



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:

***1414225 Alberta Ltd. (as represented by Colliers International Realty Advisors Inc.),
COMPLAINANT***

and

The City Of Calgary, RESPONDENT

before:

***Board Chair; J. Zezulka
Board Member; D. Julien
Board Member; B. Kodak***

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: 101035301

LOCATION ADDRESS: 6120 - 2 Street SE

FILE NUMBER: 71604

ASSESSMENT: \$26,870,000

This complaint was heard on 2 day of August, 2013 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 11.

Appeared on behalf of the Complainant:

- *B. Peacock*

Appeared on behalf of the Respondent:

- *J. Tran*

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

- (1) There were no procedural or jurisdictional matters raised by either party.

Property Description:

- (2) The property consists of a 265,105 s.f. multi-tenant warehouse project, comprised of four buildings, referred to as Phillips Park, located in the Manchester industrial area in southeast Calgary. The total building footprint is 193,886 s.f. The project was developed in 1978. Interior finish ratios of the buildings ranges from 34 to 74 per cent. The site area is 12.271 acres. Site coverage is 36.27 per cent.

Issues / Appeal Objectives

- (3) The subject is currently being assessed using the direct comparison approach. The current assessment reflects the following assessed values;

| <u>Building</u> | <u>Size</u> | <u>Assessed Value /s.f.</u> |
|-----------------|-------------|-----------------------------|
| 1 | 84,632 s.f. | \$91.52 |
| 2 | 93,483 s.f. | \$90.50 |
| 3 | 40,158 s.f. | \$126.25 |
| 4 | 46,832 s.f. | \$122.08 |

The single issue brought forward by the Complainant is market value, stating that the current assessment does not properly reflect the market value of the site

Complainant's Requested Value:

- (4) \$20,600,000

Board's Decision:

- (5) The assessment is reduced to \$24,650,000.

Legislative Authority, Requirements and Considerations:

(6) This Board derives its authority from section 460.1(2) of the Municipal Government Act, being Chapter M-26 of the revised statutes of Alberta.

(7) Section 2 of Alberta Regulation 220/2004, being the Matters Relating to Assessment and Taxation Regulation (MRAC), states as follows;

"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"

(8) Section 467(3) of the Municipal Government Act states;

"An assessment review board must not alter any assessment that is fair and equitable, taking into consideration

(c) the assessments of similar property or businesses in the same municipality."

(9) For purposes of this Complaint, there are no extraneous requirements or factors that require consideration.

Position/Evidence of the Parties**Evidence**

(10) The Complainant Submitted three groups of comparables, with common properties contained in the groups. The first set of data contained comparable sales in the southeast quadrant of the City. The second group contained two Manchester properties. These are also contained in the first group. The last group contained properties over 200,000 s.f.

(11) The data submitted can be summarized as follows;

| <u>Group</u> | <u>No. of samples</u> | <u>Building size range (s.f.)</u> | <u>Price per s.f.</u> | | <u>Median</u> |
|--------------|-----------------------|-----------------------------------|-----------------------|------------|---------------|
| | | | <u>High</u> | <u>Low</u> | |
| 1. | 10 | 106,309 - 338,205 | \$138.94 | \$71.14 | \$84.97 |
| 2. | 2 | 121,375 - 121,622 | \$80.99 | \$74.13 | \$77.56 |
| 3. | 7 | 202,250 - 338,205 | \$116.13 | \$42.76 | \$93.22 |

(12) The Complainant chose to rely on the two Manchester comparables (group 2 properties), and selected a median value of \$78.00 upon which to base the request.

(13) The Respondent presented six industrial property sales. These reflected time adjusted per s.f. selling prices between \$125.21 and \$173.15 . All of the comparables have significantly smaller buildings than the subject's overall size.

(14) However, the Respondent argued that each of the subject buildings was valued individually, and a multi-building adjustment applied to account for the aggregate size of the subject as a single holding.

Board's Reasons for Decision:

(15) The Board notes that the assessments of two of the buildings on the subject property have per s.f. assessments that fall outside of the parameters indicated by the Respondent's

data, and there is no support provided for the assessments as they now stand.

(16) This Board has difficulty with a "multi building" adjustment, applied to an aggregate of what is essentially four separate assessments, added together. No doubt, the method has validity in certain circumstances. However, in the Board's opinion, the method is secondary if there are enough large building comparables available from which to draw a comparison.

(17) Having said that, the large size comparables submitted by the Complainant, contained in Group 3, are sufficient to draw a valid comparison. These reflect a wide per s.f. range. However, the highs and the lows are readily rationalized. For example, the high per s.f. indicator is reflected by a large building on a relatively small land parcel that is designated C-COR3. The low, on the other hand is a 2009 sale of a property in NE Calgary. Except for building size, neither of these are considered to have much commonality with the subject. However, even if these are excluded from the sampling, the median remains at \$93.22 per s.f.

(18) In the opinion of this Board, the median of the large building comparables submitted by the Complainant best represents the value of the subject property. The aggregate building area of 265,105 s.f. , at \$93.00 per s.f., produces a value of \$24,653,835, truncated to \$24,650,000.

DATED AT THE CITY OF CALGARY THIS 23rd DAY OF September 2013.



Jerry Zezulka

Presiding Officer

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

| NO. | ITEM |
|------------|-------------|
|------------|-------------|

- | | |
|----|---------------------------|
| 1. | C1 Complainant Disclosure |
| 2. | R1 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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|-------------------------------|-------------|--------------|--------------------|------------------|
| Decision No. CARB 70246P/2013 | | | Roll No. 094220407 | |
| <u>Subject</u> | <u>Type</u> | <u>Issue</u> | <u>Detail</u> | <u>Issue</u> |
| CARB | Industrial | Market Value | N/A | Valuation method |