

**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:

**Cheema Eddj Incorporated
(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:	118003359
LOCATION ADDRESS:	6410 90 Ave SE
HEARING NUMBER:	68156
ASSESSMENT:	\$3,290,000

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

Board's Decision in Respect of Procedural or Jurisdictional Matters

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

Property Description

[2] The subject property is assessed as a partially serviced 4.87 acre parcel of land, improved with a 16,800 sq.ft. (square foot) owner occupied industrial warehouse constructed in 1995, and a 2,400 sq.ft. outbuilding structure. The assessed improvements reflect a site coverage (building : land) ratio of 7.91%, based on the building footprint of the primary structure.

Issues

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

- | | |
|------------------|------------------------|
| 3. an assessment | 4. an assessment class |
|------------------|------------------------|

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 15 grounds for the complaint in section 5 of the complaint form with a requested assessment value of \$2,850,000; however, only the following issues were in dispute at the hearing:

Issue 1: The assessment of the subject property exceeds its indicated market value by the direct sales comparison approach and the cost approach to value.

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

Complainant's Requested Assessment

[4] The Complainant requested an assessment of \$2,500,000; revised during the course of the hearing to \$2,860,000.

Board's Decision in Respect of the Issues:

Issue 1: The assessment of the subject property exceeds its indicated market value.

[5] The Complainant provided a summary of sales data for five industrial warehouse properties located in the southeast quadrant of the municipality, plus sale data related to the subject property to demonstrate a median time adjusted sale price equating to \$164 per sq.ft., from which the Complainant established the following estimate of market value for the subject property:

Primary Improvement:	16,800 sq.ft. x \$164 per sq.ft.	=	\$2,755,200
Outbuilding	2,400 sq.ft. x \$ 10 per sq.ft.	=	<u>\$ 24,000</u>
Subtotal			\$2,779,200
Adjustment: -10% (Partial Services):			
Suggested Assessment:			\$2,505,208

[6] The Complainant further referred the Board to the \$3,500,000 sale of the subject property in January 2008, equating to a sale price of \$208 per sq.ft.; time adjusted to \$154 per sq.ft. to establish the following estimate of market value for the subject property:

$$16,800 \text{ sq.ft.} \times \$154 \text{ per sq.ft.} = \$2,587,200$$

[7] The Complainant submitted that this methodology would accurately reflect all attributes of the property, including site coverage, outbuilding value and the subject's partial services. In cross examination, the Complainant could not explain the time adjustment and conceded that a correct time adjusted rate would be \$170.56 per sq.ft., resulting in a revised indication of market value and the revised requested assessment for the subject property as follows:

$$16,800 \text{ sq.ft.} \times \$170.56 \text{ per sq.ft.} = \$2,865,408$$

[8] The Complainant also provided a cost approach estimate of value for the subject property as follows:

Land Value: (4.87 ac. x \$525,000 /ac.) Less 25% (Partial Services)	\$1,917,563
Improvements: (Depreciated Replacement Cost)	<u>\$ 743,951</u>
Indicated Market Value:	\$2,661,514

[9] The Respondent submitted that the assessment has been prepared as follows:

Structure	Total Net Rentable Area (Sq.Ft.)	"Typical" Site Coverage Ratio	Assessed Rate	Land Adjustment	Indicated Market Value
Warehouse	16,800	30.00%	\$125.96	\$1,517,590	\$3,633,687
Outbuilding	2,400		\$10.00		<u>\$24,000</u>
					\$3,657,687
		-10% Adjustment: Partial Servicing			<u>(365,769)</u>
Total Assessment Value:			\$195.95		\$3,291,918

[10] In support of the subject's predicted warehouse value of \$125.96 per sq.ft., the Respondent provided a summary of sales data of six, southeast industrial warehouse properties, (two common to the Complainant's evidence), exhibiting site coverage ratios ranging from 20.9% to 33.8%, and a median ratio of 25.4% in contrast to the subject's assumed "typical" site coverage ratio of 30%. The sales demonstrate a range of time adjusted sale prices from \$2,273,945 to \$3,654,549, equating to a unit value range from \$144.83 to \$215.75 per sq.ft.

[11] In support of the total effective assessed rate of \$195.95 per sq.ft., the Respondent provided a summary of sales data of five, southeast industrial warehouse properties, (one common to the Complainant's evidence), exhibiting site coverage ratios ranging from 10.4% to 26.9% in contrast to the subject's actual site coverage ratio of 7.9%. The sales demonstrate a range of time adjusted sale prices from \$3,122,516 to \$3,734,996, equating to a unit value range from \$179.71 to 216.41 per sq.ft.,

Decision: Issue 1

[12] The Board finds that there was insufficient relevant evidence to demonstrate that the assessment of the subject property exceeds its indicated market value.

