 14 grounds for the complaint in section 5 of the complaint form with a requested assessment value of \$4,930,000; however, only the following issues were in dispute at the hearing:

Issue 1: The assessment is incorrect as a result of an improper consolidation of the parcels.

Issue 2: The assessment is inequitable in relation to the assessments of similar properties.

At the hearing the Complainant presented the following assessment revision:

Lot 1: \$3,797,460 + Lot 2: \$1,764,000 = \$5,561,460 Truncated to: \$5,560,000

Issue 1: The assessment is incorrect as a result of an improper consolidation of the parcels.

[5] The Complainant argued that the subject property is assessed incorrectly as one parcel of land 6.65 acres in total size, rather than two individual and distinct parcels, resulting in an incorrect site coverage calculation and an excessive estimate of market value. In support of the argument, the Complainant provided copies of the Land Title Certificates for each of Lot 1 and Lot 2 demonstrating that they are individually titled parcels.

[6] The Respondent argued that the improvement located on Lot 1 would not be able to function without Lot 2, and as a result the properties were consolidated for assessment purposes in 2006, and valued as one parcel. The Respondent further submitted that the collective assessment of the individual parcels would not be significantly different than the current assessment, as consolidated into one parcel.

[7] In support of the argument, the Respondent provided a projected assessment calculation of Lot 1 as an individual parcel, with a vacant land value attributed to Lot 2 to demonstrate that the collective assessments would be \$6,170,000, in contrast to the current assessment of \$6,270,000.

[8] In cross-examination, the Respondent conceded that there was no evidence that Lot 2 is required in order for the improvement on Lot 1 to function.

Decision: Issue 1

[9] The Board finds that the assessment is incorrect as a result of an improper consolidation of the parcels for assessment purposes.

The requirement to prepare an assessment for each property is set out in s. 285 of the Act:

285 Each municipality must prepare annually an assessment for each property in the municipality, except linear property and the property listed in section 298.

Property is defined at s. 284 of the Act:

284 (1)(r) “property” means

- (i) a parcel of land,
- (ii) an improvement, or
- (iii) a parcel of land and the improvements to it;

The definition of a parcel of land is set out in s. 1 of the Act:

1 (v) “parcel of land” means

- (i) where there has been a subdivision, any lot or block shown on a plan of subdivision that has been registered in a land titles office;
- (ii) where a building affixed to the land that would without special mention be transferred by a transfer of land has been erected on 2 or more lots or blocks shown on a plan of subdivision that has been registered in a land titles office, all those lots or blocks;
- (iii) a quarter section of land according to the system of surveys under the Surveys Act or any other area of land described on a certificate of title;

[10] In this instance, the undisputed evidence demonstrates that the improvement has not been erected on Lot 1 and Lot 2, but rather, is located exclusively on Lot 1. Although the Respondent argued that the individual assessment of Lot 1 and Lot 2 combined, would not be significantly different than the current assessment, the Board notes that the Respondent's projected total assessment of the two lots reflect a difference of \$100,000. Notwithstanding that argument, pursuant to the legislation the Respondent is required to assess Lot 1 and Lot 2 as individual properties, and accordingly, the Board's decision is to reduce the subject assessment by \$1,764,000; the market value of Lot 2, as agreed by both parties.

Issue 2: The assessment is inequitable in relation to the assessments of similar properties.

[11] The Complainant argued that the Respondent has failed to include the area of the warehouse addition in the site coverage ratio calculation, resulting in an excessive assessment rate per sq.ft. applied to the improvement by the assessment model. The Complainant submitted that the subject's site coverage ratio calculation should reflect not only the area of the warehouse structure (at 31.5% of Lot 1), but also the 17,050 sq.ft. area of the covered storage warehouse addition, indicating a resultant site coverage ratio of 43.4% of Lot 1.

[12] The Complainant provided the Board with the assessments of eight properties exhibiting site coverage ratios ranging from 38.00% to 70.33%, and displaying assessments ranging from \$74 to \$105 per sq.ft., and a median rate of \$83 per sq.ft. The Complainant also provided an analysis of five of the more comparable assessments, exhibiting site coverage ratios ranging from 38.00% to 48.33%, and displaying assessments ranging from \$74 to \$90 per sq.ft., and a median rate of \$79 per sq.ft., in contrast to the subject's assessment rate of \$138 per sq.ft.

[13] The Respondent argued that the subject's site coverage ratio calculation should not include the area of the covered storage warehouse addition. The Respondent submitted that the structure has been assessed as an "outbuilding" at a nominal rate of \$10 per sq.ft., exclusive of any underlying land value; and that the classification was changed at the request of the Complainant in respect of the 2010 Assessment Review Board hearing.

[14] In support of the assessment, the Respondent provided an analysis of seven comparable assessments, exhibiting site coverage ratios ranging from 29.15% to 32.35%, and displaying assessments ranging from \$90 to \$100 per sq.ft. and a median rate of \$95 per sq.ft., in contrast to the subject's projected assessment rate of \$93.48 per sq.ft. based on a typical 30% site coverage ratio.

Decision: Issue 2

The Board finds that there was insufficient evidence to demonstrate that the assessment is inequitable in relation to the assessments of similar properties.

The Board conditionally accepts the Complainant's argument that the area of the covered storage warehouse addition should be included in a site coverage ratio calculation, as the structure forms part of the principal improvement on the parcel which appears to be developed to its highest and best use. Further, the Board finds that the structure offers utility, appears to be well constructed with a post and beam roof assembly, and is affixed to the land with a subsurface foundation.

However, for valuation purposes within a direct sales comparison approach, the Board was not persuaded that the subject's site coverage ratio should include the area of the covered storage warehouse addition, as comparisons to other properties would only be valid if those properties also included a similar proportion of similar space.

The Board notes that where industrial sales may reflect a typical 30% site coverage ratio, each square foot of improvement includes 3.33 sq.ft. of land worth \$40 (*at 525,000 per acre, or \$12.05 per sq.ft.*). By including the covered storage warehouse addition in the subject's site coverage ratio calculation and not applying the sale rates (reflecting the value of improvements and land) to that 17,050 sq.ft. area, the Complainant fails to account for the value of the underlying land attributable to the area of the "outbuilding" in the comparison.

Consequently, the Board finds that the Respondent's methodology of excluding the area of "outbuildings" from the site coverage ratio calculation is reasonable, and is persuaded by the Respondent's equity comparables that demonstrate the subject is equitably assessed.

The assessment is **REVISED** from: \$6,270,000 to: **\$4,506,000.**

DATED AT THE CITY OF CALGARY THIS

17

DAY OF AUGUST, 2012.



J. Krysa
Presiding Officer

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

NO.	ITEM
1. C1	Complainant's Submission (54 pages)
2. R1	Respondent's Submission (80 pages)
3. C2	Complainant's Rebuttal Submission (14 pages)

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	Warehouse	Single Tenant	Sales Approach	Equity; 1(1)(v),