



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:

***DUNDEE INDUSTRIAL TWOFER (GP) INC.,
(represented by Altus Group), COMPLAINANT***

and

The City Of Calgary, RESPONDENT

before:

***M. CHILIBECK, PRESIDING OFFICER
G. MILNE, BOARD MEMBER
R. KODAK, 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: 032028003

LOCATION ADDRESS: 3401 – 19 ST NE

FILE NUMBER: 75623

ASSESSMENT: \$7,140,000.

This complaint was heard on 12th day of June, 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:

- *M. Robinson, Agent of Altus Group*

Appeared on behalf of the Respondent:

- *N. Domenie, Property Assessor of the City of Calgary*
- *G. Foty, Property Assessor of the City of Calgary*

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

- [1] Neither party raised any objections to any member of the Board hearing the subject complaint
- [2] Neither party raised any procedural or jurisdictional matters.

Preliminary Matter:

- [3] Neither party raised any preliminary matter(s).

Property Description:

[4] The subject property is a developed parcel of industrial land with 4.07 acres, designated Industrial-General (I-G) and improved with one multi-bay (IWM) warehouse buildings with six units constructed in 1976. The assessed building areas is 64,874 sq. ft. and has 19% finish. The building footprint area is 63,962 sq. ft. for site coverage of 36.06%.

[5] The subject is located on 19 ST and between 32 AV and 35 AV in North Airways Park (north of 32 AV and between Barlow Trail and McCall Lake Golf Club) located in the northeast quadrant of the City of Calgary.

Issues:

[6] The Complainant identified the matter of the assessment amount under complaint on the complaint form and attached a schedule listing several reasons (grounds) for the complaint. At the outset of the hearing the Complainant identified the following issue:

- 1) The subject property is in excess of its market value for assessment purposes.
 - i. The aggregate assessment per square foot of building area applied to the subject property does not reflect market value when using the direct sales comparison approach.

Complainant's Requested Value: \$5,770,000.

Board's Decision:

[7] Change the assessment to **\$6,610,000**.

Legislative Authority, Requirements and Considerations:

[8] The Composite Assessment Review Board (CARB) derives its authority from Part 11 of the Act:

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).

[9] For purposes of the hearing, the CARB will consider section 293(1) of the Act:

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

[10] The Matters Relating to Assessment and Taxation Regulation (MRAT) is the regulation referred to in section 293(1)(b) of the Act. 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

Assessment Background:

[11] The subject property is assessed by using the direct sales comparison method at a combined aggregate rate of \$110.20 per sq. ft. of assessable building area.

[12] The subject property has 64,874 sq. ft. of building area assessed at \$7,140,000.

Position of the Parties

Complainant's Position:

[13] The Complainant provided three sale comparables in NE Calgary (C1P16) which have a range of aggregate median time adjusted sale price (TASP) from \$102 to \$89 per sq. ft. of building area in support of their claim the subject is assessed in excess of its market value. Two comparables are single-tenant/bay properties and one comparable is a multi-tenant/bay property.

[14] The comparables range in assessable building area from 96,804 to 48,660 sq. ft., AYOOC (actual year of construction) of 1974 to 1981, site coverage (SC) of 36 to 45% and finish from 15 to 34%.

[15] The Complainant argued that the comparables support their position that the subject's assessment should be reduced to \$89 per sq. ft. and placed most weight on one sale, 3650-12 ST, with a TASP of \$89 per sq. ft.

[16] The Complainant referenced Calgary CARB decision 1439/2010P (C1P40) in support of the position to use multi-building properties as comparables to the subject property, which is a single-building property. In this decision the Board decided that multi-building properties can be valued as one building when the building characteristics are similar. If the building characteristics are not similar, then each building should be valued individually.

[17] In rebuttal, the Complainant re-capped the Respondent's five sale comparables (C2P4), one of which is in common with the Complainant, and drew the Board's attention to two comparables.

[18] The comparable at 2808-Hopewell PL is 30 years newer (AYOV 2006) than the subject and argued this comparable is not sufficiently similar because it is significantly newer than the subject.

[19] The comparable at 7403-30 ST is located in SE Calgary where property values are lower than in the subject's area and therefore should not be used as a comparable to the subject.

[20] The comparable at 3651-23 ST has a much smaller building area and larger site coverage than the subject which is not sufficiently similar to the subject.

[21] The comparable at 3202-12 AV has less building area and less site coverage than the subject which is not sufficiently similar to the subject.

