



Calgary Assessment Review Board

DECISION WITH REASONS

In the matter of the complaint against the property assessment as provided by the *Municipal Government Act (MGA)*, Chapter M-26, Section 460, Revised Statutes of Alberta 2000 (the Act).

between:

Old Dutch Foods Ltd.
(as represented by Altus Group Limited), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

M. Vercillo, PRESIDING OFFICER
R. Deschaine, BOARD MEMBER
J. Mathias, 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: 200938942
LOCATION ADDRESS: 3225 54 AV SE
FILE NUMBER: 72491
ASSESSMENT: \$9,510,000

This complaint was heard from the 16th day of July, 2013 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 5.

Appeared on behalf of the Complainant:

- *J. Weber*

Appeared on behalf of the Respondent:

- *J. Greer*

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

[1] The Calgary Composite Assessment Review Board (CARB) derives its authority to make this decision under Part 11 of the Act. No specific jurisdictional or procedural issues were raised during the course of the hearing, and the CARB proceeded to hear the merits of the complaint, as outlined below.

Property Description:

[2] The subject property contains two single-tenanted industrial warehouse (IWS) buildings, located in the Foothills Industrial district of SE Calgary and is zoned Industrial-General. According to the information provided, the first building has an assessable area of 106,991 square feet (sf), was constructed in 1973 and has an office finish ratio of 8%. The second building has an assessable area of 9,600 sf, was constructed in 1972 and has an office finish ratio of 17%. The buildings are situated on an assessable land area 8.44 acres, with a site coverage of 31%.

[3] The subject is assessed using the Direct Sales Comparison Approach to value. The first building is assessed at a rate of \$74.72 per sf while the second building is assessed at a rate of \$158.61 per sf. Although it is not apparent in the assessment calculation, the Assessment Explanation Supplement indicates a multi-building adjustment for this site.

Issues:

[4] The CARB considered the complaint form together with the representations and materials presented by the parties. However, as of the date of this hearing, the following issue remained in dispute:

- a) The subject property is in excess of market value as indicated by the sales comparison approach.
- b) The aggregate assessment per sf applied to the subject property is inequitable with the assessments of other similar and competing properties.

Complainant's Requested Value: \$8,130,000

Board's Decision:

[5] The complaint is accepted as corrected, and the assessment is revised at \$8,540,000.

Legislative Authority, Requirements and Considerations:

[6] As in accordance with MGA 467(3), a CARB *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.*

Position of the Parties

ISSUE 1: The subject property is in excess of market value as indicated by the sales comparison approach.

Complainant's Position:

[7] The Complainant provided a 39 page disclosure document that was entered as Exhibit C1 during the hearing. The Complainant along with Exhibit C1 provided the following evidence and argument with respect to this issue:

[8] Topographical and aerial photographs of the subject property. The Complainant explained that the property has an irregular shape and both buildings function together and complement each other. It would be unlikely that the two would be subdivided and sold off separately, especially given the way they are situated on the property.

[9] A chart of two sales comparables that both sold on July 27, 2011. One of the sales comparables was an IWS property, while the other was a multi-tenanted warehouse (IWM) property. There was no indication that the comparables were multi-building sites. The sales comparables had land area of 8.4 acres and 10.2 acres with buildings that were constructed in 1972 and 1977 respectively. The buildings had site coverage of 38% and 40%, net rental area of 147,727 sf and 179,418 sf (corrected from 187,828 sf), with office finish percentages of 11% and 5% respectively. The Complainant provided a time-adjusted sales price (TASP) calculation per sf for each comparable at \$70.95 and \$75.62 (adjusted for corrected sf) respectively, with a median \$73.29 (adjusted for corrected sf of second comparable).

Respondent's Position:

[10] The Respondent provided a 110 page disclosure document that was entered as "Exhibit R1" during the hearing. The Respondent along with Exhibit R1 provided the following evidence and argument with respect to this issue:

[11] A chart of six multi-building sales comparables. Two of the sales comparables contained three buildings while the others were two building sites. One of the two building comparables was an IWM property, while the rest of the comparables were all IWS properties. The sales comparables had land areas ranging from 1.2 acres and 9.6 acres with buildings that were

constructed from 1953 to 2009. They had site coverage ranging from 7.29% and 44.01%, net rental area ranging from 3,545 sf to 91,876 sf, with office finish percentages ranging from 0% to 45%. The Respondent provided a TASP calculation per sf for each comparable ranging from \$106.89 and \$697.81.