[13] The Board does not find the Complainant's comparable sales evidence to be compelling, as the summary data was incomplete in respect of building type, parcel size and site coverage ratio relating to two of the five sales, and the remaining three sales exhibited assessed footprint site coverage ratios ranging from 13% to 34%, in contrast to the subject's indicated footprint site coverage ratio of 7.9%. Although the Complainant argued that the consistent rates per sq.ft. were evidence that no adjustment for the subject's 4.87 acre parcel size was warranted, the Board disagrees. The Board notes that the subject's parcel size is 1.76 acres larger than the largest parcel included in the Complainant's sample (3.11 acres), and over 4 acres larger than the smallest parcel included in the Complainant's sample (0.82 acres).

[14] Further, the Complainant's position that the subject's partial servicing resulted in its lower sale price per sq.ft. was refuted by the Complainant's own revised time adjusted sale price, which indicates that the subject did not sell at a lower rate than the fully serviced properties in the summary.

[15] Although the Respondent did not challenge the Complainant's cost approach valuation, the Board does not find the estimate to be compelling evidence of the subject's market value as there was no market evidence provided in support of the 25% discount applied to the base land value, and no explanation of why a 10% discount was deemed appropriate in the Complainant's direct sales comparison approach valuation. The Board notes that without the 25% discount, the Complainant's cost approach valuation is supportive of the current assessment.

Land Value: (4.87 ac. x \$525,000 /ac.)	\$2,556,750
Improvements: (Depreciated Replacement Cost)	<u>\$ 743,951</u>
Indicated Market Value:	\$3,300,701

[16] The Board notes the apparent discrepancy in the subject's improvement areas set out in the subject's sales transaction summaries at pages 20 to 23 of exhibit C1, compared to the evidence from both parties; however, as neither party addressed this issue, the Board does not make a finding in this regard.

[17] The Board considered the subject's 2008 sale price at \$3,500,000 to be supportive of the July 1, 2011 valuation date estimate of value of \$3,290,000. However, the Board is most persuaded by the Respondent's comparable sales evidence that exhibits a range of time adjusted sale prices from \$3,122,516 to \$3,734,996, in contrast to the subject property assessment of \$3,290,000. Although the improvements are approximately the same size as the subject, the subject property's 4.87 acre parcel size is significantly superior to the parcel sizes of all of the sales.

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

[18] In support of the argument that the subject property is inequitable in relation to the assessments of similar properties, the Complainant provided a summary of the physical attributes and 2012 assessments of three single-tenanted industrial properties, as set out below:

SE Address	Total Net Rentable Area	Land Area (Acres)	Site Coverage Ratio	Year Built	Finish %	2012 Assessment	Assessment per Sq.Ft.
9716 40 St	17,280	4.00	9.92%	1993	32%	\$3,180,000	\$ 184
9515 44 St	18,630	4.40	8.96%	1995	17%	\$3,350,000	\$ 180
7540 114 Av	17,600	4.05	4.05%	1998	20%	\$2,140,000	\$ 122
Subject	16,800	4.87	7.92%	1995	29%	\$3,290,000	\$ 196

[19] The Complainant submitted that the two properties assessed at \$180 and \$184 per sq.ft. are fully serviced properties, whereas the property assessed at \$122 per sq.ft. is not serviced.

[20] The Respondent failed to provide any equity evidence in support of the subject's assessment, or to refute the Complainant's evidence.

Decision: Issue 2

[21] The Board finds that there is insufficient evidence to demonstrate that the assessment of the subject property is inequitable in relation to the assessments of similar properties.

[22] The Complainant's equity comparables, assessed at \$180 and \$184 per sq.ft. do not demonstrate an assessment inequity. The two comparables exhibit parcel sizes approximately 10% and 18% smaller than the subject property, which would reflect a lower property value than the subject property. Moreover, the improvements of the two comparables are also slightly larger than the subject improvement, which would further reflect a lower rate per sq.ft. than the subject property.

[24] The Complainant's equity comparable assessed at \$122 per sq.ft. also does not demonstrate an inequity, as the Complainant conceded that this property does not have access to any services in contrast to the partially serviced subject property. Further, the indicated site coverage ratio of 4.05% is not reflective of the improvement and parcel sizes set out. Notwithstanding this discrepancy, the Board finds that the majority of the Complainant's equity comparables demonstrate that the assessment is equitable in relation to similar properties.

The assessment is **CONFIRMED** at: **\$3,290,000.**

DATED AT THE CITY OF CALGARY THIS 20 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 (36 pages)
2. R1	Respondent's Submission (72 pages)
3. C2	Complainant's Rebuttal Submission (34 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	Market Value; Equity