

## **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. C/O TONKO REALTY ADVISORS 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:

<b>ROLL NUMBER:</b>	<b>054012901</b>
<b>LOCATION ADDRESS:</b>	<b>920 28 Street, NE</b>
<b>FILE NUMBER:</b>	<b>72365</b>
<b>ASSESSMENT:</b>	<b>\$7,070,000</b>

This complaint was heard on 9th day of July, 2013 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 10.

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 subject property comprises two identical multi-bay warehouse buildings located at 920 28 Street, NE, in the Franklin Industrial Park. The assessed building areas of each of the buildings is 31,200 square feet (sf) each, for a combined assessable area of 62,400 sf, of which 28% and 26% of the respective buildings contain interior finish. The buildings are situated on a 3.14 acre parcel, providing a site coverage of 46%, and the building year of construction is 1978.

**Issues #1**

- [3] The assessment of the subject property is in excess of its market value.

**Issues #2**

- [4] The assessment of the subject property is inequitable with similar properties.

**Complainant's Requested Value: \$ 5,090,000**

## Board's Decision

- [5] The Board confirms the assessment at \$7,070,000.

## Legislative Authority, Requirements and Consideration

- [6] 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

**Issues #1 The assessment of the subject property is in excess of its market value.**

### Complainant's Position:

- [7] At an aggregate assessed rate of \$113.00 per square foot (psf), the Complainant submits that the subject assessment is in excess of its market value, through the application of the Direct Sales Comparison Approach. In their opinion, a requested rate of \$82.00 psf, (based on sales not time adjusted) would result in an assessed value representative of market as at July 1, 2012.
- [8] As supporting market evidence, the Complainant provided sale comparables as follows:
- Sale #1: 3650 12 St. NE;** Sold July 6, 2011 for \$81.00 psf. The time adjusted sale price is \$86.00 psf. Situated in the South Airways Industrial Park, the property consists of a single multi bay warehouse building with an assessed area of 51,200 sf. The building is situated on a 2.6 acre parcel of land, providing a site coverage of 45%. The year of construction is 1974.
- [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. The total area of both buildings is 84,531 sf, with 20% interior finish. They are 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: 700 33 St, NE;** Sold October 30, 2009, for \$101.00 psf and time adjusted to \$108.00 psf. Located In the Franklin Industrial Park, the property comprises two multi tenant warehouse buildings, totalling 59,573 sf, of which 20% is finished. The buildings are situated on a 3.6 acre parcel of land, providing a site coverage of 35%. The building year of construction is 1976.
- [11] **Sale #4: 5539 1 St. SE;** Sold September 8, 2011, for \$95.00 psf and time adjusted to \$98.00 psf. Located In the Manchester Industrial area, in the City's southeast quadrant, the property comprises one single tenant warehouse building, totalling 40,420 sf, of which 20% is finished. The building is situated on a 2.0 acre parcel of land and provides a site coverage of 45%. The building's year of construction is 1975.
- [12] **Sale #5: 7475 Flint Rd. SE;** Sold June 1, 2011, for \$83.00 psf and time adjusted to \$89.00 psf. Located In the Fairview Industrial area, in the City's southeast quadrant, the property comprises one single tenant warehouse building, totalling 52,060 sf, of which 8% is finished. The building is situated on a 2.0 acre parcel of land, providing a site coverage of 55%. The year of construction is 1970. The property currently operates as a sports complex.
- [13] Based on the above sales, the Complainant has calculated median sales prices of \$82.00 psf, (non time adjusted), and \$88.00 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 \$82.00 psf
- [14] 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. Instead, the City should be considering the aggregate of all buildings on the site and valuing the property as a single entity. The Complainant contends that the City process does not reflect actions of vendors and purchasers in the real estate market. In support of this position, the Complainant has referenced a number of Assessment Review Board Decisions. Further to this argument, the Complainant requested a cross-reference to evidence and argument presented in File # 72364.

