



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:

SREIT (WEST NO. 2 LTD.) (as represented by Altus Group.)
COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

W. Krynski, PRESIDING OFFICER
D. Morice, BOARD MEMBER
T. Livermore, 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:	054012208
LOCATION ADDRESS:	801 30 Street, NE
FILE NUMBER:	72364
ASSESSMENT:	\$7,780,000

This complaint was heard on 8th day of July 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:

- *M. Robinson*

Appeared on behalf of the Respondent:

- *K. Cody*
- *M. Hartmann*

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

- [1] The parties had no objections to the panel representing the Board as constituted to hear the matter. No jurisdictional or procedural matters were raised at the outset of the Hearing, and the Board proceeded to hear the merits of the complaint.

Property Description:

- [2] The property (Subject Property) contains a single multi-bay warehouse located at 801 30 Street NE, in the Franklin Industrial Park. With a 16 foot wall height, the building has an assessed building area of 80,111 square feet (sf), of which 6% is finished. The building is situated on a 4.32 acre parcel, providing a site coverage ratio of 43%, and the year of construction is 1977.

Issues:

- [3] The assessment of the Subject Property is in excess of its market value.

Complainant's Requested Value: \$ 5,120,000

Board's Decision

- [4] The Board confirms the assessment at \$7,780,000.

Legislative Authority, Requirements and Consideration

- [5] The Calgary Composite Assessment Review Board takes authority from the Municipal Government Act and associated Government of Alberta Legislation and Regulations.

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

- [6] At an aggregate assessed rate of \$97.17 per square foot (psf), the Complainant submits that the subject assessment is in excess of its market value, when applying the Direct Sales Comparison Approach. A requested rate of \$64.00 psf would result in an assessed value representative of market as at July 1, 2012.
- [7] Various maps, aerials and photographs were provided, to offer a visualization of the subject location, and building characteristics.
- [8] As supporting market evidence, the Complainant provided sale comparables as follows:
- Sale #1: 3905 29 St. NE;** Sold October 21, 2010 for \$79.00 psf. The time adjusted sale price is \$89.00 psf. Situated in the Horizon Industrial Park, the property consists of a single multi bay warehouse building, with 96,804 sf of assessed area, on a 5.0 acre parcel of land, providing a site coverage of 44%. The year of construction is 1981.
- [9] **Sale #2: 1616 Meridian Rd. NE;** Sold Jan. 15, 2010 for \$57.00 psf, and time adjusted to \$62.00 psf. Located In the Meridian Industrial Park, the property consists of a newer manufacturing facility with an adjoining 2 storey office, 30 foot wall height, and a separate smaller and older warehouse structure. The property sale included a 10 tonne and a 20 tonne crane. Total area of both buildings is 84,531 sf, with 20% interior finish, and situated on 5.1 acres, yielding a site coverage of 35%. The year of construction was averaged out for the two buildings at 1983.
- [10] **Sale #3: 1939 Centre Ave., SE;** Sold April 11, 2011 for \$64.00 psf, and time adjusted to \$72.00 psf. Located in the Mayland Industrial Park, the property is the site of the former Parmalat Dairy facility, with 88,608 sf of assessed area, of which 16% is finished. The single warehouse structure is situated on an 8.7 acre parcel of land, providing a site coverage of 22%. The year of construction is 1973.

- [11] Based on the above sales, the Complainant has calculated median sales prices of \$64.00 psf (non time adjusted), and \$72.00 psf (time adjusted). The time adjustments were said to replicate the City's time adjustment criteria, and while the time adjusted figures were included, it is the Complainant's position that the assessment should ultimately be predicated on the non time adjusted median sale price of \$64.00 psf. It is this figure that the original assessment request of \$5,120,000 is based on. In the event that the Board was not in agreement with this reasoning, the Complainant provided an alternate assessment request of \$5,767,992, predicated on the time adjusted median sale price of \$72.00 psf.
- [12] Finally, the Complainant takes issue with the City's methodology of valuing multiple building properties on the merits and physical characteristics of each individual building, rather than considering the aggregate of all buildings on the site as a single entity. The complainant contends that the City process does not reflect actions of typical parties in the real estate market. In support of this position, the Complainant has referenced a number of Assessment Review Board Decisions.

