

**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:

***DDMB Industries Ltd. (as represented by Colliers International Realty Advisors Inc.),
COMPLAINANT***

and

The City Of Calgary, RESPONDENT

before:

***W. Kipp, PRESIDING OFFICER
J. Kerrison, MEMBER
R. Roy, 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 2012 Assessment Roll as follows:

ROLL NUMBER: 094218302

LOCATION ADDRESS: 4865 – 35A Street SE, Calgary AB

FILE NUMBER: 65868

ASSESSMENT: \$2,360,000

This complaint was heard on the 13th day of August, 2012 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 6.

Appeared on behalf of the Complainant:

- *Troy Howell*

Appeared on behalf of the Respondent:

- *George Bell*

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

[1] There were no preliminary matters to be decided.

Property Description:

[2] The property that is the subject of this complaint is an industrial warehouse property comprising a single unit industrial building constructed in 1999. The building has a "Footprint" or ground floor area of 11,580 square feet but second level development brings the assessable building area to 12,960 square feet. Finished area comprises 24% of the total area. The land area is 1.08 acres, indicating a building site coverage ratio of 24.51%.

[3] The 2012 assessment of \$2,360,000 was derived by use of the direct comparison approach. For valuation purposes, the typical site coverage for industrial properties is considered to be 30%. The subject, at 24.51% required an "extra land" adjustment in the valuation model. The assessment represents a unit value of \$182.44 per square foot of total assessable building area.

Issues:

[4] In the Assessment Review Board Complaint form, filed March 2, 2012, Section 4 – Complaint Information had a check mark in the box for #3 "Assessment amount".

[5] In Section 5 – Reason(s) for Complaint, the Complainant provided excerpts from the Municipal Government Act and regulations and set out a number of points in dispute in relation to the legislation.

[6] At the hearing, the Complainant pursued the following issue:

Which market sales provide the correct market value assessment?

Complainant's Requested Value: \$2,070,000

Position of the Complainant:

[7] The Complainant argued that the unit value of the subject property should be reduced

from \$182.44 to \$160.00 per square foot of building area.

[8] In support of the argument, Complainant's evidence provided data on four industrial property sale transactions that had occurred between February 11, 2010 and March 3, 2011. No time adjustments were made to bring the sale prices to the July 1, 2011 valuation date level. Had time adjustments been made, they would have been negative adjustments thereby bringing the requested rate even lower than \$160.00 per square foot. All four of the sales were in southeast Calgary industrial areas, as is the subject. Three of the properties were multi-tenant properties. Building areas ranged from 6,850 to 18,940 square feet. Site coverage ratios ranged from 13.98% to 35% and the years of construction were 1980, 1989, 1997 and 2008. One of the sales involved two units in a strata-titled property. Unit prices were \$109.96, \$155.03, \$160.58 and \$179.51 per square foot of building area from which the Complainant selected \$160.00 as the appropriate rate for the subject. This rate was weighted toward the sale of a 6,850 square foot building where the site coverage ratio was 33% that sold at \$160.58 per square foot. This multi-tenant property was the most current sale (March 2011).

Position of the Respondent:

[9] The Respondent provided three charts of data. One chart set out some of the information on two of the sales reported by the Complainant, along with remarks about those properties or their sales. The sale of the two strata-title units was not considered by the Respondent to be a suitable comparison property for the subject. Another unsuitable sale was one property in a portfolio of three properties, two of which are in Edmonton, Alberta and all of which were "sale-leaseback" transactions.

[10] The second of the Respondent's three charts was a listing of data on six "equity" comparable properties. Equity was not raised as an issue by the Complainant, therefore the Board placed little weight on this data when making its decision regarding this complaint.

[11] The third chart set out relevant details on six sale transactions involving four single-tenant and two multi-tenant properties. Sales occurred between August 2008 and June 2010. Sale prices were adjusted for market changes between the sale date and the July 1, 2011 assessment valuation date. Building sizes were from 10,080 to 16,500 square feet. Site coverage ratios were from 19.54% to 25.66% and years of construction were from 1996 to 2004. These six sales produced unit prices from \$165.98 to \$190.98 per square foot of assessable building area which support the assessed rate of \$182.44.

[12] The assessor who appeared on behalf of the Respondent was not the individual who had made the assessments or prepared the disclosure evidence so he was unable to provide detailed evidence regarding the analysis and application of the sales data.

Board's Decision With Reasons:

[13] The 2012 assessment is confirmed at \$2,360,000.

[14] There was property sales evidence before the Board from both parties and each of the sale properties had dissimilarities to the subject. For the most part, neither party could provide much more detail than was set out in the evidence disclosure documents. Neither of the party representatives to this complaint had inspected the subject property or any of the properties put forward as comparable properties.

[15] In an assessment complaint hearing, the Complainant must convince the Board that

there is an assessment change required and the requested change must be supported by evidence, both written and oral. The Complainant provided four property sales as evidence. Some details were provided in the evidence and copies of sales reports from RealNet Canada Inc., a sales reporting service, were presented (one report was missing one or two pages). During questioning of the Complainant, several factors relating to the properties or the sales transactions were noted by the Respondent. The Board found other areas of concern that had not been addressed by the Complainant. Having regard to the four transactions brought forward by the Complainant, one involved a purchase by a tenant in the property, one was a sale of two strata-title units in a condominium plan, one was the aforementioned sale-leaseback portfolio of properties including two from outside of Calgary and the last sale's RealNet report was not provided in its entirety. The Complainant was unable to satisfactorily answer questions about the impact of these and other factors on market value. No adjustments had been made for factors where there were variances between properties for such things as changes in market conditions (time adjustment), the amounts of interior finish in buildings, locations in different industrial areas and single versus multi-tenant properties. The Complainant commented that if time adjustments were made, the adjusted unit prices would have been lower but there was no support for this statement.

[16] The finding was that the Complainant had not convinced the Board that the sales as presented in Exhibit C1 were similar enough to the subject to warrant their consideration as support for an assessment reduction.

DATED AT THE CITY OF CALGARY THIS 20th DAY OF Aug 2012.



W. Kipp
Presiding Officer

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

NO.	ITEM
1. C1	Complainant Disclosure
2. R2	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.*

For Internal Use

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