



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:

The Shelburne Group Ltd. (as represented by Altus Group), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

PRESIDING OFFICER: T. Helgeson
BOARD MEMBER: R. Cochrane
BOARD MEMBER: R. Roy

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: 032030405

LOCATION ADDRESS: 3600 19 Street NE

FILE NUMBER: 73028

ASSESSMENT: \$3,930,000

This complaint was heard on the 3rd day of September, 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*

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

- [1] No procedural or jurisdictional matters were brought before the Board.

Property Description:

[2] The subject property at 3600 19 Street NE is an industrial property comprising one parcel of land and two multi-tenant buildings. The buildings were constructed in 1977. The assessable area of one of the buildings is 12,964 square feet ("sq. ft.") and the assessable area of the other building is 12,700 sq. ft. The land area of the subject property is 1.84 acres, of which the buildings cover 32%. The subject property is assessed at \$153 per sq. ft. of building area.

Issue:

- [3] Does the assessed value of the subject property reflect market value?

- [4] **Complainant's Requested Value:** \$3,310,000

- [5] **Board's Decision:** The assessment is confirmed at \$3,930,000.

Positions of the Parties

Complainant's Position:

[6] The assessment of the subject property is in excess of its market value. The aggregate assessment per sq. ft. does not reflect market value when the direct sale comparison approach is used. Further, the aggregate assessment per sq. ft. is inequitable compared with the assessments of similar and competing properties.

[7] The time adjusted sale price of our best comparable, 2620 22 Street NE, is \$129 per sq. ft., significantly less than the assessment of the subject property at \$153 per sq. ft. (C-1, page 17). Our amended requested value based on \$129 per sq. ft. is \$3,310,000, rounded.

[8] When it comes to equity, there are eight equity comparables at page 18 of C-1. The assessments of the equity comparables range from \$121.26 to \$138.84, again significantly less than the subject property at \$153.13.

[9] Our rebuttal evidence, C-2 at page 5, shows that less weight should be placed on the Respondent's sales comparable at 4413 11 Street NE because the gross size of the building is much smaller than that of the subject property, and, the building has a crane. Similarly, the size of the building on the property at a 4605A 12 Street NE is much smaller than the building size of the subject property. Further, the building size of 1936 27 Avenue is one half that of the subject property. Finally, it is submitted that the Respondent's only two-building comparable is superior to the subject property due to build-out, i.e., better office finish.

[10] To sum up, multi-building properties and single building properties compete with each other. The two buildings on the subject property are virtually identical. Finish, site coverage, and year of construction are all more important than the number of buildings. We request that the assessment be reduced to \$3,310,000.

Respondent's Position

[11] Taking the total building square footage of a multiple building site and comparing it to the square footage of a single building site is akin to comparing apples to oranges. Combining the square footage of multiple buildings into one large square footage misrepresents the true characteristics of the property, and does not give the Board a clear picture. The Respondent will support the assessment with sales of properties similar to that of the subject property in the direct sales comparison approach.

[12] The Respondent must follow the *Municipal Government Act*, which states in section 289(2) that the assessment must reflect the characteristics and physical condition of the subject property. The Respondent applies a negative adjustment to recognize that the multiple buildings are on a single title and must be sold together.

[13] Our industrial sales chart consists of six properties, four of them single tenant warehouses, one multi-tenant, and one multiple building multi-tenant warehouse (R-1, page 16). The best comparable, 4413 11 Street NE, has site coverage very close to that of the subject property, i.e., 31.92% compared to 31.76%, and is only ten blocks from the subject property. The property at 4413 11 Street SE sold at \$180.97 per square foot, time adjusted.

[14] As for equity, our 2013 Industrial Equity Chart at page 17 of R-1 shows six industrial warehouses with land areas similar to the subject property, same land use designations, similar building footprints, building areas, years of construction and site coverages. The only material difference between the equity comparables and the subject property is that all but one of the comparables have higher assessment rates per square foot.

[15] Building finish is not a big factor in value, certainly not bigger than the difference between a single building property and a multi-building property. We analyzed the sales, and found the multi-building properties are treated differently than single building properties. We submit that the assessment is both fair and equitable, and is supported by the evidence. We respectfully request the Board to confirm the assessment.

Board's Reasons for Decision:

[16] The Board agrees with the Respondent that a property with two buildings is not an appropriate sales comparable in relation to the subject property. The Board accepts that more than one building on the same site means variances between the buildings.

[17] The documents contained in the Complainant's rebuttal (C-2) are with reference to the six sale comparables in the Respondent's material. The Complainant submits that the warehouse on 4413 11 Street NE, the property the Respondent describes as most comparable to the subject property, is much smaller in gross building area, therefore less weight should be accorded this property as a comparable. The same argument applies to Respondent's comparables at 4605 12 Street NE and 1936 27 Avenue NE.

[18] Further to this, the Complainant submits that 1826 25 Avenue NE, the Respondent's only multi-building sales comparable, is superior to the subject property due to better office finish, hence not a good comparable.

[19] The Board does not find it unusual that sales comparables often do not exhibit characteristics ideally similar to those of the subject property. That is because sales comparables cannot be created, but come into existence by chance. In this case, the Respondent's six sales comparables are for the purpose of demonstrating that the subject property is assessed for less per sq. ft. than the sale values of most of the comparables, whereas the Complainant's sale comparables are intended to demonstrate that the subject property is over-assessed..

[20] The Board notes that the Respondent's multi-tenant comparable, 1826 25 Avenue NE, (R-1, page 14) shows a parcel size comparable to that of the subject property, and is also similar to the subject property in year of construction, and amount of finish. The Complainant informed the Board that in the Complainant's belief, 1826 25 Avenue has better office finish. As it happens, the Board cannot make decisions based on belief, but only on evidence.

[21] In the view of the Board, it is because the building area of 1826 25 Avenue NE is larger than that of the subject property that the time adjusted sale price per square foot is less than that of the subject property. This does not mean that the 1826 25 Avenue NE is not a reasonable sale comparable.

[22] The Respondent's equity comparables at page 17 of R-1 clearly show that the subject property is assessed equitably. Unlike the Complainant's equity comparables, the Respondent's equity chart contains three multiple building properties, and four buildings from multiple building sites. In particular, the multi-building property at 3650 19 Street NE does appear to be the subject property's twin. The Complainant's choice of value appears to have been cherry-picked from one sale, the sale of 2620 22 Street NE.

[23] The Board finds the Respondent's evidence compelling. The assessment is confirmed. It is so ordered.

DATED AT THE CITY OF CALGARY THIS 12th DAY OF December 2013.



Presiding Officer

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

NO.	ITEM
1. C1	Complainant Disclosure
2. C2	Complainant's Rebuttal
2. R1	Respondent Disclosure

For Administrative Use

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

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.*