

**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:

PBA Land Development LTD. (as represented by Colliers International Realty Advisors Inc.), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

***K. D. Kelly, PRESIDING OFFICER
K. Coolidge, MEMBER
J. Rankin, 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:	101031805
LOCATION ADDRESS:	5707 – 3 ST SE
HEARING NUMBER:	66329
ASSESSMENT:	\$3,310,000

This complaint was heard on 7th day of August, 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. T. Howell – Colliers International Realty Advisors Inc.*

Appeared on behalf of the Respondent:

- *Mr. J. W. Ehler - 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 21,500 square foot (SF) 1962 constructed single-tenant industrial warehouse on 3.25 acres (Ac.) of land in the South Manchester (3) industrial area. It operates as the "Bingo Dome". The subject is recognized as having 1.60 Ac. of "extra land" but it is not assessed additionally for this benefit. The subject has 21,500 SF of assessable space, 12% finish, 15.20% site coverage, and is valued at \$154 per SF for an assessment of \$3,310,000.

[4] **Issue:**

What is the correct market value of the subject based on the sales comparison approach?

[5] **Complainant's Requested Value:** \$2,600,000.

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

[6] The Complainant provided his Brief C-1 and offered a matrix of two unadjusted sales of industrial properties which he argued were comparable to the subject and reflected lower per SF values than that used to assess the subject. His first property sale comparable – a two-property (portfolio) sale located at 3915 – 61 AV SE, and 6125 – 40 ST SE sold in September 2011 at a combined \$121 per SF. His second property sale comparable at 7530 – 114 AV SE sold in September 2010 for \$117 per SF.

[7] The Complainant argued that based on the indicated value of the two sales, \$121 per SF is a more correct value to be applied to the subject for assessment purposes and would produce a value of \$2,601,500, or \$2,600,000 rounded.

[8] The Complainant provided the RealNet transaction sheets for both of his market sales, as well as a map and photos of the interior and exterior of the subject.

[9] The Complainant noted that the subject's Assessment Explanation Supplement (AES) identifies 1.6 Ac. of "extra land". He reasoned that, given the subject's site coverage of 15.2% and 3.25 Ac. parcel size, the subject's assessment must have included a "typical" \$525,000 per Ac., or \$840,000 value for the 1.6 Ac. of "extra land". He argued that there is no "extra land" associated with this site, and the \$840,000 should be removed from the assessment calculation. The Complainant argued that when the \$840,000 is subtracted from the subject's \$3,310,000 assessment, the revised assessment is \$2,470,000 or \$114.88 per SF.

[10] The Complainant noted that notwithstanding his previous calculations of alternate assessed value, he had opted to provide three additional market sales of properties he considered were also comparable to the subject. His first property comparable located at 4207 – 17 ST SE, sold in April 2011 at \$99 per SF. His second two-property comparable at 5339 – 1A ST SW and 404-406 Manitou Rd. SE sold in September 2010 for \$91 per SF. His third comparable at 6912 Farrell RD SE, sold in November 2009 for \$81 per SF. The Complainant provided the RealNet detail sheets for each of his three market sales.

[11] The Complainant argued that based on the median value of these three additional market sales, \$91 per SF or \$1,956,500 is also a reasonable alternate value for the subject's assessment. He also argued that his "best" (most comparable) sale is at 7530 – 114 AV SE which sold for \$117 per SF as noted above at [6]. Nevertheless, the Complainant maintained that he preferred the Board to reduce the assessment to \$2,600,000 based on \$121 per SF.

[12] The Respondent argued that the Complainant's assumptions regarding the "extra land" calculation were incorrect, and that in fact there was no additional "extra land" value added to the subject's assessment. He noted that while the subject's AES does identify an "extra land" component of 1.6 Ac. as part of the subject's 3.25 Ac. overall site, it also makes it clear that no additional value was attached to the 1.6 Ac. He pointed to the "Land Adjustment" column of the AES which identifies a value of "\$0". He confirmed that the Complainant's assumptions of an additional \$840,000 value being added to the assessment are wrong.

[13] The Respondent also referenced the Complainant's market sale at 7530 – 114 AV. SE and argued that it is not comparable to the subject for two reasons. Firstly, it is considered by the City to be an "invalid" sale for assessment purposes because, based on personal discussions with the owner, the sale value was negotiated after a lawsuit between affected parties. And secondly, unlike the subject, the property had no services on the date of sale. He provided the City's Property Assessment Detail Report for the subject which identified this latter fact under the heading "Influences".

[14] The Respondent argued that the two-property (portfolio) sale located at 3915 – 61 AV SE, and 6125 – 40 ST SE, besides one of them being a "Post Facto" sale, are two separate properties which are assessed as such. One is improved with a building, and the other is a vacant land parcel and neither is comparable to the subject in any way. He provided an aerial photo of the two sites. He clarified that for purposes of assessment, one cannot simply choose to combine the parcels and apply the building site coverage from one parcel, to both parcels

since this is contrary to accepted appraisal practice. Therefore, he argued, these two properties are not comparable to the subject. The Respondent provided the City's Property Assessment Detail Report for each of the two properties which he suggested confirmed his position regarding both of them.

