

**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:

***MOORE'S INDUSTRIAL SERVICE LTD., COMPLAINANT
(Represented by Colliers International Realty Advisors Inc.)***

and

The City Of Calgary, RESPONDENT

before:

***Board Chair P. COLGATE
Board Member P. PASK
Board Member D. STEELE***

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: 201464849`
LOCATION ADDRESS: 1825 30 AVENUE NE
FILE NUMBER: 66048
ASSESSMENT: \$7,400,000.00

This complaint was heard on 25 day of July, 2012 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 8.

Appeared on behalf of the Complainant:

- Troy Howell, Colliers International Realty Advisors Inc. – Representing Moore's Industrial Service Ltd.

Appeared on behalf of the Respondent:

- Magan Lau – Representing the City of Calgary
- Blair Brocklebank – Representing the City of Calgary

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

[1] The Board derives its authority to make this decision under Part 11 of the Municipal Government Act (the "Act").

[2] The parties had no objections to the panel representing the Board as constituted to hear the matter. No jurisdictional or procedural matters were raised at the outset of the hearing, and the Board proceeded to hear the merits of the complaint.

Property Description:

[3] The subject property contains two industrial warehouses of 2 or less units located at 1825 30 Ave NE in the South Airways Industrial area. The structure, situated on a 3.91 acre parcel, have a combined total assessable building area of 82,656 square feet. Building #1 was built in 1981 with an assessable area of 53,580 square feet. Building #2 was built in 1995 with an assessable area of 29,076 square feet. The site coverage is 43.79%. The subject property has been valued, based upon the Direct Comparison Approach, for \$7,407,565.00 or \$89.62 per square foot, overall average.

Complainant's Requested Value: \$ 5,790,000.00

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

[4] In the interest of brevity the Board will restrict its comments to those items the Board found relevant to the matters at hand. Furthermore, the Board's findings and decision reflect on the evidence presented and examined by the parties before the Board at the time of the hearing.

[5] Both the Complainant and the Respondent submitted background material in the form of aerial photographs, ground level photographs, site maps and City of Calgary Assessment Summary Reports and Sales Comparison Approach Valuation reports.

ISSUE:

Has the subject property been over assessed as a result of an incorrect rate per square foot?

Complainant's Evidence:

[6] The Complainant submitted sales of three warehouse properties in the northeast quadrant of the City of Calgary – 1939 Centre Ave SE, 2835 23 Street NE and 1616 Meridian Road NE. (C1, Pg. 24) The Board reviewed the information below:

Address	Community	Sold Date	YOC	Building Type	Building Area (SQ. FT.)	Land Size (Acres)	Site Coverage (%)	Assessed Value (\$)	Square Foot Rate (\$/Sq. Ft.)
Subject									
1825 30 Ave NE (Bldg #1)	South Airways		1981	IW S	53,580	3.91	43.79	4,283,659	79.95
1825 30 Ave NE (Bldg #2)	South Airways		1995	IW S	29,076	3.91	43.79	3,123,906	107.44
Comparables								Sale Price	
1939 Centre Ave. SE (3 Bldgs)	Mayland Industrial	4/7/2011	1970	IW S	88,608	8.70	21.0	5,700,000	64.00
2835 23 St. NE (2 Bldgs)	South Airways	6/15/2011	1978	IW M	64,356	3.06	48.0	4,000,000	70.00
1616 Meridian Road NE (2 Bldgs)	Meridian Park	1/15/2010	1967 and 1998	IW M	82,225	5.08	33.0	4,800,000	58.00

IW S – Industrial Warehouse 2 or less units

IW M – Industrial Warehouse 3 or more units

[7] The Complainant provided supporting documentation from RealNet for the three sales presented. (C1, Pg. 17-22)

[8] The Complainant stated the requested assessment (shown below) was based on the rate of \$70.00 per square foot, established by the sale for the property at 2835 23 Street NE. The Complainant states it was the most comparable property to the subject being located in South Airways Industrial area. The calculation is shown below:

Address	Community	Sold Date	YOC	Building Type	Building Area (SQ. FT.)	Land Size (Acres)	Site Coverage (%)	Suggested Assessed Value (\$)	Square Foot Rate (\$/Sq. Ft.)
Subject									
1825 30 Ave NE)	South Airways		1981/1995	IW S	82,656	3.91	43.79	5,785,920	70.00

Respondent's Evidence

[9] Out of a stated inventory of approximately 170 sales, the Respondent presented two 2012 Industrial Sales charts due to the difference in sizes of the individual buildings. (R1, Pg. 17 and 21) For each of the subject buildings the Respondent presented comparables – for Building #1 two comparables were submitted and for Building #2 three comparables were submitted. The Board reviewed the information below for Building #1:

