



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:

Old Dutch Foods Ltd. (as represented by Altus Group Limited), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

***B. Horrocks, PRESIDING OFFICER
J. Massey, BOARD MEMBER
J. Pratt, 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 2014 Assessment Roll as follows:

ROLL NUMBER:	200938942
LOCATION ADDRESS:	3225 54 AV SE
FILE NUMBER:	74940
ASSESSMENT:	\$11,900,000

This complaint was heard on the 15th day of July, 2014 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 4.

Appeared on behalf of the Complainant:

- J. Weber (Altus Group Limited)

Appeared on behalf of the Respondent:

- J. Greer (City of Calgary)
- J. Ermube (City of Calgary)

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

- [1] There were no concerns with the CARB as constituted.
- [2] The parties have visited the site.
- [3] The parties have not discussed the file.
- [4] There were no preliminary matters. The merit hearing proceeded.
- [5] The Parties agreed to carry forward the Complainant's Rebuttal evidence (C-2), argument and discussion from Hearing 73932.

Property Description:

[6] The subject property is an 8.44 acre parcel located in the Foothills Industrial community in SE Calgary. The site is improved with one large single tenanted warehouse [IWS] with 106,991 square feet (sf) of assessable area, 8.00% finish and 30.67% site coverage and one smaller single tenanted warehouse [IWS] with 9,600 sf of assessable area, 17% finish and 30.67% site coverage. The improvements were constructed in 1973 and 1972 and are considered to be C+ quality.

[7] The subject property is assessed using the Sales Comparison Approach to value. The subject assessment receives a negative "multi building" adjustment.

Issues:

[8] An assessment amount was identified on the Assessment Review Board Complaint Form as the matter that applies to the complaint. At the outset of the hearing, the Complainant advised that there were two outstanding issues, namely; "the assessment of the subject property is in excess of its market value for assessment purposes." and "the assessment of the subject property is not fair and equitable considering the assessed value and assessment classification of comparable properties."

Complainant's Requested Value: \$9,520,000 (Complaint Form)
\$8,820,000 (Hearing)

CARB's Decision:

[9] The 2014 assessment is reduced to \$8,820,000.

Legislative Authority, Requirements and Considerations:

The Composite Assessment Review Board (CARB) derives its authority from the Act, Section 460.1:

- (2) *Subject to section 460.1(1), 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).*

The Act requires that:

- 293(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.*

Matters Relating to Assessment and Taxation Regulation (MRAT) requires that:

- 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*

CARB's Decision in Respect of Each Matter or Issue

Issue: What is the market value of the subject property for assessment purposes?

Complainant's Position:

[10] The Complainant's Disclosure is labelled C-1.

[11] The Complainant submitted that the subject parcel is an irregular shape and that the functionality of the site is constrained by railway spurs on the west side.

[12] The Complainant, on page 14, provided a table titled Sales Comparables. The table contains details of 6 sales comparables with time adjusted sale price per square foot (TASP/SF) ranging from \$27.72 to \$97.65 and a median of \$75.55 in support of its request for an assessment at the rate of \$75.66 psf. The Complainant acknowledged that the TASP for the sale at 7120 Barlow TR SE could not be relied on and further that the sale at 6810 40 ST SE should not be considered as a comparable because the property was not typical at the time of sale.

[13] The Complainant submitted the best sale comparable was the property located at 3343 54 AV SE with a TASP/SF of \$73.27 psf, noting its request is for an assessment at the rate of \$75.66 psf.

Respondent's Position:

[14] The Respondent's Disclosure is labelled R-1.

[15] The Respondent, on page 21, provided a table titled 2014 Industrial Sales Chart. The table contains details of the sales of three multi tenanted warehouses [IWM] and five single tenanted warehouses [IWS], all located in Foothills and all with assessable building areas greater than 50,000 sf. The TASP/SF ranged from \$61.46 to \$347.06 psf with a median of \$87.87. The Respondent noted the larger subject building was assessed at the rate of \$95.27 psf. The Respondent noted that the TASP/SF shown for the sale of 4545 54 AV SE (\$347.06 psf) was likely incorrect.