[15] The Respondent argued that the Complainant's sale comparable at 5339 – 1A ST SW and 404-406 Manitou Rd. SE is a multi-property portfolio sale and hence the independent and distinct market values for each of the two sites involved in the sale, cannot be accurately determined. Therefore, he argued, this portfolio sale is unreliable as an indicator of value for the subject.

[16] The Respondent argued that the Complainant's 4207 – 17 ST SE property is a contaminated site which not only received a 30% assessment reduction from the City for this issue, but would also have been valued at less than comparable non-contaminated properties in the marketplace. Therefore, he argued, this property is not comparable to the subject which is not contaminated.

[17] The Respondent argued that the Complainant's sale at 6912 Farrell RD SE is stated to have a 12.4% site coverage which is incorrect. He noted that this value is in fact the Capitalization Rate for this sale, and the site coverage is actually 45% which is much higher than the subject property. Therefore, he argued, this property is also not comparable to the subject.

[18] The Respondent also argued that in general, the Complainant's market sale comparables are not comparable to the subject as presented. He argued that certain of their individual characteristics – i.e. level of finish, building size, and site coverage, which are key value indicators, are significantly different from the subject, and none have been adjusted. He argued that according to accepted appraisal practice, certain adjustments must be made to property comparables in order to properly and accurately compare them to each other and to the subject.

[19] The Respondent argued that with respect to the City's list of industrial property market sales, its computerized assessment model has calculated and applied the required adjustments to his property comparables – and all others, but the Complainant has not accounted for or made any adjustments to his property comparables whatsoever. Therefore, he argued, the Complainant's property comparables are unreliable as indicators of value for the subject.

[20] The Respondent provided a matrix containing two fully-adjusted property sales comparables (from 160 city-wide industrial property sales) from 2010 and 2011 that the City had analyzed. He argued that for the two selected examples, the individual site characteristics of parcel size; finish; site coverage; and assessable building area closely match each other and the subject. He noted that the two properties exhibited individual sale values ranging from \$132.89 to \$173.07 per SF. He noted that the subject fits well within this range at \$154.00 per SF.

[21] The Respondent requested that the assessment be confirmed.

Board Findings

[22] The Board finds that contrary to the assertions of the Complainant the subject has not been assessed an additional \$840,000 for the 1.6 AC. of "extra land".

[23] The Board finds that the Complainant's sale comparable at 4207 – 17 ST SE is not comparable to the subject because it is identified in the evidence before the Board as a contaminated site and is receiving a 30% reduction in assessed value because of the contamination.

[24] The Board finds that the Complainant's sale comparable at 5339 – 1A ST SW and 404-406 Manitou Rd. SE is not comparable to the subject because it is identified in the evidence before the Board as a portfolio sale and the individual values of each of the two sites involved in the sale cannot be accurately identified and compared to the subject.

[25] The Board finds that the Complainant's sale comparable at 7530 – 114 AV. SE is not comparable to the subject because it is identified by the City in the evidence before the Board as an "invalid sale" for assessment purposes since it appears to have transacted pursuant to legal proceedings and not transacted "at arms length" in the marketplace. In addition, unlike the subject, this site has no municipal services, which would affect its overall market value compared to fully-serviced industrial properties

[26] The Board finds that the Complainant's sale at 6912 Farrell RD SE has a site coverage of 45% which is three times higher than the subject's 15.20%. Given that the Complainant has not adjusted for this difference, the Board concludes that this property is also not comparable to the subject.

[27] The Board finds that the Complainant's sale comparable at 3915 – 61 AV SE and 6125 – 40 ST SE is not comparable to the subject because they are two separate properties – one with improvements, and the other a vacant land parcel which, contrary to accepted appraisal practice, the Complainant has incorrectly combined and treated as a single property.

[28] The Board finds that notwithstanding the foregoing, and contrary to accepted appraisal practice, the Complainant's market sales comparables have not been adjusted for time, or for differing property characteristics such as level of finish and site coverage, and thus the Board also considers them to be unreliable as indicators of alternate value for the subject.

[29] The Board finds that the Respondent's two market sales comparables display individual site characteristics (i.e. building size; site coverage; building age; etc) which more closely match each other and the subject, and hence support the assessment of the subject.

[30] The Board finds that the Respondent selected two market sales comparable examples from a total of 160 valid city-wide industrial market sales, and the two fully-adjusted sales display individual market values ranging from \$132.89 to \$173.07 per SF. The subject fits well within this range at \$154.00 per SF. This evidence supports the assessment.

[31] The Board finds that the Complainant supplied insufficient information to demonstrate that the assessment of the subject is incorrect and/or inequitable.

Board's Decision:

[32] The assessment is confirmed at \$3,310,000.

DATED AT THE CITY OF CALGARY THIS 4 DAY OF SEPTEMBER 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. 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*

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Appeal Type	Property Type	Property Sub-type	Issue	Sub-Issue
CARB	industrial	Single-tenant	Market value	Market sale comparables