



## **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:**

***The Shelburne Group Ltd. (as represented by Altus Group.)***  
**COMPLAINANT**

**and**

***The City Of Calgary, RESPONDENT***

**before:**

***W. Krynski, PRESIDING OFFICER***  
***D. Morice, BOARD MEMBER***  
***T. Livermore, 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:

<b>ROLL NUMBER:</b>	<b>032030504</b>
<b>LOCATION ADDRESS:</b>	<b>3650 19 Street, NE</b>
<b>FILE NUMBER:</b>	<b>73030</b>
<b>ASSESSMENT:</b>	<b>\$3,840,000</b>

This complaint was heard on 8th day of July, 2013 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 3.

Appeared on behalf of the Complainant:

- *M. Robinson*

Appeared on behalf of the Respondent:

- *K. Cody*
- *M. Hartmann*

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

- [1] The parties had no objections to the panel representing the Board as constituted to hear the matter. No jurisdictional or procedural matters were raised at the outset of the Hearing, and the Board proceeded to hear the merits of the complaint.

**Property Description:**

- [2] The subject property includes two identical multi-bay warehouse buildings located at 3650 19 Street, NE, in the Airways Industrial Park. The assessed building areas of each of the warehouses is 12,700 square feet (sf), for a combined assessable area of 25,400 sf. 29% of the building areas contain interior finish. The buildings are situated on a 1.68 acre parcel of I-G zoned land, reflecting overall site coverage of 35%, and the year of construction is 1977.

**Issues #1**

- [3] The assessment of the subject property is in excess of its market value.

**Issues #2**

- [4] The assessment of the subject property is inequitable with similar properties.

**Complainant's Requested Value: \$ 3,270,000**

**Board's Decision**

- [5] The Board confirms the assessment at \$3,840,000.

**Legislative Authority, Requirements and Consideration**

- [6] The Calgary Composite Assessment Review Board takes authority from the Municipal Government Act and associated Government of Alberta Legislation and Regulations.

**Position of the Parties**

**Issue #1: The assessment of the subject property is in excess of its market value.**

**Complainant's Position:**

- [7] At an aggregate assessed rate of \$151.44 per square foot (psf), the Complainant submits that the subject assessment is in excess of its market value, as determined via the Direct Sales Comparison Approach. It is argued that the requested rate of \$129.00 psf, (based on sales not time adjusted) would result in an assessed value representative of market as at July 1, 2012.
- [8] Various maps, aerals and photographs were provided, to offer a visualization of the Subject location, and building characteristics.
- [9] As supporting market evidence, the Complainant provided sale comparables as follows:
- [10] **Sale #1: 3640 11A St. NE;** Sold February 18, 2010, for \$120.00 psf. The time adjusted sale price is \$133.00 psf. Situated in the McCall Industrial Park, the property consists of a single occupant warehouse building with an assessed area of 28,358 sf. The building is situated on a 2.1 acre parcel of land, providing a site coverage ratio of 31%. The year of construction is 1993.

- [11] **Sale #2: 2620 22 Street, NE;** Sold December 13, 2011 for \$129.00 psf, with no time adjustment. Located In the South Airways Industrial Park, the property consists of a single tenant warehouse structure. The assessed building area is 23,678 sf, with 36% interior finish. It is situated on a 1.6 acre parcel of I-G zoned land, with site coverage of 31%. The building's year of construction is 1981.
- [12] **Sale #3: 820 26 Street, NE;** Sold September 4, 2009, for \$129.00 psf and time adjusted to \$137.00 psf. Located In the Meridian Industrial Park, the property consists of a single tenant warehouse structure. The assessed building area is 17,534 sf, with 17% interior finish. It is situated on a 0.9 acre parcel of I-G zoned land, yielding a site coverage 38%. The year of construction is 1966.
- [13] Relative to the above sales, the Complainant has calculated median sales prices of \$129.00 psf, (non time adjusted), and \$133.00 psf (time adjusted). The time adjustments were said to reflect the City's time adjustment criteria, and while the time adjusted figures were included, it is the Complainant's position that the assessment should ultimately be predicated on the non time adjusted median sale price of \$129.00 psf
- [14] Finally, the Complainant takes issue with the City's methodology of valuing multiple building properties on the merits and physical characteristics of each individual building. Instead, the City should be considering the aggregate of all buildings on the site and valuing the property as a single entity. The Complainant contends that the City process does not reflect actions of vendors and purchasers in the real estate market, thereby resulting in assessments that are not reflective of market value. In support of this opinion, the Complainant has referenced a number of Assessment Review Board Decisions. In respect of this argument, the Complainant requested a cross-reference to evidence and argument presented in File # 72364.

#### **Respondent's Position:**

- [15] The Respondent submitted photos, maps and aerial photos, etc., providing a visual description of the Subject Property, location, building placement, etc.
- [16] In support of the assessment, the Respondent submitted a selection of 5 sale comparables:.
- [17] **Sale #1: 4605 12 St. NE;** Sold May 3, 2011, with a time adjusted sale price of \$136.01 psf. Located in McCall Industrial Park, the property consists of one multiple tenant warehouse building, with 13,680 sf of assessed area, including 67% interior finish. The building is situated on a 0.8 acre parcel of land, reflecting site coverage of 40%. The year of construction is 1980.

