

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:

WESTPEN PROPERTIES LTD.
(as represented by AVISON YOUNG PROPERTY TAX SERVICES), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

E. K. Williams, PRESIDING OFFICER
I. Fraser, BOARD MEMBER
J. Kerrison, 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: 031024300

LOCATION ADDRESS: 4152 27 ST NE

FILE NUMBER: 76931

ASSESSMENT: \$12,610,000 (\$129.87 per square foot)

This complaint was heard on 14th day of July, 2014 in Boardroom 6 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE Calgary, Alberta.

Appeared on behalf of the Complainant:

- J. Mayer Agent, Avison Young Property Tax Services

Appeared on behalf of the Respondent:

- N. Domenie Assessor, The City of Calgary

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

[1] The parties identified to the Board that the evidence and arguments to be presented in respect of the hearing on the subject property will be the same as presented in respect of File # 76920 for Property Roll #031024003 and requested that the evidence and arguments be carried forward to the subject property. It was accepted that the Board's findings and decision regarding the matter would therefore be common to the subject property. The Board found this to be an appropriate approach to the matters at hand.

[2] No additional Procedural or Jurisdictional Matters were raised by the parties.

Property Description:

[3] The subject property at 4152 27 St NE is a 97,105 square foot (SF) multi tenant industrial warehouse building (4 units) on 5.15 acres of land with a 2001 year of construction (yoc) in the community of Horizon. The subject is assigned a quality classification of A-, an Industrial-General land use designation, a Property Use: Industrial and Subproperty Use: IN0701 Warehouse with 3 or more units (IW M).

[4] The assessment was prepared on the Sales Comparison Approach.

Issues:

[5] The assessed value of the subject property is not reflective of market value.

Complainant's Requested Value: \$11,635,000 [\$119.82 square foot (psf)]

Board's Decision:

[6] The assessment is confirmed as \$12,610,000 (\$129.87 psf)

Legislative Authority, Requirements and Considerations:

[7] The Act Section 293 Duties of Assessors 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 regulation.*

[8] Matters Relating to Assessment and Taxation Regulation (MRAT) Part 1 Standards of Assessment Section 2 Mass Appraisal requires that:

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.*

and Section 4 Valuation standards for a parcel of land requires

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

[9] The Complainant and Respondent presented a wide range of evidence consisting of relevant and less relevant evidence. In the interests of brevity, the Board will restrict its comments to those items the Board found relevant to the matters at hand. Furthermore, the Board's findings and decision reflect on the evidence presented and examined by the parties before the Board at the time of the hearing.

[10] The Complainant's evidence package included a Summary of Testimonial Evidence, aerial photographs identifying the location of the property, photographs of the subject property, the City of Calgary 2014 Assessment Notice, 2014 Assessment Explanation Supplement Industrial, 2014 Property Assessment Detail Report, Comparable Market Transactions including supporting documentation for each comparable, City of Calgary Assessment Information related to the Property Uses IN0701, as well as a number of table related to rental rates, vacancy rates, occupancy costs and determination of the Cap Rate in support of their income approach. Documentation related to time adjustments and the Colliers International Canada Market Report Calgary Alberta.

[11] The Respondent's evidence package included a Summary of Testimonial Evidence, photographs of the exterior of the subject property, the 2014 Assessment Explanation Supplement Industrial, 2014 Assessment Request For Information (ARFI), the Tenant Rent Roll, Comparable Market Transactions with supporting documentation for each comparable including the RealNet Industrial Transaction Summary and documentation related to the Income Approach including the Colliers International Canada Cap Rate Report and a Calgary Assessment Review Board decision.

[12] Both parties placed technical, professional and academic excerpts before the Board in support of their position. This Board finds that any specific passage or quote (i.e. excerpt) from a larger document may not capture the true intent of the document and is, therefore, seen by

the Board as incomplete material and may be given limited weight.

[13] As noted above, a Calgary Assessment Review Board decision was placed in support of their position. The decision was made in respect of issues and evidence that may however be dissimilar to that before this Board.

Complainant's Position:

[14] The Complainant presents the details on three sale comparables with the Subproperty Use IN0701 Warehouse with 3 or more units (IW M) which is the same as the subject property. Supporting documentation for the comparables including the RealNet Industrial Transaction Summary was presented on pages 17 to 33 of Exhibit C1. The following table presents the particulars on the subject and the sales comparables.