[12] A chart of eight single-building sales comparables, all of which were around 10,000 sf. One of the comparables was an IWM property, while the other comparables were IWS properties. The sales comparables had land areas ranging from 0.59 acres to 4.51 acres with buildings that were constructed from 1979 to 2000, with a median of 1989. They had site coverage ranging from 5.83% and 35.17%, with a median of 19.11%. An assessable building area ranging from 8,200 sf to 14,960 sf, with a median of 10,080 sf. Office finish percentages ranging from 6% to 40%, with a median of 21%. The Respondent provided a TASP calculation per sf for each comparable, ranging from \$153.58 to \$349.50, with a median of \$243.90. The TASP of each comparable was then compared to the 2013 assessment of each comparable to calculate an assessment to sales ratio (ASR) ranging from 0.87 to 1.18, with a median of 1.04.

[13] A chart of three single-building sales comparables that included the Complainant's two sales comparables, all of which were over 100,000 sf. Two of the comparables were IWM properties, while the other comparable was an IWS property. The sales comparables had land areas ranging from 7.56 acres to 10.21 acres with buildings that were constructed from 1972 to 2008, with a median of 1977. They had site coverage ranging from 37.94% and 43.31%, with a median of 40.09%. An assessable building area ranging from 142,672 sf to 179,418 sf, with a median of 147,727 sf. Office finish percentages ranging from 5% to 39%, with a median of 18%. The Respondent provided a TASP calculation per sf for each comparable, ranging from \$70.95 to \$142.31, with a median of \$75.62. The TASP of each comparable was then compared to the 2013 assessment of each comparable to calculate an ASR ranging from 0.88 to 1.02, with a median of 0.98.

CARB Findings:

[14] The CARB finds the following with respect to this issue:

[15] That the subject property has an irregular shape and the buildings are situated in such a manner that allows them to function together for the purpose intended. The buildings are together on one title and would unlikely sell separately on the open market. Therefore, little weight is placed on the Respondent's TASP per sf of the single building sales comparables around 10,000 sf.

[16] That the two sales comparables of the Complainant are most comparable to the subject's larger building, with the smaller sales comparable being in close proximity to the subject. The one comparable added by the Respondent is the most dissimilar to the subject's larger building, with a construction date of 2008. The CARB considers this building to new to provide any reasonable comparability to the subject as evidenced by its TASP per sf of \$142.31.

[17] That very little support was established by the Respondent's position in his multi-building sales comparables. The comparables were vastly different from the subject in such attributes as year of building(s) construction, assessable building areas and office finish percentages. This is apparent when comparing the wide range of TASP per sf (\$106.89 to \$697.81) of those comparables, to the subject's overall assessment per sf of \$81.63.

ISSUE 2: The aggregate assessment per sf applied to the subject property is inequitable with the assessments of other similar and competing properties.

Complainant's Position:

[18] The Complainant along with Exhibit C1 provided the following evidence and argument with respect to this issue:

[19] A chart of six equity comparables to the subject. All of the equity comparables were IWS properties, with one of the equity comparables being the same one (a neighbouring property) used by the Complainant in his sales comparable analysis. The equity comparables varied in year of construction from 1969 to 1977, had site coverage ranging from 36% to 49%, assessable building areas ranging from 91,294 sf to 182,768 sf, with office finish percentages ranging from 2% to 19%. The 2013 assessment per sf ranged from \$63.91 to \$77.88 with a median of \$74.60. The Complainant highlighted that the subject property's overall assessment rate of \$81.57 was inequitable to the most comparable neighbouring property's assessment rate of \$69.79.

[20] Aerial photographs of the neighbouring single-building sales and equity comparable property. The Complainant highlighted that the neighbouring property does not have an irregular shape and has plenty of access points and functionality. It is not compromised in any way, unlike the subject.

