



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:

Blackfoot Centre Ltd. (as represented by MNP LLP), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

W. Kipp, PRESIDING OFFICER

D. Steele, BOARD MEMBER

A. Wong, BOARD 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 2013 Assessment Roll as follows:

ROLL NUMBER:	112137609
LOCATION ADDRESS:	510 – 77 Avenue SE, Calgary AB
FILE NUMBER:	70547
ASSESSMENT:	\$11,630,000

This complaint was heard on the 24th day of July, 2013 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 10.

Appeared on behalf of the Complainant:

- *J. Langelaar & Y. Lau*

Appeared on behalf of the Respondent:

- T. Nguyen

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

[1] There were no preliminary procedural or jurisdictional matters to be decided by the Board.

Property Description:

[2] The property that is the subject of this assessment complaint is a two building multi-tenant light industrial property located in the Fairview Industrial district of southeast Calgary. The property is home to the Calgary Farmers' Market, the largest tenant. The industrial buildings were built in 1964 and 1978 on an irregularly shaped 9.72 acre industrial land parcel. The second, smaller building appears to be of lesser quality than the main building but no interior specifications were in evidence. Total assessable floor area is 138,083 square feet. The total building footprint area indicates a site coverage ratio of 32.62 percent. Sizes of the buildings are:

Building A: 129,114 square feet

Building B: 8,969 square feet

[3] Industrial properties such as this are assessed using a sales comparison approach. Multi-building properties are assessed by comparing each building separately to single building properties where the building size is similar and the site coverage ratio is similar to the overall ratio for the subject property. By this comparison process, rates per square foot of building area were determined and applied.

Building A: \$86.95 per square foot

Building B: \$224.61 per square foot

[4] A multi-building adjustment factor is applied to recognize that multi-building properties trade in a different manner to single building properties. The Respondent would not disclose the actual coefficient that is applied. After application of the multi-building coefficient, the total property assessment of \$13,240,000 indicated a blended rate of \$95.89 per square foot of the aggregate assessable floor area of all buildings. A deduction of \$1,610,000 is made for a portion of the main building that is occupied by a tax exempt tenant.

Issues:

- [5] In the Assessment Review Board Complaint form, filed March 1, 2013, Section 4 – Complaint Information had a check mark in the box for #3 “Assessment amount”.
- [6] In Section 5 – Reason(s) for Complaint, the Complainant stated that the assessment amount is incorrect and it listed reasons for that allegation.
- [7] At the hearing, the Complainant pursued the following issues:
- a. Should the aggregate assessed rate per square foot be reduced to \$69.96 or \$78.36?
 - b. What is the best method for assessment of multi-building properties?
 - c. Is the Respondent’s time adjustment representative of market changes up to the July 1, 2012 valuation date?

Complainant’s Requested Value: \$9,660,000 or \$10,820,000 Total (\$8,360,000 or \$9,520,000 Taxable)

Board’s Decision:

- [8] The Board reduces the 2013 taxable assessment to \$10,380,000. The tax exempt portion is on a sub-account where no assessment complaint was filed. Therefore, the Board makes no change to the amount shown on the sub-account.

Position of the Parties**Complainant’s Position:**

- [9] The Complainant adopted a similar methodology to that employed by the Respondent for assessing each building on the subject property. Data was provided on a number of sales in each size range. The assessed rates of \$70 and \$199 per square foot of the respective building areas were found and totalled to yield an aggregate rate of \$78.38 per square foot.
- [10] Next, a sales analysis of single building properties with a building floor area similar to the aggregate floor area of the subject two buildings was undertaken. Six sales were analyzed and the rates per square foot (adjusted for time) were between \$68.49 and \$87.43 and averaged from \$70.14 to \$72.01 per square foot.
- [11] The second building is occupied by one of the tenants in the main building and the same rent rate is applied to the total leased area. This is an indication that the smaller building should be worth no more than the larger one.
- [12] In rebuttal, the Complainant made adjustments for market changes over time. The Respondent had developed a time adjustment trend line that segregated adjustments over four trend periods of time from July 2009 to July 2012. The fourth time period had a 0.0 percent adjustment in the Respondent’s analysis. The Complainant observed a downward slope to the trend line for this period which it measured at – 0.5 percent per month. The Complainant accepted and adopted the Respondent’s time adjustment rates for the other three time periods.
- [13] The Complainant argued that the two valuation scenarios both supported an assessment reduction in line with those proposed in the evidence.

