



## **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:**

***Telsec Property Corporation (as represented by Altus Group Limited), COMPLAINANT***

**and**

***The City Of Calgary, RESPONDENT***

**before:**

***M. Chilibeck, PRESIDING OFFICER***

***T. Usselman, 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: 137036307**

**LOCATION ADDRESS: 11979 – 40 ST SE**

**FILE NUMBER: 73678**

**ASSESSMENT: \$10,680,000.**

This complaint was heard on 12th day of June, 2013 at the office of the Assessment Review Board in Boardroom 3 on Floor Number 4, located at 1212 – 31 Avenue NE, Calgary, Alberta.

Appeared on behalf of the Complainant:

- *D. Mewha*

Appeared on behalf of the Respondent:

- *I. McDermott*
- *T. Nguyen*

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

[1] Neither party raised any objections to a member of the Board hearing the subject complaint.

[2] Neither party raised any procedural or jurisdictional matters.

**Property Description:**

[3] The subject is a parcel of land of 4.3 acres, designated I-G, improved with four multi-tenant warehouse buildings comprising of 71,900 sq. ft. and constructed in 2003 and 2004. These buildings have an aggregate of 67% office finish and 29% site coverage.

[4] The subject is located at the intersection of 119<sup>th</sup> avenue and 40<sup>th</sup> street in the region of East Shepard Industrial in the south east quadrant of the City of Calgary.

**Issues:**

[5] The Complainant identified two matters that apply to the complaint on the complaint form and attached a schedule listing several reasons and grounds for the complaint. At the outset of the hearing the complainant advised that only the matter of the assessment amount is under complaint and identified the following issue:

- 1) The subject assessment is in excess of its market value:
  - i. The valuation of the subject should be made as if there is one building of 71,900 sq. ft. of assessable area rather than as four individual buildings, and
  - ii. The equitable rate per sq. ft. of building area should be \$138.

**Complainant's Requested Value:** \$9,920,000.

**Board's Decision:**

[6] The Board's decision is to change the assessment to \$9,920,000.

**Legislative Authority, Requirements and Considerations:**

[7] The Composite Assessment Review Board (CARB) derives its authority from Part 11 of the Municipal Government Act (MGA) RSA 2000:

*Section 460.1(2): Subject to section 460(11), a composite assessment review board has jurisdiction to hear complaints about any matter referred to in section 460(5) that is shown on an assessment notice for property other than property described in subsection (1)(a).*

[8] For purposes of the hearing, the CARB will consider MGA Section 293(1):

*In preparing the assessment, the assessor must, in a fair and equitable, manner,*

*(a) apply the valuation and other standards set out in the regulations, and*

*(b) follow the procedures set out in the regulations*

[9] The Matters Relating to Assessment and Taxation Regulation (MRAT) is the regulation referred to in MGA section 293(1)(b). The CARB consideration will be guided by MRAT Part 1 Standards of Assessment, Mass Appraisal section 2:

*An assessment of property based on market value*

*(a) must be prepared using mass appraisal*

*(b) must be an estimate of the value of the fee simple estate in the property*

*(c) must reflect typical market conditions for properties similar to that property*

**Property Assessment:**

[10] The subject is assessed on a per building basis at various rates per sq. ft. to reflect their size, age, and office finish with a multiple building adjustment. The rates range from \$139 per sq ft to \$169 per sq. ft.; the aggregate rate is \$148 per sq. ft. of assessable building area.

**Position of the Parties****Complainant's Position:**

[11] The Complainant argued the subject is assessed inequitably with similar and competing properties. This inequity is the result of the Respondent's assumption and valuation as if each building could be subdivided and sold individually, resulting in each building being assessed independent of others.

[12] Reference was made to several previous CARB decisions on the same issue wherein the decision was that the multi building properties should be valued on the basis of one building. Two of these decisions are for the subject property; 1439/2010-P & 1792/2012-P.

[13] The Complainant provided seven assessment comparables of single building properties in support of the requested assessment rate of \$138 per sq. ft. The median building area for the comparables is 70,307 sq. ft., median year of construction is 2001, median finish is 29%, median site cover is 35% and median rate per sq ft. is \$138.

