

**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

Silverado Holdings Ltd.
(as represented by Altus Group Limited), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before

L. Yakimchuk, PRESIDING OFFICER
P. Charuk, MEMBER
J. Pratt, 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: 033043597

LOCATION ADDRESS: 1323 36 Av NE

FILE NUMBER: 68374

ASSESSMENT: \$7,430,000

This complaint was heard on August 9, 2012 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 4.

Appeared on behalf of the Complainant:

- *C. VanStaden, Altus Group Limited*

Appeared on behalf of the Respondent:

- *M. Hartmann, Calgary Assessment*

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

[1] Prior to the merit hearing, the Board was asked to address several preliminary issues. These included

- 1) Late arrival of Rebuttal Evidence. The Rebuttal Evidence submitted by Altus Group Limited was due at midnight July 30, 2012. It arrived at the ARB offices the following day. For this reason, the Respondent asked that the Rebuttal Evidence be removed from the presentation. The Complainant, Altus Group Limited, presented documentation that the evidence had been emailed on July 30 and refused by the City of Calgary server (rejected by a Spamhaus block list). Ms. C. VanStaden, Altus, stated that she contacted the City about the block the next morning and delivered the material the next day (also documented). As the Board is not bound by the rules of evidence, and as Altus Group Limited took immediate action to amend the problem which occurred through no fault of their own, the Board chose to include the Rebuttal Evidence in the evidence.
- 2) New Information in Rebuttal Evidence. The Respondent asked that any new evidence in the Rebuttal Evidence be removed as it was not available to the Respondent in the original Evidence package. The Complainant said the evidence supplied was all in direct response to the presentation by the Respondent. The Board decided that any Rebuttal Evidence that did not directly respond to evidence in the package would be removed as the evidence was presented. The Complainant agreed to use only information on properties used in document R-1 in the Rebuttal.
- 3) Evidence Pertinent to Section 299 of the Municipal Government Act (MGA). The Complainant asked that information requested by the Complainant from the City and not revealed in a timely fashion as legislated by Section 299 of the MGA be removed from the Respondent's Evidence. Accordingly, evidence pertaining to 4535-8A St was removed from all evidence packages and was not referred to in the merit hearing.

Property Description:

[2] The subject property is assessed as a 57,856 square foot (sf) (41,506 sf footprint) single tenant Industrial Warehouse completed in 2011. It is located on 2.03 Acres (A) of Industrial land in the McCall Industrial area of NE Calgary.

Issues:

[3] Is the Approach to Assessment used by the City of Calgary appropriate for this property? How does the Assessment to Sales Ratio (ASR) affect this property subgroup?

Complainant's Requested Value: \$5,800,000

Board's Decision in Respect of Each Matter or Issue:**Evidence and Arguments**

[4] The Complainant, C. VanStaden, on behalf of Altus Group Limited, presented a list of six Equity comparisons adjusted for building area. The newest building in the list was built in 2008 with 0% finish (subject: 39.4%) and was on 4.00 A of land (subject 2.03 A). The median assessment of the properties on the equity list (adjusted for area) was \$114/sf. The median unadjusted assessment was \$130.50/sf (subject: \$128/sf).

[5] Ms. VanStaden also presented a list of three Sales Comparisons, of which she stated two were portfolio sales. The sales were for properties completed in 1997 and 1998 with building areas ranging from 42,504 sf to 82,982 sf, with a City Time Adjusted Sales Price (TASP) of \$75/sf to \$124/sf. Using these sales the Complainant produced Assessment to Sales Ratios (ASR) to demonstrate that the Assessments were generally above Sales Values.

[6] The Complainant also presented a Cost Estimation based on Marshall and Swift prices. The Calculated Cost of the building was \$5,801,050, including Land. Ms. VanStaden argued that no prospective buyer would pay more for a property than it would cost to build it, therefore Cost was an appropriate way to determine the value of this new building.

[7] An Income Valuation based on Actual Rents from the Assessment Request for Information resulted in a value of \$5,237,208 to \$6,281,509.

[8] The Respondent, M. Hartmann, City of Calgary Assessor, showed the Board a 2012 Industrial Equity Chart with six comparable properties completed from 2006 to 2009. The median assessed value was \$130.31/sf.

[9] Ms. Hartmann also presented a 2012 Industrial Sales Chart with four sales of properties completed from 1990 to 1998. Three of these properties were also on the Complainant's list. The median TASP of these buildings was \$126/sf.

[10] The Respondent stated that there were seven key factors which the City considered in Industrial Property assessment and that all of these factors were used to find comparable properties:

- 1) Building Type – IWS (single tenant), IWM (multiple tenant) IOBS (outbuilding, single tenant)
- 2) Net Rentable Area
- 3) Actual Year of Construction
- 4) Region/Location
- 5) Interior Finish Ratio
- 6) Site Coverage – 10% to 60%, with 30% being typical
- 7) Multiple Buildings

[11] The Respondent said she was unable to find a sale of another building constructed as recently as the subject, or even another similar building for an equity comparison. She stated that the Sales and Equity support the assessment because they are similar to that value, in buildings that are older therefore likely to have lower value. She argued that in the market, when older buildings are selling for more than the subject new one, this assessment is fair.

Board Findings

[12] The Board reviewed the Equity, Sales, Income and Cost Approaches to valuing the subject property. The Board decided that Sales are the best approach to valuation if comparable properties can be found. In this case there are no completely comparable properties, but there are older buildings of lesser quality which are selling for similar prices or more than the subject assessment, therefore the assessment can be supported by existing Sales.

[13] The Board considered the Cost Approach and the Complainant's argument that a prospective owner would not pay more for a property if it cost less to build. The Board decided that while Marshall and Swift considers costs of building construction and land, it does not include costs of landscaping and the preparatory work in planning, contracting, and supervising the building process as well as the time lag until the building is available for use. Therefore, the completed building will have more actual value than the Marshall and Swift estimated costs.

[14] The Board decided that the Complainant's ASR study confirmed the quote from Altus: "Ratio statistics cannot be used to judge the level of appraisal of an individual parcel." (*Standard on Ratio Studies 2010, International Association of Assessing Officers*) (C1, p22).

[15] Finally the Board decided that the Equity and Sales Charts support a value at least as high as the Assessed Value for the subject property.

Board's Decision:

[16] The Board confirms the assessment at \$7,430,000.

DATED AT THE CITY OF CALGARY THIS 29th DAY OF August 2012.


Lana Yakimchuk
Presiding Officer

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

NO.	ITEM
1. C1	Complainant Disclosure
2. C2, parts 2 and 4	Complainant Rebuttal
3. 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.*

For MGB Administrative Use Only:

Decision No. 0808-2012-P

Roll No. 092028703

Subject	Type	Issue	Detail	Issue
CARB	Industrial Warehouse	Single	Sales	Approach/ASR