



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:

1414234 Alberta Ltd. (as represented by MNP LLP), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

W. Kipp, PRESIDING OFFICER

D. Steele, BOARD MEMBER

A. Wong, 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 2013 Assessment Roll as follows:

ROLL NUMBER:	112140900
LOCATION ADDRESS:	7056 Farrell Road SE, Calgary AB
FILE NUMBER:	70846
ASSESSMENT:	\$9,380,000

This complaint was heard on the 22nd and 23rd days of July, 2013 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 10.

Appeared on behalf of the Complainant:

- *J. Langelaar & Y. Lau*

Appeared on behalf of the Respondent:

- *J. Greer*

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

[1] There were no preliminary procedural or jurisdictional matters to be decided by the Board.

Property Description:

[2] The property that is the subject of this assessment complaint is a four building multi-tenant light industrial property located in the Fairview Industrial district of southeast Calgary. The property is on the top of an escarpment overlooking the Glenmore Trail and Blackfoot Trail interchange. The Class "C" industrial buildings were built in 1972 on an irregularly shaped 4.62 acre industrial land parcel. Total assessable floor area is 62,189 square feet. Two buildings have some of that area on a second level. The total building footprint area indicates a site coverage ratio of 30.33 percent. Sizes of the four buildings are:

Building A:	10,500 square feet
Building B:	21,952 square feet (21,600 square foot footprint)
Building C:	23,737 square feet (22,957 square foot footprint)
Building D:	6,000 square feet

[3] Industrial properties such as this are assessed using a sales comparison approach. Multi-building properties are assessed by comparing each building separately to single building properties where the building size is similar and the site coverage ratio is similar to the overall ratio for the subject property. By this comparison process, rates per square foot of building area were determined and applied.

Building A:	\$173.59 per square foot
Building B:	\$141.87 per square foot
Building C:	\$140.31 per square foot
Building D:	\$187.05 per square foot

[4] A multi-building adjustment factor is applied to recognize that multi-building properties trade in a different manner to single building properties. The Respondent would not disclose the

actual coefficient that is applied. After application of the multi-building coefficient, the total property assessment of \$9,380,000 indicated a blended rate of \$150.99 per square foot of the aggregate assessable floor area of all buildings.

Issues:

[5] In the Assessment Review Board Complaint form, filed March 1, 2013, Section 4 – Complaint Information had a check mark in the box for #3 “Assessment amount”.

[6] In Section 5 – Reason(s) for Complaint, the Complainant stated that the assessment amount is incorrect and it listed reasons for that allegation.

[7] At the hearing, the Complainant pursued the following issues:

- a. Is a 28 percent increase in assessment from 2012 to 2013 too much of an increase?
- b. Should the aggregate assessed rate per square foot be reduced to \$127.51?
- c. Is the Respondent's time adjustment representative of market changes up to the July 1, 2012 valuation date?

Complainant's Requested Value: \$7,930,000

Board's Decision:

[8] The Board reduces the 2013 assessment to the Complainant's proposed amount of \$7,930,000.

Position of the Parties**Complainant's Position:**

[9] The Complainant adopted a similar methodology to that employed by the Respondent for assessing each building on the subject property. Data was provided on a number of sales in each size range. The valuations for the buildings were totalled and then a 5.0 percent multi-building adjustment was made to bring the aggregate average assessed rate to \$127.51 per square foot of total building area. The Respondent does not reveal its multi-building adjustment coefficient so the Complainant assumed that 5.0 percent might be reasonable.

[10] Next, a sales analysis of single building properties with a building floor area similar to the aggregate floor area of the subject four buildings was undertaken. Four sales were analyzed and the rates per square foot (not adjusted for time) were between \$87 and \$119 and averaged from \$90 to \$97 per square foot. Two of the sales occurred in 2012 (one was two months past the valuation date) so those prices (\$91 and \$119 per square foot) would not have to be time adjusted. Two older sales (\$89 in July 2009 and \$87 in April 2011) would be adjusted upwards for time.

[11] The Complainant added two sales of multi-building properties. After adjusting one of them for extra land, they showed prices of \$97 and \$116 per square foot of building area. The Complainant argued that these and the single building sales support a lower assessment.

[12] In rebuttal, the Complainant made adjustments for market changes over time. The Respondent had developed a time adjustment trend line that segregated adjustments over four trend periods of time from July 2009 to July 2012. The fourth time period had a 0.0 percent adjustment in the Respondent's analysis. The Complainant observed a downward slope to the trend line for this period which it measured at - 0.5 percent per month. The Complainant accepted and adopted the Respondent's time adjustment rates for the other three time periods.

[13] The Complainant asserted that the three valuation scenarios all supported an assessment reduction in line with that proposed in the evidence.

