



**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.***  
***(represented by Altus Group), COMPLAINANT***

**and**

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

**before:**

***Ms. V. Higham, PRESIDING OFFICER***  
***Mr. R. Cochrane, BOARD MEMBER***  
***Mr. P. Cross, BOARD MEMBER***

This is a complaint to the Calgary Assessment Review Board (the Board) in respect of a property assessment prepared by the Assessor of The City of Calgary (the City) and entered in the 2014 Assessment Roll as follows:

<b>ROLL NUMBER:</b>	<b>048040109</b>
<b>LOCATION ADDRESS:</b>	<b>2216 27 Avenue NE Calgary, Alberta</b>
<b>FILE NUMBER:</b>	<b>74468</b>
<b>ASSESSMENT:</b>	<b>\$7,250,000</b>

This complaint was heard on the 23<sup>rd</sup> day of July, 2014 at the office of the Calgary Assessment Review Board at 1212 – 31 Avenue NE, Calgary, Alberta, 4<sup>th</sup> Floor, Boardroom 4.

Appeared on behalf of the Complainant:

- **Mr. M. Robinson**                      **Agent, Altus Group**

Appeared on behalf of the Respondent:

- **Mr. N. Domenie**                      **Assessor, City of Calgary**
- **Mr. F. Taciune**                      **Assessor, City of Calgary**

**Procedural or Jurisdictional Matters:**

- [1] Neither party objected to the composition of the Board as introduced at the hearing.
- [2] The Board notes an executed Agent Authorization Form present in the file.
- [3] All disclosure materials were received in a timely fashion.
- [4] No preliminary issues were raised by either party.

**Property Description:**

[5] The subject is assessed as a multi-tenant industrial warehouse property (IWM), located at 2216 27 Avenue NE on 3.03 acres of land, with 31% site coverage. The parcel is improved by two buildings each constructed in 1980, comprising 29,039 and 26,321 square feet (sf) of space, and each assessed at \$131 per square foot (psf), using the direct sales comparison approach to value.

**Issues:**

[6] The Complainant identified one matter on the Complaint Form as under complaint, being the assessment amount. The requested valuation noted on the Complaint Form (\$5,640,000) was the basis for the Complainant's submissions during the hearing, and the following issue was raised for the Board's consideration:

- 1) What is the correct psf value to apply to the subject property: the assessed \$131 or the requested \$102?

**Complainant's Requested Value: \$5,640,000**

**Board's Decision:** The Board varies the subject assessment from \$7,250,000 down to a truncated value of **\$6,750,000**.

**Legislative Authority, Requirements and Considerations:**

[7] A Composite Assessment Review Board (CARB) derives its authority from the *Act*, section 460.1, which reads as follows:

- (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).

Section 293 of the *Act* requires that:

- (1) In preparing an 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.

Sections 2 and 4 of the *Matters Relating to Assessment and Taxation Regulations* (the *MRAT*) state:

- (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, and
  - (c) must reflect typical market conditions for properties similar to that property.
- 4(1) The valuation standard for a parcel of land is
  - (a) market value, or
  - (b) if the parcel is used for farming operations, agricultural use value.

**Position of the Parties**

**Issue: What is the correct psf value to apply to the subject property: the assessed \$131 or the requested \$102?**

**Complainant's Position:**

[8] The Complainant submitted a table of three comparable sales, with a median time adjusted sale price (TASP) of \$107 psf. The Complainant also submitted third party reports supporting each sale, and argued that two of the three comparables (comps) were "over-assessed" with assessment-to-sale ratios (ASRs) of 1.22 and 1.14 for his first and third comps respectively.

[9] In rebuttal, the Complainant submitted CARB decisions 72276P-2013, 72366P-2013, 1426/2011-P, 0751/2012-P, and 72102/2013-P to support his argument that the Board is free to derive an assessment valuation for the subject based on a *single best* sale.

[10] The Complainant's requested value is based on the merits of one sale which the Complainant argued is so similar in every property characteristic to the subject as to warrant the Board's reliance on this *one single comp* to value the subject – being his comp #1 at 2835 23 Street NE, another multi-building property which sold for a TASP of \$102 psf.

[11] The Complainant also referenced numerous CARB decisions (including 1439/2010-P, 1435/2010-P, 1791-2012-P, 0735-2012P, 72299P-2013, 74070P-2014 and 74649P-2014) in defence of the Complainant's methodology respecting multi-building properties, which is to consider the *aggregate* square footage of all buildings combined, compared against other similarly sized properties.