Address	NRZ	Sold Date	YOC	Building Type	Building Area (SQ. FT.)	Finish (%)	Land Size (Acres)	Site Coverage (%)	Assessed Value (\$)		Square Foot Rate (\$/Sq. Ft.)
Subject											
1825 30 Ave NE	SA3		1981	IW S	53,580	11.0	3.91	43.79	4,283,659		79.95
Comparables									Sale Price (\$)	Time Adjusted Sale Price (\$)	TASP/ SQ. FT
1715 27 Ave NE	SA3	05/09/2008	1981	IW M	45,709	53.0	1.73	45.17	5,450,000	4,575,533	100.10
700 33 St NE	FR1	30/10/2009	1976	IW M	59,573	3.0	3.56	38.89	6,000,000	5,775,334	96.95

The Board reviewed the information below for Building #2:

Address	NRZ	Sold Date	YOC	Building Type	Building Area (SQ. FT.)	Finish (%)	Land Size (Acres)	Site Coverage (%)	Assessed Value (\$)		Square Foot Rate (\$/Sq. Ft.)
Subject											
1825 30 Ave NE	SA3		1995	IW S	29,076	18.0	3.91	43.79	3,123,906		107.44
Comparables									Sale Price (\$)	Time Adjusted Sale Price (\$)	TASP/ SQ. FT
7211 8 St NE	DF2	16/12/2009	1983	IW S	24,880	34.0	1.08	45.41	3,225,000	3,104,242	124.77
1145 65 Ave NE	DF2	30/9/2008	1998	IW S	27,785	14.0	1.38	46.34	3,700,000	3,106,325	111.80
3640 11a St NE	MC2	18/2/2010	1993	IS S	28,358	7.0	2.07	31.40	3,400,000	3,272,689	115.41

IW S – Industrial Warehouse 2 or less units

IW M – Industrial Warehouse 3 or more units

[10] The Respondent explained to the Board that when there are multiple buildings on a site each building is assessed separately to derive a market value for the individual structures. The individual assessments are then combined to derive a total assessment for the site. In the calculation of the assessment for parcels with multiple buildings there is a negative adjustment within the model, reducing the effective rate per square foot. The Respondent submitted supporting documentation in its evidence package through CARB decisions and a 2012 Multiple Building Coefficient report. (R1, Pg. 27-43)

[11] The Respondent further states as the subject property had structures of significantly different sizes and ages it was necessary to analyze them separately in order to provide comparable properties for each of the subject buildings.

[12] The Respondent noted the comparables submitted were properties with single buildings. With the adjustment in the model for multiple buildings, the Respondent stated the comparables would have a higher sale price per square foot rate than the subject building rates. The Respondent was unable to provide the Board with the actual amount of the adjustment as it was a coefficient within the model.

[13] It was the Respondent's opinion the comparables provided indicated the time adjusted sale price per square foot was higher than the subject buildings. When the negative adjustment for multiple buildings was factored into the calculation the rates for the comparables supported the rate applied to the subject property

Findings of the Board

[14] The Board noted the Respondent showed the photographs submitted by the Complainant were not for the subject property. Accordingly no consideration is given to the Complainant's photographs.

[15] The Board did not accept the position put forward by the Complainant that no recognition should be made for the differences in the age of buildings. The Complainant stated when different age buildings are situated on a site, calculating the assessed value of a property does not need to consider the year of construction. This opinion was not supported by market evidence and is in the opinion of the Board contrary to market place activity. When all structures are of the same year of construction, then age is not a factor when determining a value for each structure. However, when structures differ in age, by 14 years in the case before the Board, then a knowledgeable buyer will take this factor into consideration as the life expectancy of the older building is reduced.

[16] The Board therefore did not accept the Complainant's application of a single rate when applied to buildings of different ages. The Complainant should have made an adjustment in its calculations to recognize this variable.

[17] The Board found the Respondent's comparables more compelling as they recognized the difference in year of construction and size of the individual buildings. The Board recognizes the comparables have a higher rate per square foot and takes into consideration the adjustment for the multiple building allowances.

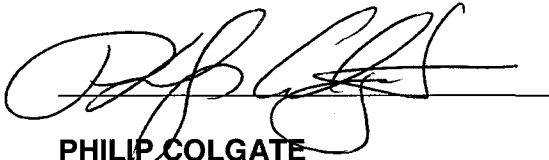
Decision of the Board

[18] On review and consideration of all the evidence before it in this matter, the Board found the Complainant's evidence was not sufficient to convince the Board the subject assessment

was in error.

[19] The Board confirms the assessment at \$7,400,000.00.

DATED AT THE CITY OF CALGARY THIS 28 DAY OF AUGUST 2012.

A handwritten signature in black ink, appearing to read 'P. Colgate', is written over a horizontal line.

PHILIP COLGATE
Presiding Officer

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

NO.	ITEM
1. C1	Complainant Disclosure
2. R2	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.*