

**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:

378019 Alberta Ltd., COMPLAINANT

and

The City of Calgary, RESPONDENT

before:

L. Wood, PRESIDING OFFICER

R. Roy, MEMBER

G. Milne, 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:	091097907
LOCATION ADDRESS:	18 HIGHFIELD CI SE
HEARING NUMBER:	65704
ASSESSMENT:	\$2,540,000

Appeared on behalf of the Complainant:

- Mr. K. King President, 378019 Alberta Ltd.

- Mr. J. Greer Assessor, City of Calgary

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

[2] The subject property is comprised of two single tenant warehouses located in Highfield Circle. The first warehouse was built in 2001 and has an assessable building area of 6,300 sq. ft. and 37% finish. The second was built in 2011 and has an assessable building area of 5,625 sq. ft. and 0% finish. The warehouses are situated on 0.90 acres of land and have a site coverage ratio of 28.63%. The land use designation is I-G, Industrial General. There is limited access to this site as there is a 40 foot escarpment at the back of the property.

[3] The issues were identified as follows:

- (a) The 2012 assessment does not take into consideration the Assessment Review Board's decision on the Supplementary Assessment.
- (b) The assessed value is 47% – 65% higher in comparison to neighbouring properties with similar age and use.

[4] The Complainant requested the subject property's assessment be reduced to either \$2,288,000 or \$1,800,000.

(a) The 2012 assessment does not take into consideration the Assessment Review Board's decision on the Supplementary Assessment.

- [5] The Complainant submitted the 2012 assessment for the subject property does not

reflect the recent CARB 2887-2011-P decision on the Supplementary Assessment for the second warehouse completed in 2011 (Exhibit C1 pages 11 – 15). He noted that decision was issued on March 16, 2012, and the 2012 Annual Property Assessment Notices were issued in early January 2012. In that decision, the Board accepted the Complainant's construction costs to value the second warehouse on that site, which was completed in June 2011, and reduced the Supplementary Assessment from \$1,080,000 to \$648,000 based on the Cost Approach. The Complainant submitted that the construction costs should be carried forward to the subject property's 2012 assessment, given the short time frame. This would revise the overall assessment to \$2,288,000 (Exhibit C1 pages 2 & 3).

[6] The Respondent submitted the legislation requires assessments to be based on market value which is defined in section 1(1)(n) of the MGA as "*the amount that a property, as defined in section 384(1)(r), might be expected to realize if it is sold on the open market by a willing seller to a willing buyer*". In this instance, the second warehouse was constructed by the Complainant to accommodate his son's business. The Respondent argued that if the assessment is based on the construction costs by the owner, this may not reflect market value as it ignores the developer's profit which would be taken into consideration if this property was sold on the open market (Exhibit R1 page 3). He also argued that these are typical buildings located on a typical site and therefore the Direct Sales Comparison Approach is the preferred valuation method as opposed to the Cost Approach which is used to value properties that generally do not sell often (for example, a cold storage unit).

[7] In rebuttal, the Complainant argued that, given the subject property's poor access, a potential buyer would not purchase this property at its current assessed value. Moreover it is unreasonable to expect that one could make a huge profit (estimated at \$597,944) on the second warehouse as the Respondent would suggest in less than one year of its construction (Exhibit C2 page 1).

[8] The Board placed little weight on the Complainant's argument that the Cost Approach, incorporating the construction costs for the second warehouse, should to be carried forward to future assessments. While the 2011 Supplementary Assessment for the second warehouse may have been reduced based upon its construction costs, the Board finds it is reasonable to expect that a single valuation method would be applied to capture the value of both warehouses on this site for 2012.

(b) The assessed value is 47% – 65% higher in comparison to neighbouring properties with similar age and use.

[9] The Complainant submitted five equity comparables of similar industrial warehouses in Highfield Circle to support his request. The assessable building areas are 17,944 – 65,520 sq. ft.; built in 1998 – 2002; have land areas of 66,846 – 154,898 sq. ft.; and a site coverage ratio of 18.5% – 51%. The assessed values are \$108.67 - \$158.83 psf; an average of \$128.58 and a median of \$147.41 psf. The Complainant submitted his warehouses were assessed at \$206 and \$221 psf which is significantly higher (47% - 65%) than these neighbouring properties. He argued the subject property is an outlier. There is no premium to have a small warehouse to supplement the activity of the main office. The second warehouse is a small metal shell (not able to accommodate forklifts) which does not support an assessed rate of \$220 psf. The Complainant requested that his assessment be reduced to the median of \$150.00 psf for both warehouses or an overall assessment of \$1,800,000.

[10] The Respondent submitted the subject properties are warehouses used for an auto-body, storage and restoration. He noted the second warehouse has heat and insulation, and the older warehouse has some office on the second level and an office showroom on the first floor.

[11] The Respondent submitted five single building warehouse sales to illustrate that smaller properties sell for higher rates on a per square foot basis than larger properties (Exhibit R1 page 14). The assessable building areas are 4,840 – 9,500 sq. ft.; built in 1957 – 1995; have parcel sizes of 0.15 – 0.79 acres; finish of 22% - 55%; and a site coverage ratio of 22.24% - 76.96%. These properties sold in September 2008 – December 2010 for a time adjusted sale price of \$117.10 - \$220.37 psf, a median of \$201.12 psf.

[12] The Respondent also provided three sales comparables of multi building warehouse sites in support of the subject property's assessment (Exhibit R1 page 13). The assessable building areas are 3,720 – 12,000 sq. ft.; built in 1961 – 1976; have parcel sizes of 0.94 – 1.10 acres; finish of 0% - 59%; and a site coverage ratio of 19.16% - 47.51%. These properties sold in March 2011 for a time adjusted sale price of \$120 - \$172 psf.

[13] The Respondent submitted seven equity comparables of single building warehouse comparables in Highfield to support the subject property's assessed rates (Exhibit R1 page 17). The equity comparables have an assessable building area of 5,000 – 7,630 sq. ft.; built in 1961 – 2004; have parcel sizes of 0.43 – 1.69 acres; finish of 22% - 62%; and a site coverage ratio of 20.5% - 30%. The assessed values are \$187.53 - \$231.53 psf.

[14] The Respondent also provided seven equity comparables of multi building warehouse sites in support of the subject property's assessment (Exhibit R1 page 16). The assessable building areas are 4,500 – 32,237 sq. ft.; built in 1959 – 2011; parcel sizes 0.80 – 4 acres; finish of 0% - 62%; and a site coverage ratio of 18.01% - 41.51%. These warehouses were assessed between \$141.34 - \$210.80 psf.

[15] The Board placed little weight on the Complainant's equity comparables because they are larger than the subject property. However the Board finds the market evidence submitted by the Respondent of both multi and single building warehouse sites indicate the assessed rates applied to the subject warehouses of \$206 and \$221 psf are too high. Moreover the Respondent's equity comparables of multi building warehouse sites in the SE quadrant indicate an assessed range of \$175 - \$185 psf. However, the onus is on the Complainant to provide sufficient evidence to show the assessment is incorrect and, unfortunately, the Board finds that onus was not met in this instance.

Board's Decision:

[16] The decision of the Board is to confirm the 2012 assessment for the subject property at \$2,540,000.

DATED AT THE CITY OF CALGARY THIS 1 DAY OF NOVEMBER 2012.


Lana J. Wood
Presiding Officer

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

NO.	ITEM
1. C1	Complainant's Evidence
2. C2	Complainant's Rebuttal
3. R1	Respondent's Evidence

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	Warehouse Single Tenant	Cost/Sales Approach	