[16] The Respondent, on page 22, provided a table titled 2014 Industrial Sales Chart. The table contains details of the sales of four [IWS] and one [IWM], all in the SE and all with approximately 9,600 sf of assessable building area. The TASP/SF ranged from \$131.94 to \$293.74 with a median of \$216.63 psf. The Respondent noted the smaller subject building is assessed at the rate of \$178.71 psf.

Complainant's Rebuttal Position:

[17] The Complainant's Rebuttal Disclosure is labelled C-2 (Hearing 73932).

[18] The Complainant, on page 3, provided a table titled Altus Response to City Sales. The Complainant submitted that:

the sale at 4545 54 AV SE should not be used as a comparable as it is not valid because it was part of a portfolio sale.

the sale at 7504 30 ST SE should not be used as a comparable as it is not valid because it was part of a portfolio sale.

the sale at 7403 30 ST SE should not be used as a comparable as it is not valid because it was a leaseback sale.

the indicated sale price of \$16,700,000 for the sale of 7120 Barlow TR SE cannot be relied on, as the purchaser indicated it was a non-arms length corporate transfer.

CARB's Findings:

[19] The CARB finds that removing the Respondent's sales at 4545 54 AV SE, 7504 30 ST SE and 7403 30 ST SE from page 21, has the effect of reducing the median TASP/SF to \$77.83 psf. Further when both parties' comparable sales are now considered, the request for an assessment at the rate of \$75.66 is reasonable.

[20] The CARB finds the smaller warehouse functions the same as the larger warehouse. The buildings are on one title and would unlikely sell separately on the open market. It is therefore acceptable to assess both buildings at the same rate psf.

Issue: Is the subject property inequitably assessed when compared to similar properties?

Complainant's Position:

[21] The Complainant, on page 15, provided a table titled Equity Comparables. The table contains details of six comparable properties, all located in Foothills and all [IWS]. The net rentable areas range from 91,294 to 182,768 sf. The assessment per square foot (Asmt/sf) ranges from \$64.58 to \$80.52 with a median of \$75.66. The Complainant noted its request is for an assessment at the rate of \$75.66 psf.

Respondent's Position:

[22] The Respondent, on page 23, provided a table titled 2014 Industrial Equity Chart. The table provides details of six equity comparables to the larger building, all located in Foothills, with assessable building areas ranging from 90,994 to 124,616 sf. The Respondent noted the Asmt/sf for the comparable buildings ranges from \$88.46 to \$105.68, while the larger building of the subject property is assessed at the rate of \$95.27, within the range.

[23] The Respondent, on page 25, provided a table titled 2014 Industrial Equity Chart. The table contains details of eight equity comparables all in Foothills with site coverage that ranges from 28.48% to 44.38%. The Respondent submitted that, taken by itself, as site coverage increases the Asmt/sf decreases, noting the Complainant's comparables all have higher site coverage than the subject property.

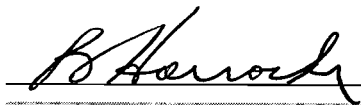
CARB's Findings:

[24] The CARB finds the equitable Asmt/sf should be in the range of \$75 to 85 psf and the Complainant's request for an assessment at the rate of \$75.66 for both buildings is within the range.

CARB's Reasons for Decision:

[25] The Complainant's request for an assessment at the rate of \$75.66 psf for both buildings is fair, reasonable and equitable.

DATED AT THE CITY OF CALGARY THIS 7 DAY OF August 2014.


B. Horrocks

Presiding Officer

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

NO.	ITEM
1. C1	Complainant Disclosure
2. R1	Respondent Disclosure
3. C2 (Hearing 73932)	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 Only

Property Type	Property Sub-Type	Issue	Sub-Issue
<i>Warehouse</i>	<i>Single Tenant</i>	<i>Market Value</i>	<i>Equity</i>