**Respondent's Position:**

[12] The Respondent submitted the City's sales table analysing four comps (one common to the Complainant at 2835 23 Street NE), yielding median/mean rates of \$139 and \$140 psf respectively.

[13] The Respondent submitted CARB decisions 73118P-2013, 73028P/2013, 71636P-2013, and 72359P/2013 to support the City's methodology respecting multi-building properties, which is to assess each individual building separately, then combine those areas and apply a downward factor adjustment to account for the multiple buildings.

[14] In summary, the Respondent argued that the City's sales comps better reflect market value for the subject than do the Complainant's, providing a range of value from \$102 to \$182 psf, within which the subject assessment squarely falls at \$131 psf.

**BOARD'S REASONS FOR DECISION:**

[15] The Board finds that the correct value to apply to the subject is \$122 psf, based on the average of the three most comparable sales submitted by both parties.

[16] In analysing the sales evidence submitted, the Board acknowledges that all property characteristics influence the City's regression model in some manner, but some factors influence value more than others.

[17] Since no evidence was submitted by either party relative to how the Board might quantify the various factor adjustments needed to make the respective sales more reliably comparable to the subject, the Board focused on three key factors: *building size, year of construction, and site coverage* as most relevant to its analysis.

**IWS versus IWM Sales:**

[18] The Board finds that single tenant warehouse (IWS) properties transact in a different market than do IWM properties, owing in part to the difference in operations required by prospective purchasers for each property type. Investors in multi-tenant properties, for example, typically focus on the potential rent each unit might garner, rather than the general investment potential of the entire parcel.

[19] Thus, the Board excluded all IWS sales: being one of the Respondent's comps (2620 22 Street NE), and one of the Complainant's comps (3202 12 Avenue NE).

**Multi-Building versus Single Building Argument:**

[20] The Board accepts the Complainant's methodology respecting the manner by which multi-building properties ought most accurately to be assessed, so long as each building on the parcel is similar enough in property type and characteristics to each other, and to the subject, as to be reasonably comparable.

[21] The Board concludes that an investor in the marketplace would evaluate a multi-building property based on the combined square footage of all buildings on site, since in most instances, multi-building parcels cannot be subdivided and sold separately. Thus, while improved with multiple buildings, such a parcel is likely to transact in the marketplace as *one property* (CARB 72357P-2013), thereby warranting the use of an *aggregate* square footage.

[22] For this reason, the Board excluded the Respondent's third and fourth comps (2620 22 Street NE and 2801 18 Street NE), since these single building properties each comprise less

building size than *either one of* the subject buildings (comps at 23,678 and 18,024 sf respectively, compared to the subject's aggregate area of 55,360 sf (29,039 and 26,321 sf for each building)).

[23] The Board accepted the one multi-building comp common to both parties, as well as the Respondent's other multi-building comp (1826 25 Avenue NE), which while not as comparable as the common sale, would nonetheless likely compete in the same market as the subject.

**Conclusion:**

[24] The Board accepted the three remaining sales (common comp 2835 23 Street NE, Complainant's 1423 45 Avenue NE, and Respondent's 1826 25 Avenue NE), resulting in median/mean rates of \$124 and \$122 psf respectively.

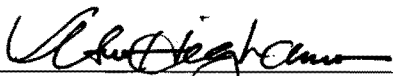
[25] While *median* rates perhaps better represent typical value in larger sample size studies, in this case the Board finds that the *mean* rate better reflects typical market value for the subject, given the relatively small sample size.

[26] Thus, the Board finds that the best indicator of market value for the subject property is derived by applying the mean rate of \$122 psf to the subject's assessed area of 55,360 sf, resulting in an assessed truncated value of \$6,750,000.

**Board's Decision:**

[27] For reasons outlined herein, the Board varies the subject assessment from \$7,250,000 down to a truncated value of **\$6,750,000**.

DATED AT THE CITY OF CALGARY THIS 25 DAY OF AUGUST 2014.

  
V. Higham, 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. C2	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.*

**For Administrative Use Only – Roll Number 048040109**

<b>Municipal Government Board Use Only: Decision Identifier Codes</b>				
<b>Municipality/Appeal Type</b>	<b>Property Type</b>	<b>Property Sub-Type</b>	<b>Issue</b>	<b>Sub-Issue</b>
Calgary CARB	Warehouse	Warehouse-Multi	Sales Approach	Land & Improvement Comparables