



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:

Mike & Sons Holdings Ltd. (as represented by Altus Group.)
COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

W. Krysiniski, 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:	048040406
LOCATION ADDRESS:	2115 30 Avenue, NE
FILE NUMBER:	73042
ASSESSMENT:	\$4,490,000

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 3.

Appeared on behalf of the Complainant:

- *M. Robinson*

Appeared on behalf of the Respondent:

- *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 includes two warehouse buildings located at 2115 30 Ave. NE, in the South Airways Industrial Park. One is a multi-bay warehouse, totalling 31,580 square feet (sf), with 62% finish, and built in 1979, while the other is a single occupant warehouse encompassing 4,665 sf, 34% finish, and constructed in 1999. The buildings are situated on a 1.76 acre parcel of I-G zoned land, providing site coverage of 39%.

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: \$ 2,990,000

Board's Decision

- [5] The Board confirms the assessment at \$4,490,000.

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

Issue #1: The assessment of the subject property is in excess of its market value.

Complainant's Position:

- [7] At an aggregate assessed rate of \$134.34 per square foot (psf), the Complainant submits that the subject assessment is in excess of its market value, as determined via the Direct Sales Comparison Approach. In their opinion, the requested rate of \$90.00 psf (based on sales unadjusted for time) would result in an assessed value representative of market as at July 1, 2012.
- [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:
- [10] **Sale #1: 4826 11 Street, NE;** Sold December 1, 2011, for \$88.00 psf. No time adjustment was required. Situated in the McCall Industrial Park, the property consists of a single occupant warehouse building with an assessed area of 39,600 sf, and 8% finish. The building is situated on a 2.2 acre parcel of I-G zoned land, reflecting site coverage of 41%. The year of construction is 1972.
- [11] **Sale #2: 2835 23 Street, NE;** Sold June 15, 2011 for \$92.00 psf, and time adjusted to \$101.00 psf. Located In the South Airways Industrial Park, the property consists of two multi-bay warehouse buildings. The aggregate assessed building area is 48,660 sf, with 28% interior finish. It is situated on a 3.1 acre parcel of I-G zoned land, reflecting site coverage of 36%. The year of construction is 1978.

- [12] respecting the above two sales, the Complainant has calculated median sales prices of \$90.00 psf, (non time adjusted), and \$95.00 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 \$90.00 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, thereby resulting in assessments that are not reflective of market value. In support of this opinion, the Complainant has referenced a number of Assessment Review Board Decisions. Additionally, the Complainant requested a cross-reference to 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 6 sale comparables of smaller single occupant warehouse properties:
- [16] **Sale #1: 55 Skyline Cr. NE;** Sold December 29, 2009, with a time adjusted sale price of \$223.14 psf. Located in Skyline Industrial Park, the property consists of one single occupant warehouse building, with 5,804 sf of assessed area, including 36% interior finish. The building is situated on a 0.16 acre parcel of land, reflecting site coverage of 62%. The year of construction is 2002.
- [17] **Sale #2: 31 Skyline Cr. NE;** Sold November 1, 2011, and time adjusted to \$238.53 psf. Located in Skyline Industrial Park, the property consists of a single tenant warehouse. Total area of the building is 5,450 sf, with 37% finish, and it is situated on 0.16 acres, yielding a site coverage of 64%. The year of construction for the building is 1995.
- [18] **Sale #3: 27 Skyline Cr. NE;** Sold February 11, 2011, and time adjusted to \$182.68 psf. Located In Skyline Industrial Park, the property consists of a single occupant warehouse, with a total area of 5,300 sf, of which 38% is finished. It is situated on a 0.16 acre parcel, reflecting site coverage of 62%. The year of construction for the building is 1983.

- [19] **Sale #4: 3927 3A St. NE;** Sold December 1, 2009, with a time adjusted sale price of \$240.94 psf. Located In Greenview Industrial Park, the property consists of a single occupant warehouse building, with a total area of 4,517 sf, and 70% interior finish. It is situated on 0.24 acres of land, providing site coverage of 38%. The year of construction for the building is 1976.
- [20] **Sale #5: 51 Skyline Cr. NE;** Sold December 16, 2009, with a time adjusted sale price of \$223.63 psf. Located in Skyline Industrial Park, the property consists of a single occupant warehouse building, with a total area of 3,796 sf, and 59% interior finish. It is situated on 0.16 acres of land, and provides site coverage of 30%. The year of construction for the building is 1981.
- [21] **Sale #6: 638 35 Ave. NE;** Sold April 14, 2010, with a time adjusted sale price of \$242.62 psf. Located in Greenview Industrial Park, the property consists of a single occupant warehouse building, with a total area of 3,783 sf, and 74% interior finish. It is situated on 0.14 acres of land, reflecting 40% site coverage. The year of construction for the building is 1990.
- [22] Further to this, the Respondent provided a summary of 6 large building sales:
- [23] **Sale #1: 3651 21 St. NE;** Sold February 23, 2012, with a time adjusted sale price of \$80.18 psf. Located in Airways Industrial Park, the property consists of one multi-bay warehouse building, with 36,167 sf of assessed area, including 11% interior finish. The building is situated on a 1.68 acre parcel of land, and reflects site coverage of 49%. The year of construction is 1976.
- [24] **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 multi-bay warehouse. Total area of the building is 28,052 sf, with 26% finish, and it is situated on 1.62 acres, with site coverage of 33%. The year of construction for the building is 1979.
- [25] **Sale #3: 4305 75 Ave. SE;** Sold October 14, 2011, and time adjusted to \$102.59 psf. Located In Foothills Industrial Park, the property consists of a single occupant warehouse, with a total area of 24,255 sf, of which 9% is finished. It is situated on a 1.03 acre parcel, and has 54% site coverage. The year of construction for the building is 1980.
- [26] **Sale #4: 2620 22 St. NE;** Sold December 13, 2011, with a time adjusted sale price of \$128.81 psf. Located In Airways Industrial Park, the property consists of a single occupant warehouse building, with a total area of 23,678 sf, and 36% interior finish. It is situated on 1.53 acres of land, with site coverage of 32%. The year of construction for the building is 1981.