Respondent's Position:

[14] The Respondent asserted that some of the Complainant's sales were not good comparables because they sold prior to the sales analysis period, they were located in northeast Calgary industrial areas or their site coverage ratios were significantly different than that of the subject.

[15] One multi-building property sale was presented to support the subject assessment. The three building property had a total building floor area of 104,019 square feet. Buildings were constructed in 1981 and the site coverage ratio was 22.91 percent. The time adjusted sale price was \$106.89 per square foot of building area.

[16] The Respondent also presented comparable sales data for each of the two building sizes and confirmed that a multi-building coefficient had been applied in order to arrive at the final assessed value. The time adjusted prices were from \$73.73 to \$124.35 per square foot for the larger buildings and from \$163.51 to \$277.18 per square foot for the smaller building.

[17] The time adjustment analysis undertaken by the Respondent covered the time period from July 2009 to June 2012. A trend line was developed from plotting the results from a multiple regression analysis of Sale to Assessment ratios based on the 2012 assessments of properties that sold during the time period. The graphical presentation showed:

From July 2009 to May 2010 (11 months)	- 0.7912 percent per month
From June 2010 to March 2011 (10 months)	0.0 percent per month
From April 2011 to November 2011 (8 months)	+1.5669 percent per month
From December 2011 to June 2012 (7 months)	0.0 percent per month

Only these results of the analysis were provided in evidence. Details were not provided.

Board's Reasons for Decision:

[18] The Respondent explained that the time adjustment was calculated by multiple regression analysis of sales to assessment ratios. While the outcome was presented to the Board, the Respondent would not reveal the complete analysis. The Board does not understand the significance of sales to assessment ratios in determining a time adjustment. Time adjustments based on changes in actual sale prices are a preferred method. Nor does the Board fully comprehend the Complainant's attempts to expand the adjustment to a negative factor during the fourth trend period. The Board did accept the Respondent's time adjustment because both parties relied upon the first three trend periods. The Board did not find market support for the Complainant's extension of the time adjustment factors for the fourth period.

[19] The method of valuing multi-building properties has been addressed by several CARB's over the past several years. In most instances, multi-building properties are unable to be subdivided and the buildings sold separately. When a single site operated as an investment property contains a number of similar buildings, those buildings will attract similar rents. An investor in the marketplace would consider the total floor area of the buildings to determine the potential income. The property would sell as a single property. The evidence before the Board suggests that the two subject buildings are attracting the same rent. Descriptions by the parties and photographs show that the second, smaller building on the subject property is definitely not superior in quality to the main building and there is no basis for it being valued at a rate that is 2.5 times the rate on the larger building.

[20] The Board accepts the Complainant's argument that this property should be assessed on the basis of its aggregate floor area and not as individual buildings. There is sufficient sales evidence before the Board for consideration of a valuation based on aggregate floor area. The Complainant provided property sales data. However, the prices were not time adjusted in the original disclosure. In rebuttal, time adjustments were made. The Board found that an overall assessment rate of \$86.95 is most reasonable for valuing the property. The taxable assessment is revised to \$10,380,000.

DATED AT THE CITY OF CALGARY THIS 29th DAY OF August 2013.



W. Kipp
Presiding Officer

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

NO.	ITEM
1. C1	Complainant Disclosure
2. R1	Respondent Disclosure
3. C2	Complainant Rebuttal

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 Internal Use

Appeal Type	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	WAREHOUSE	MULTI-TENANT	SALES APPROACH	COMPARABLES