

**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:

Petwin Fairview Corp. (as represented by Linnell Taylor & Associates), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

***K. D. Kelly, PRESIDING OFFICER
K. Coolidge, MEMBER
P. Pask, 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:	200387538
LOCATION ADDRESS:	7705 Flint RD SE
HEARING NUMBER:	65368
ASSESSMENT:	\$4,890,000

This complaint was heard on 26th day of June, 2012 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 6.

Appeared on behalf of the Complainant:

- *Mr. D. Sheridan - Linnell Taylor & Associates*

Appeared on behalf of the Respondent:

- *Mr. G. Bell - Assessor – City of Calgary*

REGARDING BREVITY:

[1] The Composite Assessment Review Board (CARB) reviewed all the evidence submitted by both parties. The extensive nature of the submissions dictated that in some instances certain evidence was found to be more relevant than others. The CARB will restrict its comments to the items it found to be most relevant.

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

[2] None.

Property Description:

[3] The subject is a single-tenant (IWS) industrial warehouse property in the Fairview industrial area of southeast Calgary. It is improved with a 47,578 square foot (SF) 1978 era two-bay warehouse building used by small business. The 3.52 acre property has an aggregate of 16% office/retail finish; 31.02% site coverage; and is assessed at \$102.81 per SF of assessable area, for an indicated value of \$4,890,000.

[4] **Issues:**

1. The assessment is incorrect because the subject is improperly classified as a single-tenant building.
2. The subject suffers in the market due to an inferior location with difficult access.

[5] **Complainant's Requested Value:** \$3,710,000

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

Issue #1

Complainant position:

[6] The Complainant clarified that he did not disagree with any of the City's assessment parameters for the subject, except for the classification. He argued that because the subject is demised into two bays, it should be classified as a multi-bay (IWM) warehouse and not a single-tenant (IWS) building. He argued that single-bay warehouses tend to sell for more in the

marketplace than multi-bay warehouses, and therefore the indicated value of the subject is unnecessarily inflated because of this error. He clarified that his presentation and arguments would focus on this issue.

[7] The Complainant provided a matrix of two market sales – one, an IWS property at 7475 Flint RD SE in the Fairview industrial area; and, an IWM property at 4020 – 9 ST SE in Highfield industrial area. The first site sold in June of 2011 and the second site sold in March of 2011. The Complainant argued that because these two sales were within 4 months of July 1, 2011 – the effective date, no time adjustment to the selling prices were required.

[8] The Complainant argued that notwithstanding that one of his comparables is an IWS site and the other an IWM site, the individual characteristics of each of his two comparables closely match those of the subject. He noted that the selling prices for both sites at \$81 and \$80 per SF respectively, produced a weighted mean of \$80.50 per SF. Based on this data the Complainant argued that the subject should be assessed at \$80 per SF, resulting in an assessed value for the 47,578 SF improvement of \$3,800,000.

[9] The Complainant produced two matrices containing limited data from selected market sales of purported 43 Multi-tenant (IWM) and 87 Single-tenant (IWS) warehouses. The sales were said to be part of a total 130 Calgary sales that had occurred over a 30 month period from January 2009 to June 30, 2011. The properties were predominantly located in the NE and SE quadrants of the city and ranged in size from 1,500 SF to 179,000 SF.

[10] Based on analysis of this data the Complainant concluded that IWM properties tended to sell for \$109.92 per SF and IWS properties tended to sell for 119.24 per SF, a difference of 7.82%. Therefore he applied a negative 7.82% adjustment to his comparable #1 to compensate for it being an IWS structure.

[11] He argued that the City's classification of a warehouse is therefore critical to establishing an appropriate assessable value for it under Mass Appraisal.

[12] The Complainant provided two additional matrices – one containing seven market sales of properties ranging in size from approximately 80,000 to 100,000 SF, and a second matrix containing ten sales of properties ranging in size from approximately 40,000 to 60,000 SF. The Complainant concluded from analysis that a 9.57% value difference existed between the two property size categories of \$101.81 and \$92.07 respectively. Therefore he opted to apply a negative 9.57% to his larger (83,255 SF) comparable #2 to align it with the subject (47,578 SF).

