



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:

Mcgill Holdings 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:	048040109
LOCATION ADDRESS:	2216 27 Avenue, NE
FILE NUMBER:	72518
ASSESSMENT:	\$7,060,000

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 subject property comprises two multi-bay warehouse buildings located at 2216 27 Avenue, NE, in the South Airways Industrial Park. With the exception of a slight variation in building area, the two buildings are identical. The combined assessable area of the buildings are 55,360 square feet (sf), of which 53% contains interior finish. The building is situated on a 3.0 acre parcel, providing a site coverage of 31%, and the year of construction is 1980 for both buildings.

Issue:

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

Complainant's Requested Value: \$5,110,000 or alternatively, \$ 5,590,000

Board's Decision

- [4] On review and consideration of all the evidence before it in this matter, the Board found the Complainant's evidence sufficiently convincing to warrant a variance in the assessed value.

- [5] The Board reduces the assessment to \$5,590,000.

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**Complainant's Position:**

- [7] At an aggregate assessed rate of \$127.53 per square foot (psf), the Complainant submits that the subject assessment is in excess of its market value. The requested rate of \$92.00 psf (based on non time adjusted sales) would, in the Complainant's opinion, result in an assessed value representative of market as at July 1, 2012. Barring that, a time adjusted sale price of \$101.00 per square foot would be appropriate.
- [8] Various maps, aerials and photographs were provided, to offer a visualization of the subject location, and building characteristics.
- [9] As supporting market evidence, the Complainant provided sale comparables as follows:
- Sale #1: 2835 23 St. NE;** Sold June 15, 2011 for \$92.00 psf. The time adjusted sale price is \$101.00 psf. Situated in the South Airways Industrial Park, the property consists of two multi bay warehouse buildings, with an aggregate assessed area of 48,660 sf. The improvements are situated on a 3.1 acre parcel of land, providing a site coverage of 36%. The building year of construction is 1978.
- [10] **Sale #2: 2115 27 Ave. NE;** Sold November 4, 2009 for \$83.00 psf and time adjusted to \$90.00 psf. Located In the South Airways Industrial Park, the property is comprised of a single multi tenanted building, totalling 49,703 sf of rentable area, with 73% interior finish. It is situated on 2.1 acres, yielding a site coverage of 34%. The building's year of construction is 1980.
- [11] **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 year of construction is 1976.
- [12] Based on the above sales, the Complainant has calculated median sales prices of \$92.00 psf, (non time adjusted), and \$101.00 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 \$92.00 psf. It is this figure that the original assessment request of \$5,110,000 is based on. In the event that the Board was not in agreement with this reasoning, the Complainant provided an alternate assessment request of \$5,590,000, predicated on the time adjusted median sale price of \$101.00 psf.

- [13] 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, including a 2012 Decision on the Subject Property. In respect of this position, the Complainant requested a cross-reference to evidence and argument presented in File # 72364.

Respondent's Position:

- [14] The Respondent submitted photos, maps and aerial photos, etc., providing a visual description of the Subject Property, location, building placement, etc.
- [15] In support of the assessment, the Respondent submitted a selection of 5 sale comparables:
- [16] **Sale #1: 4826 11 St. NE;** Sold December 1, 2011 with a time adjusted sale price of \$88.38 psf. Located in the South Airways Industrial Park, the property consists of a single tenant warehouse building, with 39,600 sf. of assessed area, including 8% interior finish. The building is situated on a 2.2 acre parcel of land, providing a site coverage of 41%. The building year of construction is 1972.
- [17] **Sale #2: 3651 21 St. NE;** Sold February 23, 2012, and time adjusted to \$80.18 psf. Located in North Airways Industrial Park, the property consists of a single multi-bay warehouse, with a 20 foot wall height. Total area of the building is 36,167 sf, with 11% finish, and it is situated on 3.6 acres, yielding a site coverage of 49%. The year of construction is 1976.
- [18] **Sale #3: 2620 22 Street NE;** Sold December 31, 2011, and time adjusted to \$128.81 psf. Located In the South Airways Industrial Park, the property consists of a single tenant warehouse, with a total area of 23,678 sf, of which, 36% is finished. It is situated on a 1.5 acre parcel, yielding a site coverage ratio of 32%. The building's year of construction is 1981.

- [19] **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 of 37%. The building year of construction is 1983.
- [20] **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, yielding a site coverage of 42%. The year of construction for the building is 1970.
- [21] Further to this, the Respondent provided a separate summary of two sales, consisting of two identical buildings on each parcel:
- [22] **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 of 47%. The year of construction is 1980.
- [23] **Sale #7: 2835 23 St. NE;** Sold June 15, 2011, and time adjusted to \$101.17 psf. Located in South Airways Industrial Park, the property consists of two multi bay warehouse buildings, each with 24,330 sf of assessed area, and 33% and 35% interior finish. The buildings are situated on a 3.06 acre parcel of land, providing a site coverage of 36%. The building's year of construction is 1978.
- [24] Additionally, the Respondent provided an assessment equity chart, reflecting 2 equity comparables, each containing two multi bay warehouses, consisting of 31,200 sf each for the first one, and 25,600 and 46,080 sf for the other. They indicate assessed building rates of \$113.34/\$113.40 and \$119.39/\$103.11psf respectively. The comparables are in the Franklin and McCall Industrial Parks, and years of construction are 1978 for both.
- [25] 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.

- [26] 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 is, in the Respondent's opinion, 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.

Board's Reasons for Decision:

- [27] The Board reviewed all of the sales evidence presented, and finds that the sales evidence from both parties is somewhat lacking. Notwithstanding this, the sale comparable at 2835 23 St. NE, was considered to be most comparable to the subject, with both parties having included it in their evidence. It is relatively current, with reasonably similar building characteristics, and is located in the South Airways Industrial Park as is the subject. The sale reflects a time adjusted sale price of \$101.17 psf. This is supported by the Complainant's other two comparables.
- [28] The Board considered the sales comparables provided by the Respondent to be less similar to the subject, consequently, less consideration has been given to them.
- [29] The Board considered the assessment equity comparables provided by the Respondent to be unsupportive of the current assessment.
- [30] The Board was not in agreement with the Complainant's position that a time adjustment of sales is not required. No evidence was submitted in support of the Complainant's position.
- [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 in this Hearing, the Board is not bound by previous decisions, and bases its' decisions on the merits of all evidence presented.
- [33] The Board reduces the Subject assessment to \$5,590,00.

DATED AT THE CITY OF CALGARY THIS 31 DAY OF July 2013.

A handwritten signature in cursive script, appearing to read "W. Krynski", written over a horizontal line.

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	