

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

Ein-Gedi Investments Ltd., Haifa Investments Ltd., Aviva Holdings Ltd.
(as represented by Altus Group Ltd.), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before

L. Yakimchuk, PRESIDING OFFICER
R. Kodak, BOARD MEMBER
J. Rankin, 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: 091010116

LOCATION ADDRESS: 1505 41 Av SE

FILE NUMBER: 71587

ASSESSMENT: \$9,700,000

This complaint was heard July 25, 2013 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 3.

Appeared on behalf of the Complainant:

- *D. Mewha, Altus Group*

Appeared on behalf of the Respondent:

- *T. Luchak, City of Calgary Assessor*

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

[1] There were no procedural or jurisdictional matters.

Property Description:

[2] The subject property has been assessed as a Central Calgary 1968 multi-building Industrial Retail Warehouse with four multi tenant buildings:

	Assessable Building Area	Rate per Square Foot (sf)
1	16,000 sf	\$136.88
2	30,720 sf	\$113.69
3	12,800 sf	\$146.32
4	15,600 sf	\$138.06

[3] The buildings are constructed on 4.26 Acres (A) of land with 40.44% site coverage. The property has been assessed, using Sales Comparisons, at \$129.25/sf.

Issues:

[4] Is the aggregate assessment per square foot inequitable with the assessments of other similar and competing properties?

[5] Is the assessment of the subject property in excess of its market value? Does the aggregate assessment reflect market value for assessment purposes when using the Direct Sales Comparison approach?

Complainant's Requested Value: \$6,820,000.

Board's Decision:

[6] The Board reduces the assessment to \$7,360,000.

Legislative Authority, Requirements and Considerations:

The Composite Assessment Review Board (CARB) derives its authority from the Municipal Government Act (MGA) RSA 2000 Section 460.1:

- (2) Subject to section 460(11), a composite assessment review board has jurisdiction to hear complaints about any matter referred to in section 460(5) that is shown on an assessment notice for property other than property described in subsection (1)(a).

For the purposes of this hearing, the CARB will consider MGA Section 293(1)

In preparing an assessment, the assessor must, in a fair and equitable manner,

- (a) apply the valuation and other standards set out in the regulations, and
- (b) follow the procedures set out in the regulations.

Matters Relating to Assessment and Taxation Regulation (MRAT) is the regulation referred to in MGA Section 293(1)(b). The CARB decision will be guided by MRAT Section 2, which states that

An assessment of property based on market value

- (a) must be prepared using mass appraisal,
- (b) must be an estimate of the value of the fee simple estate in the property, and
- (c) must reflect typical market conditions for properties similar to that property.

and MRAT Section 4(1), which states that

The valuation standard for a parcel of land is

- (a) market value, or
- (b) if the parcel is used for farming operations, agricultural use value.

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

[7] The Complainant, D. Mewha, Altus Group stated that the City of Calgary calculates multi-building assessments based on the assessed values of the individual buildings on the parcel of land, with identical site coverage percentage, and then aggregates the values.

[8] D. Mewha argued that a prospective buyer is looking at the total number of square feet of building on the property as opposed to the individual buildings, therefore the Sales values reflect total square feet, not aggregate building value.

[9] The Complainant presented a Sales Comparison table with four sales of Central Industrial Warehouse multi-tenant buildings with total area similar to the subject property total area of 75,120 sf. The buildings that were sold were built from 1969 to 1974 (subject: 1968) with varying levels of finish (subject: 0% finish). The median Time Adjusted Sale Price (TASP) of the comparable properties was \$96/sf and the median unadjusted Sale Price was \$91/sf.

[10] The Complainant also presented an Equity Comparison table with six Central Industrial

Warehouse multi-tenant buildings; with a median assessment of \$89/sf.

[11] The Complainant argued that multi-building properties do have issues that many other properties do not. As an example, he explained that the subject was organized in such a way that it was difficult to access some of the loading doors with large trucks, which decreased its potential value to a prospective buyer.