	Municipal Address	Quality	Building Area SF	YOC	% Finished	Site Coverage	Sale date (mm/yyyy)	Unadjusted Sale Price	TASP psf*
1	930 64 Av NE	B	118,402	1997	9.0%	42.5%	03/2011	\$12,600,000	\$119.87
2	3905 29 St NE	C+	96,804	1981	0.0%	44.0%	10/2010	\$7,600,000	\$88.43
3	903 28 St NE	B	143,154	1999	25.0%	42.0%	11/2010	\$12,075,865	\$95.02
Subject	4152 27 St NE	A-	97,105	2001	12.0%	43.25%			

*The Time Adjusted Sale Price (TASP) based on the City of Calgary Assessment Department Time Adjustment monthly factor pf 0.0704% (page 5 Exhibit C1).

[15] For the sample of 3 comparables the mean TASP is \$101.11 psf and the median TASP is \$95.02 psf. The comparable at 930 64 Av NE was considered by the Complainant to be the most similar to the subject and the TASP of \$119.87 psf supports the requested assessment.

[16] In support for the request assessment the Complainant prepared an Income Approach (pages 7 to 11 Exhibit C1). The methodology used both actual and typical parameters to derive the Net Operating Income (NOI) and a cap rate. Based on the NOI for subject property and the derived cap rate an estimate of value for the subject property was \$11,434,035.

[17] In summary the Complainant argued the analysis of sales comparables and the value determined by the Income Approach support the requested assessment.

Respondent's Position:

[18] Respondent reviewed the table titled 2014 Industrial Sales Chart (page 33 Exhibit R1) which presented particulars on seven properties considered to be comparable to the subject property. Four of the seven comparables were part of two July 2011 portfolio sales. The Respondent argued that it is necessary to include the portfolio sales to have a sample representative of the market. The subject property was not included in the sample of seven comparables. Based on the sample of seven comparables the median TASP is \$119.33 psf and the mean is \$117.56 psf.

[19] The subject property is an IW M building type with 4 units. The sample included five IW M comparables, with the YOC ranging from 1981 to 2006. The average TASP for the five IW M is \$121.55 psf and the median is \$127.46 psf. If the comparable with the 1981 YOC is excluded the YOC of the remaining 4 comparables range from 1997 to 2006 with an average TASP of \$129.94 psf.

[20] In summary the analysis of the seven sale comparables, the profile of the subject property compared to the sample and the TASP of the four IW M comparables which compare favorably to the subject support the assessment.

Board's Reasons for Decision:

[21] In support of the requested assessment the Complainant presented three sale comparables. The comparable 930 64 Av NE was considered by the Complainant to be most similar to the subject and support for the requested assessment of \$119.87 psf.

[22] The Respondent presented an analysis of seven comparables, five of the comparables were IW M building types the same as the subject property. The median TASP for the IW M's was \$127.46 psf and the mean was \$121.55 psf.

[23] A further analysis which excluded the IW M comparable with a 1981 YOC the remaining sample of four IW M compares favorably to the subject property. Specifically:

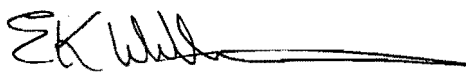
	IW M Comparables	Subject Property
YOC	1997 to 2006	2001
Parcel Size (acres)	3.56 to 6.40	5.15
Building Area	64,318 to 118,402	97,105
% Finished	9.0 to 38.0	12.0
Site Coverage	41.47 to 51.71	43.25

The average TASP for the sample of 4 IW M is \$129.94 psf.

[24] In summary the analysis of the four IW M buildings presented by the Respondent have a mean TASP of \$129.94 psf.

[25] Based on the evidence presented the Board confirms the assessment.

DATED AT THE CITY OF CALGARY THIS 25th DAY OF August 2014.



E. K. Williams

Presiding Officer

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

NO.	ITEM
1. C1	Complainant Disclosure
2. R1	Respondent Disclosure

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.*

ADMINISTRATIVE USE

Appeal Type	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	Warehouse	Multi Tenant	Sales Approach	Comparables