

**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

Lance Holdings Ltd.
(as represented by Altus Group Limited), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before

L. Yakimchuk, PRESIDING OFFICER
P. Charuk, MEMBER
J. Pratt, 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: 032032500

LOCATION ADDRESS: 3500 19 St NE

FILE NUMBER: 68176

ASSESSMENT: \$5,470,000

This complaint was heard on August 8, 2012 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:

- *C. VanStaden, Altus Group Limited*

Appeared on behalf of the Respondent:

- *M. Hartmann, Calgary Assessment*

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

[1] Prior to the merit hearing, the Board was asked to address several preliminary issues. These included

- 1) Late arrival of Rebuttal Evidence. The Rebuttal Evidence submitted by Altus Group Limited was due at midnight July 30, 2012. It arrived at the ARB offices the following day. For this reason, the Respondent asked that the Rebuttal Evidence be removed from the presentation. The Complainant, Altus Group Limited, presented documentation that the evidence had been emailed on July 30 and refused by the City of Calgary server (rejected by a Spamhaus block list). Ms. C. VanStaden, Altus, stated that she contacted the City about the block the next morning and delivered the material the next day (also documented). As the Board is not bound by the rules of evidence, and as Altus Group Limited took immediate action to amend the problem which occurred through no fault of their own, the Board chose to include the Rebuttal Evidence in the evidence.
- 2) New Information in Rebuttal Evidence. The Respondent asked that any new evidence in the Rebuttal Evidence be removed as it was not available to the Respondent in the original Evidence package. The Complainant said the evidence supplied was all in direct response to the presentation by the Respondent. The Board decided that any Rebuttal Evidence that did not directly respond to evidence in the package would be removed as the evidence was presented. The Complainant agreed to use only information on properties used in document R-1 in the Rebuttal.
- 3) Evidence Pertinent to Section 299 of the Municipal Government Act (MGA). The Complainant asked that information requested by the Complainant from the City and not revealed in a timely fashion as legislated by Section 299 of the MGA be removed from the Respondent's Evidence. Accordingly, evidence pertaining to 4535-8A St NE was removed from all evidence packages and was not referred to in the merit hearing.

Property Description:

[2] The subject property is a 1976 Multi-Bay Warehouse on 3.16 Acre (A) of land in the North Airways Industrial district. The assessable building area is 61,046 square feet (sf). The City of Calgary has assessed the property at \$5,470,000 (\$89.64/sf).

Issues:

[3] Is the Approach to Assessment used by the City of Calgary appropriate for this property? How does the Assessment to Sales Ratio (ASR) affect this property subgroup?

Complainant's Requested Value: \$4,000,000

Board's Decision in Respect of Each Matter or Issue:**Evidence and Arguments**

[4] The Complainant, C. VanStaden, on behalf of Altus Group Limited, presented a Sales Comparison list of four properties. Upon questioning by the Respondent, she agreed that two were single-tenant multi building properties with specific uses and two were multi-tenant buildings. Site area ranged from 3.56 A to 8.70 A and assessable building area ranged from 59,573 sf to 96,804 sf. The median Time Adjusted Sales Price of the four properties was \$70/sf, and of the two single building multi-tenant properties was \$86.50/sf

[5] Ms. VanStaden also valued the property using the Cost Approach based on Marshall and Swift values. The total value of the property on the Cost Approach was calculated to be \$4,004,632.

[6] The Complainant also presented the Assessment Request for Information (ARFI) for the subject property. She stated that in order to achieve the Assessed Value, the property would have to earn \$7.31/sf in rents. The ARFI indicates rents ranging from \$5.00/sf for the largest portion to \$7.50/sf for the remainder.

[7] The Complainant presented the ratios of Assessment to Sales prices (ASR) of the Sales Comparables and the subject property and argued that these ratios were beyond the 0.95 to 1.05 parameters.

[8] The Respondent, M. Hartmann, City of Calgary Assessor, presented a 2012 Industrial Sales Chart with four comparables (3 multi-tenant and 1 single tenant) completed from 1976 to 1998. The Complainant stated that the 1998 building (single tenant) was much newer than the subject. After removing the newest building, the median Time Adjusted Sales Value was \$96.95/sf (\$89.98/sf with all four comparables).

[9] Ms. Hartmann argued that the Sales Approach was the best indicator of value, as there were several good comparables and that the Income Approach undervalued the property when compared to the Sales Value.

[10] The Respondent stated that there were seven key factors which the City considered in Industrial Property assessment and that all of these factors were used to find comparable properties:

- 1) Building Type – IWS (single tenant), IWM (multiple tenant) IOBS (outbuilding, single tenant)
- 2) Net Rentable Area
- 3) Actual Year of Construction
- 4) Region/Location
- 5) Interior Finish Ratio

- 6) Site Coverage – 10% to 60%, with 30% being typical
- 7) Multiple Buildings

Board Findings

[11] The Board decided that the Complainant's ASR study confirmed the quote from Altus: "Ratio statistics cannot be used to judge the level of appraisal of an individual parcel." (*Standard on Ratio Studies 2010, International Association of Assessing Officers*) (C1, p11).

[12] The Board also decided that of the three approaches to value presented, the Sales Approach was the best indicator of Market Value, as Market Value is the value achieved when a willing buyer buys property from a willing seller. The Board considered the sales of Multiple Tenant single building properties on the Sales of Comparable Properties lists and decided that these sales supported the assessed value of the subject property.

Board's Decision:

[13] The Board confirms the assessed value of \$5,470,000.

DATED AT THE CITY OF CALGARY THIS 5 DAY OF September 2012.



Lana Yakimchuk
Presiding Officer

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

NO.	ITEM
1. C1	Complainant Disclosure
2. C2, parts 2 and 4	Complainant Rebuttal
3. 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 MGB Administrative Use Only:

Decision No. 0808-2012-P

Roll No. 092028703

Subject	Type	Issue	Detail	Issue
CARB	Industrial Warehouse	Multi	Sales	Approach/ASR