Respondent's Position:

[12] T. Luchak, City of Calgary Assessor, explained that the Complainant's proposed Comparables are larger buildings than the subject four buildings. The City of Calgary assesses each building separately, adjusting for the multiple building component, and adds the values together to assess a value.

[13] The Respondent provided a list of seven multi-building Industrial Warehouse sales comparables, with two to six buildings on each property. Parcel sizes varied from 0.59 A to 14.25 A, and the buildings were both multi- and single-tenanted. Approximate Years of Construction (AYOC) of the buildings ranged from 1926 to 2004. TASP's ranged from \$139.94/sf to \$213.31/sf.

[14] The Respondent also provided two individual Sales Values of buildings with larger areas within multi-building properties to compare to the 30,720 sf building within the subject property.

[15] T. Luchak argued that the buildings used in the Complainant's Sales and Equity Comparisons are all larger than any individual building within the subject property and not comparable to them. He pointed out that the subject has a land use designation Industrial-Retail (I-R), while the comparables presented by the Complainant are Industrial General (I-G), with the exception of 7130 Fisher Rd SE, which has a Central/C-COR designation and would be partly General and partly Retail.

[16] The Complainant provided a multi-building Equity Chart with I-R and I-E buildings of similar size to the subject buildings, drawn from several multi-building properties in the Central area, and one from the NE area.

Rebuttal:

[17] In Rebuttal, D. Mewha documented the City of Calgary proposed comparables, questioning the comparability of these properties to the subject. He pointed out that 803-24 Av SE included a two storey segment with a high finish, and that it was not typical of I-R properties.

[18] The Complainant also compared the Sale values of the City of Calgary proposed comparable multi-building properties with their Assessed values and calculated Assessment to Sales Ratios (ASRs) which ranged from 0.6 to 1.24. None of the seven ratios were within the 0.95 to 1.05 range which indicates accurate assessments.

Board's Reasons for Decision:

[19] The Board considered the various Sales comparables presented in both documents:

	Respondent	Complainant	Subject
Number of Buildings	2 to 6	1	4
Assessable Area	11,185 sf to 192,480 sf	65,084 sf to 121,375 sf *(65,084 sf to 92,485 sf)	75,120 sf
Land Area	0.59 A to 14.25 A	3.1 A to 6.6 A *(3.4 A to 5.6 A)	4.26 A
Site Coverage	13.31% to 46.70%	26% to 55%	40.44%
Building Type	IWS and IWM	IWM	IWM
AYOC	1926 – 2004	1969 - 1974	1968
Finish	0% - 100%	18% - 100% *(21% to 100%)	0%
Region	SE, NE, Central	Central	Central

*Changes after removing the 121,375 sf Complainant Comparable.

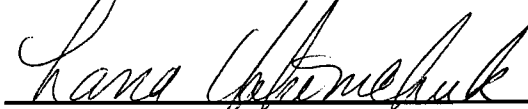
[20] The Complainant presented four possible Sales comparables. One was for a building with a very high assessable area. The remainder were more similar, although the Site Coverage varied. The most recent sale showed a \$98/sf value for a building with a total assessed area slightly smaller than the subject area, on 1.3 more Acres of land. The median of the three sales with comparable sizes to the subject was \$98/sf, with an average of \$105/sf.

[21] The Respondent presented Sales comparables which were multi-building properties like the subject. However, the remaining characteristics of the properties were not similar to the subject property. The Board was unable to select one property, or a pair of properties with bracketing qualities, that was substantially comparable to the subject in any way except that it was a multi-building property.

[22] The ASRs for the Respondent's Sales comparison were also widely varied and were an indication that the method being used for assessment of multi-building properties did not achieve a consistent Assessed Value indicative of Market Value.

[23] The recent sale of 5905 11 St SE for \$98/sf, and the median assessed value of \$98/sf support an assessed value of \$98/sf for the subject. The Board reduces the 2012 assessment of the subject property to \$98/sf.

DATED AT THE CITY OF CALGARY THIS 19 DAY OF August 2013.



Lana Yakimchuk

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.*

Appeal Type	Property Type	Property Sub-type	Issue	Sub-Issue
CARB	Warehouse	IWM	Sales Approach	Comparables