**Respondent's Position:**

- [15] The Respondent submitted photos, maps and aerial photos, etc., providing a visual description of the Subject Property, location, building placement, etc.
- [16] In support of the assessment, the Respondent submitted a selection of 5 sale comparables.
- [17] **Sale #1: 6939 fisher Rd SE;** Sold November 23, 2010 with a time adjusted sale price of \$173.15 psf. Located in Fisher Park, a semi-commercial district with commercial land use, the property consists of a single tenant warehouse building, with 33,147 sf. of assessed area, including 14% interior finish. The building is situated on a 2.0 acre parcel of land, resulting in a site coverage of 38%. The building's year of construction is 1969.
- [18] **Sale #2: 5920 35 St SE;** Sold April 6, 2010, and time adjusted to \$130.16 psf. Located in Foothills Industrial Park, the property consists of a single multi-bay warehouse. Total area of the building is 28,052 sf, with 26% finish, and it is situated on 1.6 acres, yielding a site coverage of 33%. The year of construction for the building is 1979.
- [19] **Sale #3: 6160 40 St. SE;** Sold June 11, 2010, and time adjusted to \$147.83 psf. Located In the Foothills Industrial Park, the property consists of a multi tenant warehouse, with a total area of 21,449 sf, of which, 21% is finished. It is situated on a 1.22 acre parcel, yielding a site coverage ratio of 40%. The year of construction for the building is 1977.
- [20] **Sale #4: 7211 8 St., NE;** Sold December 16, 2009, with a time adjusted sale price of \$165.31 psf. Located In the Deerfoot Industrial Park, the property consists of a single tenant warehouse building, with a total area of 21,232 sf, and 28% interior finish. It is situated on 1.1 acres of land, yielding a site coverage ratio of 37%. The year of construction for the building is 1983.
- [21] **Sale #5: 2610 3 Ave. NE;** Sold October 15, 2009, with a time adjusted sale price of \$131.16 psf. Located In the Meridian Industrial Park, the property consists of a single tenant warehouse building, with a total area of 20,010 sf, and 11% interior finish. It is situated on 1.1 acres of land, indicating a site coverage of 42%. The year of construction for the building is 1970.
- [22] Further to this, the Respondent provided a separate summary of a multiple building sale, consisting of two identical buildings on the parcel:

- [23] **Sale #6: 1826 25 Ave. NE;** Sold May 18, 2011 with a time adjusted sale price of \$139.94 psf. Located in the South Airways Industrial Park, the property consists of two multi bay warehouse buildings, each with 17,600 sf. of assessed area, and 30% and 32% interior finish. The buildings are situated on a 1.7 acre parcel of land, providing a site coverage ratio of 46.7%. The year of construction for both buildings is 1980.
- [24] The Respondent noted that the Complainant's method of analysing sales without making necessary time adjustments is, in its opinion, incorrect. It produces erroneous results, especially given that many of the sales were dated by up to three years. They argued that 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.
- [25] Finally, The Respondent argued that the Complainant's methodology of valuing multiple building industrial 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. In respect of this position, the Respondent also requested a cross-reference to evidence and argument presented in File # 72364.

**Issues #2 The assessment of the subject property is inequitable with similar properties.**

**Complainant's Position:**

- [26] Two assessment equity comparables were submitted. Both contain multi tenanted warehouses located in the City's northeast quadrant. They are single building sites with respective areas of 60,849 and 63,069 sf. built in 1974 and 1976, indicating site coverages of 46% and 45%. Assessed rates are \$99.33 psf and \$100.05 psf.

**Respondent's Position:**

- [27] The Respondent provided an assessment equity chart, containing 7 equity comparables of multiple building, multi tenanted warehouses. Building areas range from 25,256 sf to 40,021 sf, and years of construction range from 1974 to 1979. They are all in the northeast quadrant of the City, with site coverages ranging from 37% to 45%. The comparables indicate assessed square foot rates ranging from \$107.60 to \$119.61.

**Board's Reasons for Decision:****Issues #1 The assessment of the subject property is in excess of its market value.**

- [28] The Board reviewed all of the evidence presented, and finds that the sales evidence provided by both parties is somewhat lacking. Notwithstanding this, the sale comparable at 1826 25 Ave. NE, was considered to be most comparable to the subject. Like the subject, it comprises two identical multi tenanted warehouse buildings. The sale date is relatively current and it is located in the northeast quadrant, reasonably close to the Subject. With the exception of size, the sale property reflects reasonably similar building characteristics. The sale indicates a time adjusted sale price of \$139.94, somewhat higher than the Subject assessment, which would be reflective of its smaller building area.
- [29] The Board considered the sale comparables provided by the Respondent to be less similar to the subject, than those of the Complainant. One was a special purpose building, assessed on the Cost Approach, and very dissimilar. Two were in the southeast quadrant of the City, thereby, locationally different. Only one was a multiple building property, and three of the four were single tenant warehouses, as compared to the Subject's multi tenant status.
- [30] The Board was not in agreement with the Complainant's position that a time adjustment of sales is not required.
- [31] The Board agrees with the Respondent's position wherein properties with multiple buildings are assessed based on separate building valuations, thereby reflecting distinct 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.
- [32] While the Board reviewed and considered previous Assessment Review Board Decisions as referenced by both parties, the Board is not bound by previous decisions, and bases its decisions on the merits of all evidence presented, specific to each case.


**Issues #2 The assessment of the subject property is inequitable with similar properties.**

- [33] The Board considered the assessment equity comparables provided by the Respondent to be more extensive and supportive of the assessed value, than those of the Complainant.

[34] On review and consideration of all the evidence before it in this matter, the Board did not find the Complainant's evidence sufficiently convincing to warrant a variance in the assessed value.

[35] The Board confirms the subject assessment at \$7,070,000.

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

  
Walter Krynski

  
Presiding Officer



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

<b>NO.</b>	<b>ITEM</b>
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	equity