[14] The best comparable is 12111-40 Street with 57,296 sq. ft of assessable area, 79% office finish and site cover of 30%, assessed at \$140 per sq. ft.

#### **Respondent's Position:**

[15] The Respondent provided a chart of the Complainant's comparables and drew the Board's attention to the sale of 12111-40 Street and identified this comparable is a two building property.

[16] A chart showing two assessment comparables was provided showing each to have four buildings with an aggregate assessable area of 77,134 and 82,843 sq. ft. respectively, similar office finish and site coverage that are assessed at an aggregate rate of \$159 and \$138 per sq. ft. of building area, respectively.

[17] A chart of two sale comparables was provided showing one with three buildings and one with four buildings having 97,001 and 49,043 sq. ft. of aggregate area, respectively, which properties sold for an aggregate time adjusted rate of \$141 and \$213 per sq. ft. respectively.

[18] The Respondent asserted that these comparables support the subject assessment and the methodology of assessing the buildings individually rather than as one building; one building of 70,000 sq. ft. is not the same as four buildings with a total of 70,000 sq. ft.

[19] The Respondent advised that the subject includes an adjustment for having multiple buildings as noted on the bottom of the Assessment Explanation Supplement.

[20] Excerpts from two CARB decisions, CARB 540/2010-P & 855/2011-P, were referenced in support of their position of valuing each building individually rather than collectively.

#### **Board's Reasons for Decision:**

[21] The Board agrees with the Complainant's argument that the subject assessment, which apparently includes a multi building discount, should be reduced.

[22] The Complainant's assessment comparables, less one identified by the Respondent as being a multi building property, are notably more similar than the Respondents assessment and sale comparables. Of the six comparables, the Board finds two that are similar in aggregate area, similar in age, less office finish and more site cover, which two are assessed at an average of \$136.50 per sq ft.

[23] The Board finds the Respondent's sale comparables are not similar to the subject. They are significantly different in age, aggregate area, office finish and site cover. The Board notes that both sales have minimal office finish whereas the subject has a significant amount. Also, the sale of 4880-104 Av. was identified as a warehouse/manufacturing facility with less than 7% office finish and 44% site cover.

[24] The Respondent's two assessment/equity comparables are of multi building properties. One comparable with significantly newer buildings is assessed at an aggregate rate of \$159 per sq. ft. which appears to support the subject's rate. The other comparable has significantly more building area and less office finish and is assessed at an aggregate of \$138 per sq. ft. which appears to support the Complainant's request at \$138.

[25] The Respondent failed to provide sales of multi building properties to support their position that multi building properties sell at a different rate per sq. ft. than single building properties. The Board finds the Complainant's sale comparables of single building properties persuasive and accepts the aggregate of \$138 per sq. ft., thus change the assessment of the subject as requested by the Complainant.

[26] The Board finds CARB decisions 1439 and 1792 to be persuasive; both are for the subject property. The circumstances and arguments in these two decisions are similar to the circumstances in this hearing; the subject four buildings have very similar characteristics. "In all likelihood, the parcel could not be legally subdivided so that each building would have its own parcel. In the market place, the property would compete with other properties with around the same total floor area regardless of the number of buildings."

DATED AT THE CITY OF CALGARY THIS 11<sup>th</sup> DAY OF JULY 2013.



**M. Chilibeck**  
**Presiding Officer**

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

<b>NO.</b>	<b>ITEM</b>
1. C1	Complainant's Disclosure
2. R1	Respondent's Disclosure
3. C3	Complainant's 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.*

**CARB Identifier Codes**

<b>Decision No. 73678P-2013</b>			<b>Roll No. 137036307</b>	
<b><u>Complaint Type</u></b>	<b><u>Property Type</u></b>	<b><u>Property Sub-Type</u></b>	<b><u>Issue</u></b>	<b><u>Sub-Issue</u></b>
CARB	Industrial	Warehouse	Sales Approach	Land & Improvement

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