



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:

***716092 Alberta Ltd., c/o Redcliff Realty Management Inc.,
(as represented by Altus Group Ltd.), COMPLAINANT***

and

The City of Calgary, RESPONDENT

before:

***L. Wood, PRESIDING OFFICER
J. Rankin, MEMBER
D. Julien, 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:	048040208
LOCATION ADDRESS:	2316 27 AV NE
FILE NUMBER:	72357
ASSESSMENT:	\$6,170,000

This complaint was heard on 17 day of June, 2013 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:

- M. Robinson Agent, Altus Group Ltd.
- D. Mewha Agent, Altus Group Ltd.

Appeared on behalf of the Respondent:

- K. Cody Assessor, City of Calgary
- L. Cheng Assessor, City of Calgary

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

[1] The Complainant withdrew the issue related to sections 299 and 300 of the Act. He indicated that the Respondent had complied with the request in this instance.

[2] The Respondent submitted a surrebuttal to the Complainant and the Assessment Review Board on June 14, 2013, shortly before the scheduled hearing date. It addressed a factual error contained in the Complainant's rebuttal: the sales comparable, 700 33 ST NE, was described as a *multi building site* as opposed to a *single building site*. It is noted the surrebuttal also included several CARB decisions. The Complainant initially objected to the surrebuttal, specifically in regards to any evidence that it contained, not the CARB decisions. However the Complainant indicated this was a non-issue once the correction was identified. The Board accepted the surrebuttal which applies to the following files: 72357; 72276; 72366; and 73735.

Property Description:

[3] The subject property is a multi tenant warehouse located in South Airways. The assessable building area is 56,409 sq. ft. and it is situated on 3.04 acres. The land use designation is I-G, Industrial General. The building was constructed in 1979; has a finish percentage of 39% and a site coverage ratio of 39.34%. The subject property was assessed based on the direct sales comparison approach at \$109.46 psf.

Issues:

[4] The issues for the complaint were identified as follows:

- a) The assessment of the subject property is in excess of its market value for assessment purposes.
- b) The aggregate assessment per square foot applied to the subject property does not reflect market value for assessment purposes when using the direct sales comparison approach.

Complainant's Requested Value: \$5,210,000

Board's Decision: The assessment is confirmed at \$6,170,000.

Position of the Parties:

Complainant's Position:

[5] The Complainant submitted three sales comparables of multi tenant warehouses in support of his request (Exhibit C1 page 14). The sales occurred in October 2009 – June 2011. The warehouses were built in 1976 - 1980; have assessable building areas of 48,660 – 59,573 sq. ft.; parcel sizes of 2.1 – 3.6 acres; site coverage ratios of 34% - 36%; and finish percentage of 20% - 73%. The unadjusted sale price was \$83 - \$101 psf, a median of \$92 psf and a time adjusted sale price ("TASP") of \$90 - \$108 psf, a median of \$101 psf. The Complainant disagreed with the Respondent's time adjustment analysis and corresponding time adjusted assessment to sales ratio analysis ("TASR") but did not substantiate his claims.

[6] In rebuttal, the Complainant argued, with the exception of the two sales used in common by both parties, that the Respondent's comparables are distinguishable based on their physical attributes and therefore less weight should be attributed to them (Exhibit C2 pages 4 – 8).

[7] In argument, the Complainant addressed the issue of including a multi building site in his sales analysis (2835 23 ST NE) given that the subject property is a single building site. The Complainant submitted that an investor in the marketplace would consider the potential income based on the total area of a multi building site, not the total area of each building. Therefore it is acceptable to compare the aggregate square footage of a multi building site to the subject property. He provided several CARB decisions in support of his position (CARB 1435-2010-P; 0732-2012-P; 0735-2012-P; and 1792-2012-P).

Respondent's Position:

[8] The Respondent submitted four sales comparables of single and multi tenant warehouses in support of the subject property's current assessment (Exhibit R1 page 18). The sales occurred in October 2009 – November 2011. The warehouses were built in 1965 – 1998; have assessable building areas of 40,559 – 59,573 sq. ft.; parcel sizes of 1.79 – 3.56 acres; site coverage ratios of 37.69% – 49.43%; and finish percentage of 3% – 75%. The sale price ranged between \$89.14 - \$134.77 psf (TASP). The Respondent identified assessable building area, year of construction and site coverage as significant factors when valuing a property as opposed to finish and building type.

[9] The Respondent submitted several equity comparables as further support of the assessment but agreed that equity was not an issue before the Board in this instance (Exhibit R1 page 17).

[10] In argument, the Respondent submitted that multi building sites are valued based on the characteristics of each building because an assessment must reflect the characteristics and physical condition of a property pursuant to section 289(2) of the Act. However a reduction has been applied to multi building sites to reflect the fact that the buildings likely cannot be subdivided and sold separately. This reduction (while not provided to the Board) was a result of past board decisions. The Respondent submitted several CARB decisions in support of her position (CARB 1825-2012-P; 0540-2010-P; 0855-2011-P; 1033-2011-P). Moreover, the

Respondent expressed concern that the Complainant took an average of the square footage for 2835 23 ST NE as opposed to its actual physical characteristics.

Legislative Authority:

Decisions of assessment review board

467(1) An assessment review board may, with respect to any matter referred to in section 460(5), make a change to an assessment roll or tax roll or decide that no change is required.

(2) An assessment review board must dismiss a complaint that was not made within the proper time or that does not comply with section 460(7).

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

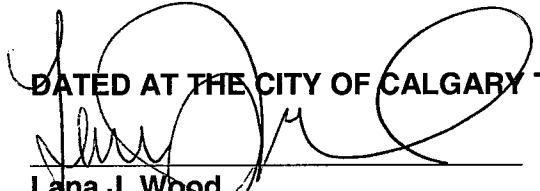
- (a) the valuation and other standards set out in the regulations,
- (b) the procedures set out in the regulations, and
- (c) the assessments of similar property or businesses in the same municipality.

Board's Reasons for Decision:

[11] The Board notes that the issue of valuing multi building sites has been addressed by several boards in the past. It was generally accepted that an investor in the marketplace would consider the total floor area of the buildings to determine the potential income and not the individual characteristics of the buildings on the same site. In most instances, multi building sites are unable to be subdivided and the buildings sold separately. A parcel, while improved with multiple buildings, would transact in the marketplace as one property (CARB 1435-2010-P). It was widely accepted that a multi building site could be valued based on the aggregate square footage provided there are similarities between the buildings (CARB 0732-2012-P). Factors such as construction materials, year of construction, types of buildings, size of buildings etc. were provided for consideration. Otherwise, if there was a wide variance in these factors, then a value applied to each building was considered appropriate. Given the direction provided in past CARB decisions, the Board finds no further explanation of this matter is warranted.

[12] In this instance, the Board finds the best sales comparable is the property located at 700 33 NE, as used in common by both parties. It sold in October 2009 for \$6,000,000 or \$107.89 psf (time adjusted). It is similar to the subject property in terms of assessable building area, age, parcel size, and site coverage ratio and therefore provides the best indication of value. As such, the Board finds it supports the current assessment of the subject property.

DATED AT THE CITY OF CALGARY THIS 18 DAY OF July 2013.


Lana J. Wood
Presiding Officer

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

NO.	ITEM
1. C1	Complainant's Disclosure
2. C2	Complainant's Rebuttal
3. R1	Respondent's Disclosure
4. R2	Respondent's Surrebuttal

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.*

Subject	Property Type	Property Sub -Type	Issue	Sub - Issue
CARB	Warehouse	Warehouse Multi Tenant	Sales Approach	