[13] The Complainant concluded that he did not have to make any further adjustments to his two market sale comparables, adjustments such as site coverage; per cent of office/warehouse finish; or clear wall height, arguing that these characteristics closely matched those of the subject. Therefore, based on his adjusted calculations he concluded that a market-based assessment of \$3,710,000 derived from 47,578 SF at \$78 per SF, is appropriate for the subject.

Respondent position:

[14] The Respondent argued that the subject is correctly classified as a single-tenant warehouse and has been assessed as such. The City's Policy is that where one or two tenants occupy a warehouse it is, and has consistently been over many years, identified as a single-tenant warehouse. Therefore the Complainant is incorrect in his assumption that the subject –

as a two-tenant structure, is a multi-tenanted building. He further argued therefore, that under Mass Appraisal, the basic premise of the Complainant in this appeal is fundamentally flawed.

[15] The Respondent argued that the Complainant's market sale matrices, which he used to derive certain value adjustments to his two market sale comparables, are unreliable. He noted that critical information such as type of building (ie IWS or IWM); date of sale; site coverage; size of structure; per cent of office finish; age of structure; market zone; parcel size; etc, is missing from the Complainant's data list such that they could not be compared to each other or to the subject. He indicated that the Complainant's data is merely an array of market sales from a point in time, and hence no weight should be placed upon his analytical conclusions developed from them.

[16] The Respondent provided extensive individual property characteristics for five time-adjusted market sales and compared them to the subject. He argued that these market sales more closely align with the subject and support its assessment. In particular he noted similarities of parcel size, site coverage, date of sale; and time-adjusted selling price per square foot. He also argued that the Complainant's market sales are not comparable to each other or to the subject since they are not time-adjusted and are larger in building area and site coverage.

[17] The Respondent provided three property assessment equity comparables – all IWS warehouses which he argued are similar to the subject and support the assessed value. He noted that properties with a higher level of finish generally tend to be higher in value in the market. He referenced his equity comparable #1 at 5909 6 ST SE which displayed 56% office finish and was assessed at \$113 per SF.

Board's Findings - Issue #1

[18] The Board finds that the subject is a single-tenant (IWS) property as defined by City of Calgary assessment Policy, and further, that this definition has consistently been used in the Mass Appraisal process over many years by the Respondent's Department.

[19] The Board finds that the Respondent is correct in his criticism of the Complainant's methodology and analysis of thirty months of selected (130) market sales used to identify his preferred "adjustments". There is a distinct lack of supporting data for each of the market sales used, and thus the "adjustments" the Complainant derives therefrom, and uses to test his two market sale comparables, are subjective and unreliable.

[20] The Board finds that the Complainant's methodology, which is not industry-accepted, also renders the Complainant's adjusted market value conclusions unreliable.

[21] The Board finds that unlike the Respondent who time-adjusted all of his market comparables, the Complainant declined to time-adjust one of his two market comparables which sold in March of 2011. This also casts doubt on the comparability of each of them to each other and to the subject.

[22] The Board finds that the Respondent's market sales and equity comparables are sufficiently detailed such that they can readily be compared to each other and to the subject. Accordingly the Respondent's market and equity data supports the assessment whereas the Complainant's does not.

Issue #2

[23] The Complainant briefly argued that the subject suffers in value in the marketplace due to its location adjacent to the south LRT tracks, the topography of the area, and its limited and awkward access. He provided several maps and photographs to support his arguments.

[24] The Respondent argued that the Complainant failed to provide any market or satisfactory photographic or other evidence to definitively identify and support his positions in this issue.

Board's Findings - Issue #2


[25] The Board finds that the Complainant provided insufficient market evidence to demonstrate that the subject's location adjacent to the LRT tracks affects its value in the market.

[26] The Board finds that the Complainant's generalized photographic evidence did not clearly show the alleged physical limitations of the site, including topography and access, such that the Board could make an informed decision regarding this issue. Neither did the Complainant provide any market evidence to compare the subject with other sites which might not suffer such alleged limitations.

Board's Decision:

[27] The assessment is confirmed at \$4,890,000.

DATED AT THE CITY OF CALGARY THIS 18th DAY OF July 2012.


K. D. Kelly
Presiding Officer

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

NO.	ITEM
1. C-1	Complainant Disclosure
2. C-2	Complainant Disclosure – Rebuttal
3. R-1	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.*