Respondent's Position:

[21] The Respondent along with Exhibit R1 provided the following evidence and argument with respect to this issue:

[22] A chart of seven multi-building equity comparables, all of which were over around 9,600 sf. One of the comparables was a IWM property, while the other comparables were IWS properties. The equity comparables had land areas ranging from 0.92 acres to 7.26 acres with buildings that were constructed from 1972 to 2003, with a median of 1979. They had site coverage ranging from 6.46% and 38.91%, with a median of 15.74%. An assessable building area ranging from 8,000 sf to 10,584 sf, with a median of 9,380 sf. Office finish percentages ranging from 4% to 29%, with a median of 21%. The Respondent provided an assessment rate per sf calculation for each comparable, ranging from \$133.90 to \$250.04, with a median of \$183.37.

[23] A chart of seven multi-building equity comparables, all of which were over around 100,000 sf. Four of the comparables were IWM properties, while the other comparables were IWS properties. The equity comparables had land areas ranging from 8.80 acres to 25.58 acres with buildings that were constructed from 1981 to 1998, with a median of 1997. They had site coverage ranging from 27.46% and 60.11%, with a median of 59.05%. An assessable building area ranging from 91,791 sf to 163,554 sf, with a median of 138,917 sf. Office finish percentages ranging from 3% to 14%, with a median of 4%. The Respondent provided an assessment rate per sf calculation for each comparable, ranging from \$73.70 to \$89.83, with a median of \$86.16.

[24] A duplicative chart of the Complainant's six equity comparables. The chart calculated medians for the Complainant's equity comparables including:

- a) Assessable building area; 107,888 sf,
- b) Year of construction; 1975,
- c) Office finish percentage; 4%,
- d) Site coverage; 44.72%,
- e) Assessment rate per sf; \$74.73.

CARB Findings:

[25] The CARB finds the following with respect to this issue:

[26] That the equity comparables of the Complainant more closely resemble the physical attributes of the subject property's larger building, especially when considering assessable building area, year of construction and site coverage. The medians derived by the Respondent on the Complainant's equity comparables support this finding.

[27] That the neighbouring equity comparable (also used as a sales comparable) used by the Complainant is most similar to the subject, especially when comparing such attributes as proximity, land area and year of construction. The CARB notes that the shape, access points and functionality of the neighbouring comparable is far superior to the subject.

Board's Reasons for Decision:

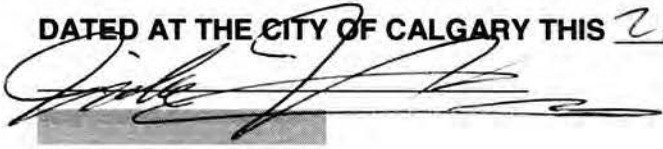
[28] The CARB finds that the smaller property functions in much the same way as the larger building. The buildings were constructed a year apart, in the early seventies with a small ratio of office finish. The CARB finds that the smaller building compliments the larger building's functionality and vice versa. It does not compete with it as the assessment approach would have you believe. It makes little sense to the CARB that the smaller building should be assessed at substantially different assessment rates, on the basis of what comparable smaller buildings would sell for in the marketplace. In this case, it is unlikely that the two buildings would be sold separately as the assessment approach would indicate.

[29] Although a multi-building adjustment to the assessment was indicated, there was no evidence provided by the Respondent to indicate the extent of its application or whether it was applied at all. In the opinion of the CARB, the multi-building adjustment was insufficiently applied in this case.

[30] The \$73.29 aggregate assessment per sf rate offered by the Complainant's sales comparables is reasonable when consideration is given to the subject property's irregular shape and functionality and reasonably comparable to the neighbouring sales comparable's TASP per sf of \$71.00.

[31] The \$73.29 aggregate assessment rate per sf is also equitable to the similar and competing properties that were offered as comparables by both parties. Especially when consideration is given to the subject property's irregular shape and functionality and reasonably comparable to the neighbouring equity comparables assessment per sf of \$69.79.

DATED AT THE CITY OF CALGARY THIS 21 DAY OF August 2013.

A handwritten signature in black ink, appearing to be "John J. [unclear]", is written over a grey rectangular stamp.

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.*

(For MGB Office Only)

| Column 1 | Column 2 | Column 3 | Column 4 | Column 5 |
|-----------------|-----------------|-----------------|-----------------|-----------------|
| CARB | Warehouse | Multi Tenant | Sales Approach | |
| | | | | |
| | | | | |