[14] The Complainant pointed out that the assessment had increased by 28 percent from 2012 to 2013. There was no evidence to show that this increase was excessive and there was no alternative rate of increase proposed.

[15] During the presentation of evidence and cross-examination of the Complainant, it came to light that the Complainant was relying on building sizes (floor areas) that were reported in online documents (Property Assessment Detail Reports) on the City of Calgary website. The Respondent pointed out that this website contained numerous errors in floor areas and that the errors had been in place for some time but no method of making corrections had yet been developed. According to the Respondent, the most accurate floor areas were those reported in the Assessment Explanation Supplement sheets which are not available from the website and which must be individually requested by taxpayers from the Assessment Business Unit. In each instance where the Respondent pointed out that one City of Calgary document contradicted another document, the Complainant made the appropriate adjustments in its rebuttal disclosure.

Respondent's Position:

[16] The Respondent asserted that assessments increase on a year over year basis for one or more of several reasons and that issue would not be addressed by the Respondent.

[17] A number of the sales reported by the Complainant were considered to be invalid for comparisons to the subject property because they occurred after the July 1, 2012 valuation date, they were not arms-length sales or they were sold to a purchaser that anticipated changing the use of the property. The Respondent time adjusted the sale prices of the Complainant's sales which were considered to be valid sales and comparable to the subject.

[18] The Respondent presented sales data for each of the four building sizes and confirmed that a multi-building coefficient had been applied in order to arrive at the final assessed value.

[19] In another chart, the Respondent set out summaries of multi-building property sales that were comparable to the larger of the subject buildings. These showed a range of prices from \$101.17 to \$149.89 per square foot of building area. More multi-building property sales where buildings were of comparable size to the smaller of the subject buildings showed prices of \$141.54 to \$292.45 per square foot.

[20] The time adjustment analysis undertaken by the Respondent covered the time period from July 2009 to June 2012. A trend line was developed from plotting the results from a multiple regression analysis of Sale to Assessment ratios based on the 2012 assessments of properties that sold during the time period. The graphical presentation showed:

From July 2009 to May 2010 (11 months)	- 0.7912 percent per month
From June 2010 to March 2011 (10 months)	0.0 percent per month
From April 2011 to November 2011 (8 months)	+1.5669 percent per month

From December 2011 to June 2012 (7 months) 0.0 percent per month

Only these results of the analysis were provided in evidence. Details were not provided.

Board's Reasons for Decision:

[21] The Board is concerned that the City of Calgary Assessment Business Unit continues to make its website compilation of Property Assessment Detail Reports available to taxpayers when it has been known for quite some time (years?) that many of those summary reports are inaccurate, particularly when it comes to building floor areas. Taxpayers will access that information and rely upon it thinking that the City would only publish correct data. Considerable Assessment Review Board hearing time could be saved if the City either corrected the data or removed it entirely until such time as only correct information can be made available.

[22] Having regard to the 28 percent year over year change in assessments, there was no market evidence to suggest what a proper rate of change should be. Nevertheless, the Board will not adjust assessments solely on the basis of year over year changes.

[23] The Respondent explained that the time adjustment was calculated by multiple regression analysis of sales to assessment ratios. While the outcome was presented to the Board, the Respondent would not reveal the complete analysis. The Board does not understand the significance of sales to assessment ratios in determining a time adjustment. Nor does it fully understand the Complainant's attempts to expand the adjustment to a negative factor during the fourth trend period. The Board did accept the Respondent's time adjustment because both parties relied upon the first three trend periods. The Board did not find market support for the Complainant's extension of the time adjustment factors for the fourth period.

[24] The method for valuing multi-building properties has been addressed by several CARB's over the past several years. In most instances, multi-building properties are unable to be subdivided and the buildings sold separately. When a single site operated as an investment property contains a number of similar buildings, those buildings will attract similar rents. An investor in the marketplace would consider the total floor area of the buildings to determine the potential income. The property would sell as a single property. The evidence before the Board suggests that the four subject buildings are similar in all physical characteristics other than floor area. If there was a variance in characteristics, then there might be merit in considering each building separately.

[25] The Board accepts the Complainant's argument that this property should be assessed on the basis of its aggregate floor area and not as four individual buildings. There is a limited amount of sales evidence before the Board for consideration of a valuation based on aggregate floor area. The Complainant provided some property sales data however the prices were not time adjusted. Since the Board has found that the subject assessment is excessive, it concludes that the Complainant's requested assessment of \$7,930,000 is the most reasonable value for the property.

DATED AT THE CITY OF CALGARY THIS 29th DAY OF August 2013.


W. Kipp

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.*

For Internal Use

Appeal Type	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	WAREHOUSE	MULTI-TENANT	SALES APPROACH	COMPARABLES