

**COMPOSITE  
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 (MGA).

**between:**

***Arnico Holdings (Alberta) Ltd.*  
(as represented by *Altus Group Limited*), COMPLAINANT**

**and**

**The City Of Calgary, RESPONDENT**

**before:**

**C. J. Griffin, Presiding Officer  
B. Bickford, MEMBER  
E. Reuther, MEMBER**

This is a complaint to the Composite Assessment Review Board (CARB) 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: 200537959**

**LOCATION ADDRESS: 4403 –112<sup>th</sup> Avenue SE**

**HEARING NUMBER: 68394**

**ASSESSMENT: \$4,160,000.**

This complaint was heard on 19<sup>th</sup> day of September, 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:

- D. Mewha
- M. Robinson

Appeared on behalf of the Respondent:

- T. Luchak

**Property Description:**

[1] The subject is, according to the *Property Assessment Summary Report* (Exhibit C-1 pg. 5), a 19,817 Sq. Ft., single tenant, A- quality industrial warehouse facility that was constructed in 2005 and which is located in the East Shepard Industrial area of the city. The underlying site is reportedly 3.19 acres in size which (Exhibit C-1 pg. 6) includes 2.04 acres of what is referred to as extra land. The property has been valued for assessment purposes on the basis of the Direct Comparison (Sales) Approach.

**Issues:**

[2] There are a number of interrelated issues outlined on the Assessment Review Board Complaint form; however, at the Hearing the Complainant reduced the issue to be considered by the CARB to:

1. The assessed value is too high and it is not representative of the market value and is not equitable with the assessed values of similar properties.

**Complainant's Requested Value:** \$3,540,000. (Exhibit C-1 pg. 7)

**Party Positions:****Complainant's Position**

[3] The Complainant provided (Exhibit C-1 pg. 13) their *Sales Comparables* which incorporates an analysis of seven (7) sales of properties deemed to be similar to the subject. These sales were recorded between Jan. 2010 and May 2011 and involve properties ranging in size from approximately 10,295 Sq. Ft. to 25,729 Sq. Ft. and are near evenly split between being single and multi tenanted properties. The degree of finished area ranges from 9% to as high as 56% versus the subject at 51%. The respective site coverage ranges from 12% to 34% and the *year of construction* (YOC) varies between 1997 and 2010. The unadjusted sales price of these comparables ranges from a low of \$146/Sq. Ft. to a high of \$189/Sq. Ft. with an indicated median of \$170/Sq. Ft. The Time Adjusted Sales Prices (TASP), as determined by the Assessor, range from \$1,876,984 to \$3,272,689 and the corresponding TASP/Sq. Ft. ranges from \$141/Sq. ft. to \$182/Sq. Ft. with an indicated median of \$165/Sq. Ft. The chart also provides the 2012 assessed value per square foot for these properties and they range from \$136/Sq. Ft. to \$203/Sq. Ft. with an indicated median of \$181/Sq. Ft. versus the subject at \$223/Sq. Ft. The Complainant's request equates to approximately \$190/Sq. Ft. inclusive of the extra land component. The excess and/or additional land component valuation methodology is outlined on pages 45 through 47 of this same Exhibit C-1 and the Complainant's estimated value of same is presented on page 15. The supporting documentation for the seven comparables is provided (Exhibit C-1 pgs. 36 – 44).

[4] The Complainant provides (Exhibit C-1 pg. 14) a list of seven (7) equity comparables of properties deemed similar to the subject in terms of size, location and year of construction. The 2012 assessed values of these properties range from a low of \$145/Sq. Ft. to a high of \$175/Sq. Ft. and indicate a median of \$156/Sq. Ft. The Complainant has adjusted the subject to have a similar site coverage ratio as these comparables and that results in an indication of \$156/Sq. Ft. to which the Complainant has added the estimated value of the excess land at \$642,600 resulting in the requested value of \$3,540,000 (truncated) equating to \$191/Sq. Ft.

[5] The Complainant pointed out that, according to the *2012 Industrial Assessment Explanation Supplement* (Exhibit C-1 pg. 6), the Assessor does not appear to have made any

allowance for the extra land component. Additionally, the Complainant noted that the Certificate of Title for the subject property (Exhibit C-1 pgs. 29 – 31) has a Restrictive Covenant registered against same which (Exhibit C-1 pg. 33) prohibits direct access to/from 114 Avenue SE from the subject site. The Complainant maintains that this restriction has a negative effect upon the value of the subject property that has not been taken into consideration by the Assessor.

### **Respondent's Position**

[6] The Respondent introduced (Exhibit R-1 pg. 14) their *2012 Industrial Sales Chart* which provides a summary of the two (2) sales deemed comparable and utilized by the Assessor to derive the assessed value estimate for the subject property. The sales are single tenant warehouses located in the southeast industrial sector of the city. The buildings are 11,080 Sq. Ft. and 17,550 Sq. Ft. in size and their respective site coverage is 8.04% and 10.39%. The sales were recorded in July 2010 and April 2009 at \$2,750,000 and \$4,000,000 respectively. The *Time Adjusted Sales Price* (TASP) for each is \$2,647,028 and \$3,734,996 and the TASP indicators are \$238.90/Sq. Ft. and \$212.82/Sq. Ft. respectively. The same form, the Respondent maintains, the support for the applied \$223/Sq. Ft. (rounded) rate applied to the subject property.

[7] The Respondent also presented (Exhibit R-1 pg. 16) a *2012 Industrial Equity Chart* which provides the assessment summary of four (4) industrial properties deemed similar to the subject. The assessed value indicator for these properties ranges from \$199.57/Sq. Ft. to \$253.82/Sq. Ft. which, the Respondent maintains, confirms the subject property has been treated equitably.

### **Complainant's Rebuttal**

[8] The Complainant provided evidence (Exhibit C-2 pg. 13) that the Respondent's sale of 4115 – 116 Ave. SE is based on an *Agreement For Sale* dating back to March 2007 and which contained an Option to Purchase the property at a predetermined price, as was pointed out to the Respondent in CARB Decision 1400-2010-P. Based upon this information the Complainant maintains this sale should not be utilized for comparative purposes in valuing the subject property.

### **Board's Decision:**

[9] The assessment is **reduced** to: **\$3,540,000.**

### **Decision Reasons:**

[10] The CARB is of the judgment that one of the two sales comparables utilized by the Respondent is unreliable for the reasons brought forth in the Complainant's Rebuttal. The CARB is disappointed that the Respondent would continue to use this sale to defend the assessed value of the subject in light of CARB Decision 1400-2010-P, as nothing related to this sale has changed since. In the final analysis the CARB finds the sales evidence of the Complainant to be superior in most aspects.

DATED AT THE CITY OF CALGARY THIS 4<sup>th</sup> DAY OF Oct 2012.

  
C. J. Griffin,  
Presiding Officer

**DOCUMENTS PRESENTED AT THE HEARING  
AND CONSIDERED BY THE BOARD:**

Decision No. 1795-2012-P		Roll No. 200537959		
<u>Subject</u>	<u>Type</u>	<u>Sub Type</u>	<u>Issue</u>	<u>Sub Issue</u>
CARB	Industrial	Warehouse	Market Value	Sales Data