Respondent's Position:

- [13] The Respondent submitted photos, maps and aerial photos, etc., providing a visual description of the Subject Property, location, building placement, etc.
- [14] In support of the assessment, the Respondent submitted a selection of 4 sale comparables:
- [15] **Sale #1: 3905 29 St. NE;** Sold October 21, 2010 with a time adjusted sale price of \$89.00 psf. Situated in the Horizon Industrial Park, the property consists of a single multi bay warehouse building, with 96,804 sf. of assessed area, on a 5.0 acre parcel of land, providing a site coverage ratio of 44%. The year of construction is 1981.
- [16] **Sale #2: 700 33 Street NE;** Sold October 30, 2009, and time adjusted to \$107.89 psf. Located In the Franklin Industrial Park, the property consists of a single multi-bay warehouse, with a 16 foot wall height. Total area of the building is 59,573 sf, with 3% finish, situated on 3.6 acres, and yielding a site coverage of 39%. The year of construction for the building is 1976.
- [17] **Sale #3: 7260 12 Street SE;** Sold May 4, 2012, and time adjusted to \$161.56 psf. Located In the Central region of Calgary in the East Fairview Industrial Park, the property consists of a single warehouse, with a two storey front office extension. Total area of the building is 84,180 sf, with 67% finish. It is situated on 3.2 acres, yielding a

site coverage ratio of 41%. The year of construction for the building is 1982.

- [18] **Sale #4: 4020 9 St., SE;** Sold March 1, 2011, the time adjusted sale price is \$94.64 psf. Located In the Highfield Industrial Park, in the City's south-east, the property consists of a single multi tenant warehouse. Total area of the building is 80,170 sf, with 15% finish. It is situated on 3.1 acres, yielding a site coverage of 53%. The year of construction for the building is 1974.
- [19] Further to this, the Respondent provided an assessment equity chart, reflecting six equity comparables, of sizes ranging from 61,447 to 95,542 sf, and indicating assessed rates of \$86.00 to \$101.90 psf. All six of the comparables are in the subject north-east quadrant of the City, and three are multi bay, while three are single tenanted. Years of construction ranged from 1976 to 1983.
- [20] The Respondent noted that the Complainant's method of analysing sales without making necessary time adjustments is, in its opinion, incorrect, thereby providing erroneous results, especially given that many of the sales were dated by up to three years. Certainly no evidence came forth from the Complainant that the market was in equilibrium for the preceding three years, or that the City's time adjustment analysis was flawed.
- [21] Finally, The Respondent noted that the Complainant's methodology in valuing multiple building properties is in error. Assessable areas of numerous buildings are combined on an aggregate basis, as if they formed a single entity, which, in the Respondent's opinion, is incorrect. Furthermore, the City maintains that it applies a (negative) multi building market adjustment to multi building properties, based on 2010 Hearing Year Decisions, and a market analysis of these property types. Support for the City methodology in this respect is provided by a number of Assessment Review Board Decisions, which the Respondent references.

Board's Reasons for Decision:

- [22] There was insufficient market evidence to convince the Board that a variance to the assessment was justified. Of the three sales referenced in the Complainant's evidence, two were found to show little similarity to the subject. The Meridian Road sale is a multi building manufacturing facility, which included craneways, and heavy duty cranes. It shows little comparability to the subject single multi bay warehouse. The Centre Ave. sale is the site of the former Parmalat Dairy facility, again, dissimilar to the Subject Property. The remaining sale at 3905 29 St., NE, which was also included in the Respondent analysis, was considered to be a valid comparable.

- [23] The Board considered the sale comparables provided by the Respondent to be more similar to the subject, specifically, 3905 29 St. NE, which was also included in the Complainant's sales. This property is situated in the north east quadrant, as is the subject, and consists of a similar, single multi bay warehouse, with reasonably similar physical characteristics. Also given consideration, was the sale at 700 33 St. NE, which is located in the same Franklin Industrial Park as the Subject, consists of a single multi bay warehouse, and displays reasonably similar building characteristics. The time adjusted sales prices of \$88.90 psf and \$107.89 psf, bracket and lend support to the Subject assessment of \$97.17 psf.
- [24] The Board considered the equity comparables provided by the Respondent to be supportive of the subject assessment, with a range of value from \$86.00 psf to \$101.90 psf, again bracketing the Subject assessment of \$97.17 psf. This lends support to the Respondent's position that the subject property is assessed in a manner that is consistent and equitable with other similar properties.
- [25] The Board was not in agreement with the Complainant's position that the time adjustment of sales was not required.
- [26] The Board agrees with the Respondent's position whereby properties with multiple buildings be assessed based on separate building valuations, thereby reflecting individual building characteristics. However, this is only to the extent that the multiple buildings on the single-titled parcel vary significantly in their individual building characteristics.
- [27] While the Board reviewed and considered previous Assessment Review Board Decisions as referenced by both parties in this Hearing, the Board is not bound by previous decisions, and bases its decisions on the merits of all evidence presented.
- [28] On review and consideration of all the evidence before it in this matter, the Board found the Complainant's evidence was not sufficient to warrant a variance in the assesement. The Board confirms the subject assessment at \$7,780,000.

DATED AT THE CITY OF CALGARY THIS 1st DAY OF August 2013.


Walter Krynski


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 ADMINISTRATIVE USE

Subject	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	Industrial	Multi Bay Warehouse	Market value	