[22] This leaves one comparable at 3650-12 ST with the most similar characteristics and a TASP of \$88.75 which supports a reduction of the subject's assessment.

Respondent's Position:

[23] The Respondent argued that the Complainant's three comparables (C1P16) are not sufficiently similar to the subject and therefore should not be used to infer a value to the subject property as follows:

- Comparable at 3905-29 ST is significantly larger in area than the subject.
- Comparable 2835-23 ST is a multi-building property which should not be compared to a single-building property.
- Comparable at 3650-12 ST is a single-tenant property which should not be compared to a multi-tenant property.

[24] The Respondent provided five sale comparables (R1P13), one that is in common with the Complainant and of which four are in NE Calgary and one is in SE Calgary, which have a TASP range from \$88.75 to \$131.15 per sq. ft. of building area and a median TASP of \$108.51 per sq. ft. The Respondent asserted the comparables support the assessed rate of the subject at \$110.20 per sq. ft.

[25] The Respondent drew the Board's attention to the sales report wherein the subject property was part of a multi-property (portfolio) transaction in December, 2012. The report does not show a breakout of the purchase price for each property.

[26] The Respondent made reference to several 2013 Calgary CARB decisions regarding multi-building properties wherein the Boards either accepted the Respondent's application of a multi-building discount in valuing multi-building properties or agreed with the Respondent that a property with two buildings is not an appropriate comparable to the subject or considered it important that multi-building sites should be compared to multi-building sites.

[27] The Respondent referenced Calgary CARB decision 1422/2012P on the subject property wherein the Board confirmed the assessment on finding the subject's assessed rate was within the Respondent's range of sales values.

[28] The Respondent asserted that in the subject case the subject's assessed rate falls within the range of TASP's and together with the median of the TASP's supports the subject's assessed rate.

Board's Reasons for Decision

[29] The Board reviewed the sales comparables from both parties and placed most weight on four sale comparables, one from the Complainant, two from the Respondent and one which is common to the Complainant and the Respondent.

[30] The Board agrees that multi-building properties can be considered good comparables when the property characteristics of each building are similar and similar to the subject except for the fact the subject may be a single-building property and the comparable may be a multi-building property. The Board finds the CARB decisions referenced by the Complainant persuasive in this regard.

[31] The Board reviewed the CARB decisions referenced by both parties, and although the Board may find them instructive and persuasive, it is not bound by previous Board decisions. The Board makes its decisions on the merits of the argument and evidence presented specific to each case.

[32] The Board understands from questioning both parties that multi-tenant/bay properties are valued higher than single-tenant/bay properties. The Board also heard that the values of multi-bay/unit and single-bay/unit properties which have less than 90,000 sq. ft. of building area are valued at similar values. In this case the Board placed little weight on this property characteristic.

[33] The Board placed little weight on the Complainant's comparable at 3905-29 ST which has 49% less building area than the subject.

[34] The Board placed no weight on the Respondent's comparable at 2808-Hopewell PL which is significantly newer at 30 years (AYOC 2006) versus the subject's AYOC of 1976 and has the highest TASP (\$131.15) of both party's comparables..

[35] The Board placed little weight on the Respondent's comparable at 7403-30 ST which is located in SE Calgary on the understanding from both parties that properties in SE Calgary are generally valued lower than properties in NE Calgary.

[36] The Board finds the four remaining comparables to be sufficiently similar to the subject except for the building areas which differ from the subject by an average of 22% and the building type of which three comparables are single-bay/tenant comparables. Individually the comparables differ in area from 15% to 29%. The comparables have an average TASP of \$101.56 per sq. ft.

[37] The Board finds the Complainant's comparable at 2835-23 ST to be the most similar in building type, AYOC, and site coverage which has a TASP of \$102 per sq. ft.

[38] Based on the foregoing reasons, the Board's decision is to change the assessment to \$5,070,000.

DATED AT THE CITY OF CALGARY THIS 22 DAY OF JULY 2014.

A handwritten signature in black ink, appearing to read "M. Chilibeck", is written over a horizontal line.

M. CHILIBECK

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.*

CARB Identifier Codes

Decision No. 75623P-2014			Roll No. 032028003	
<u>Complaint Type</u>	<u>Property Type</u>	<u>Property Sub-Type</u>	<u>Issue</u>	<u>Sub-Issue</u>
CARB	Industrial	Multi Tenant	Sales Approach	Market Rate

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