- [27] **Sale #5: 6160 40 St. SE;** Sold June 11, 2010, with a time adjusted sale price of \$147.83 psf. Located in Foothills Industrial Park, the property consists of a multi-bay warehouse building, with a total area of 21,449 sf, and 21% interior finish. It is situated on 1.22 acres of land, reflecting site coverage of 40%. The year of construction for the building is 1977.
- [28] **Sale #6: 7211 8 St. NE;** Sold December 16, 2009, with a time adjusted sale price of \$165.31 psf. Located in Deerfoot Industrial Park, the property consists of a single occupant warehouse building, with a total area of 21,232 sf, and 28% interior finish. It is situated on 1.08 acres of land, with 37% site coverage. The year of construction for the building is 1983.
- [29] The Respondent noted that the Complainant's method of analysing sales without making necessary time adjustments is, in their opinion, incorrect. It produces erroneous results, particularly when sales are dated. 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.
- [30] 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 incorrect. This is especially true in the subject case, wherein the two buildings, in the Respondent's opinion, reflect very separate and distinct building characteristics. Furthermore, the City maintains that it applies a (negative) multi-building market adjustment to multiple building properties. This is based on 2010 Hearing Year Decisions, and subsequent market analyses of these property types. Support for the City methodology is referenced in a number of Assessment Review Board Decisions. The Respondent requested a cross-reference to File # 72364.

Issue #2: The assessment of the Subject Property is inequitable with similar properties.

Complainant's Position:

- [31] The Complainant provided a chart of 15 assessment equity comparables. Each comparable includes a multi tenanted warehouse. Sizes range from 31,427 sf to 43,128 sf, showing a median size of 36,158 sf. The comparables are located in various industrial parks in the City's northeast quadrant, with assessments ranging from \$110.77 psf to \$121.59 psf, and a median assessment of \$115.79 psf.

Respondent's Position:

- [32] The Respondent provided two assessment equity charts. One summary contains 3 equity comparables of large multiple building, multi-bay warehouse properties. Building areas range from 26,321 sf to 61,489 sf. They are all in the northeast quadrant of the City, with site coverages ranging from 31% to 46%. The comparables indicate assessed square foot rates ranging from \$103.11 to \$128.31.
- [33] The second summary reflected small multiple building warehouses, with areas ranging from 3,600 sf to 20,100 sf. They are all in the northeast quadrant of the City, with site coverages ranging from 28% to 34%. The comparables indicate assessed rates ranging from \$127.83 psf to \$250.59 psf.

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

- [34] The Board reviewed the sales evidence presented by both parties, and gave due consideration to the fourteen sale transactions (two from the Complainant, and twelve from the Respondent). With the exception of three Respondent sales, all were located in the northeast quadrant of the City.
- [35] Overall, the Board found that the Respondent sale comparables were more extensive, and reflective of the physical characteristics of the subject property, than the two sales submitted by the Complainant.
- [36] The Board was not in agreement with the Complainant's position that a time adjustment of sales is not required.
- [37] 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 should ideally be determined on a site specific basis, wherein the multiple buildings on the single-titled parcel vary significantly in their individual building characteristics. Consideration must also be given to the ability of the site to be subdivided and/or sold as individual entities. Notwithstanding this, and pursuant to previous (2010) Board Rulings, the City routinely applies a negative adjustment to multiple building Industrial properties, such as the subject. No evidence has been put forward in this Hearing, to show that the amount of the adjustment is incorrect.

- [38] While the Board reviewed and considered previous Assessment Review Board Decisions as referenced by both, the Board is not bound by previous decisions, and bases its decisions on the merits of all evidence presented, specific to each case.

Issue #2: assessment Equity

- [39] The Board considered the assessment equity comparables provided by the Respondent to be more representative of the subject's multiple-building property status, and supportive of the assessed value, than those of the complainant.
- [40] 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.
- [41] The Board confirms the Subject assessment at \$4,490,000.

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



Walter Krysiniski

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 & single occupant Warehouse	Market value	Single building versus multiple building properties