- [18] **Sale #2: 610 Moraine Rd. NE;** Sold June 22, 2011, and time adjusted to \$125.95 psf. Located in Meridian Industrial Park, the property consists of a single tenant warehouse. Total area of the building is 12,872 sf, with 24% finish. It is situated on 1.1 acres, indicating 27% site coverage. The year of construction for the building is 1965.
- [19] **Sale #3: 224 40 Ave. NE;** Sold December 19, 2011, and time adjusted to \$100.00 psf. Located In the Greenview Industrial Park, the property consists of a multi tenant warehouse, with a total area of 12,000 sf, of which, 28% is finished. It is situated on a 0.4 acre parcel, providing site coverage of 54%. The year of construction for the building is 1963.
- [20] **Sale #4: 1936 27 Ave. NE;** Sold December 1, 2009, with a time adjusted sale price of \$170.58 psf. Located In South Airways Industrial Park, the property consists of a single tenant warehouse building, with a total area of 11,261 sf, and 60% interior finish. It is situated on 0.60 acres of land, with site coverage at 34%. The year of construction for the building is 1979.
- [21] Further to this, the Respondent provided a summary of a multiple building sale, consisting of two identical buildings on the parcel:
- [22] **Sale #5: 1826 25 Ave. NE;** Sold May 18, 2011 with a time adjusted sale price of \$139.94 psf. Located in the Airways Industrial Park, the property consists of two multi bay warehouse buildings, each with 17,600 sf of assessed area, containing 30% and 32% interior finish. The buildings are situated on a 1.7 acre parcel of land, providing a total site coverage of 46.7%. The year of construction is 1980.
- [23] The Respondent noted that the Complainant's method of analysing sales without making necessary time adjustments is incorrect. In their opinion, it produces erroneous results, especially given that many of the sales were dated by up to three years. They argued that no evidence came forth from the Complainant that the market was in equilibrium for the preceding three years, or that the City's time adjustment analysis was flawed.
- [24] Finally, the Respondent noted that the Complainant's methodology in valuing multiple building properties is in error. Assessable areas of numerous buildings are combined on an aggregate basis, as if they formed a single entity, which they argue, is incorrect. Furthermore, the City maintains that it applies a (negative) multi building market adjustment to multi building properties, based on 2010 Hearing Year Decisions, and a market analysis of these property types. Support for the City methodology in this respect is provided by a number of Assessment Review Board Decisions, which the Respondent references. In respect of this position, the Respondent, also requested a cross-reference to evidence and argument presented in File # 72364.

**Issue #2: The assessment of the subject property is inequitable with similar properties.**

**Complainant's Position:**

- [25] The Complainant provided a chart of 16 assessment equity comparables. All Comparable properties included single multi tenanted warehouses, with sizes ranging from 21,097 sf to 30,000 sf, showing a median size of 24,864 sf. All comparables are located in various industrial parks, in the City's northeast quadrant. Assessments ranged from \$113.29 psf to \$132.33 psf, with a median assessment of \$124.37.

**Respondent's Position:**

- [26] The Respondent provided an assessment equity chart, containing 3 equity comparables of multiple building, multi tenanted warehouse properties. Building areas range from 12,444 sf to 17,600 sf. They are all in the northeast quadrant of the City, with site coverages ranging from 32% to 47%. The comparables indicate assessed square foot rates ranging from \$130.72 to \$153.44.

**Board's Reasons for Decision:**

**Issue #1: Market Value**

- [27] The Board reviewed the sales evidence presented by both parties, and gave due consideration to the eight sale transactions (three from the Complainant, and five from the Respondent). All sales were located in the northeast quadrant of the City.
- [28] The sales provided by the Complainant were all single building properties, each containing single tenant warehouses, versus the multiple building, multi-bay warehouse subject property. The years of construction varied widely, from 1966 to 1993.
- [29] The Respondent provided five sales, with varying degrees of comparability to the subject. Sale #5, at 1826 25 Ave. NE, however, was considered to be very similar to the subject. It consists of two multi bay warehouses, in the same Airways Industrial Park, with physical characteristics reasonably similar to the subject. Additionally, the May, 2011 sale date was quite current. The Board found this sale to be most representative of market value. Taking into account the economies of scale incorporated into the valuation process, when comparing building areas of the Subject (2 x 12,700 sf) versus the sale (2 x 17,600 sf), the sale is supportive of the Subject assessment.

- [30] The Board was not in agreement with the Complainant's position that the time adjustment of sales is not required.
- [31] The Board agrees with the Respondent's position wherein properties with multiple buildings are assessed based on separate building valuations, thereby reflecting distinct building characteristics. However, this should ideally be determined on a site specific basis, wherein the multiple buildings on the single-titled parcel vary significantly in their individual building characteristics. Consideration must also be given to the ability of the site to be subdivided and/or sold as individual entities. Notwithstanding this, and pursuant to previous (2010) Board Rulings, the City routinely applies a negative adjustment to multiple building Industrial properties, such as the Subject. No evidence has been put forward in this Hearing, to show that the amount of the adjustment is incorrect.
- [32] While the Board reviewed and considered previous Assessment Review Board Decisions as referenced by both parties, the Board is not bound by previous decisions, and bases its' decisions on the merits of all evidence and argument presented, specific to each case.

**Issue #2: Assessment Equity**

- [33] The Board considered the assessment equity comparables provided by the Respondent to be more representative of the subject's physical characteristics with multiple-building status. They are considered more supportive of the assessed value, than those of the Complainant.
- [34] On review and consideration of all the evidence before it in this matter, the Board did not find the Complainant's evidence sufficiently convincing to warrant a variance in the assessed value.
- [35] The Board confirms the subject assessment at \$3,840,000.

DATED AT THE CITY OF CALGARY THIS

1<sup>st</sup>

DAY OF

August

2013.



Walter Krynski

  
Presiding Officer



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

<b>NO.</b>	<b>ITEM</b>
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 ADMINISTRATIVE USE**

Subject	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	Industrial	Multi Bay Warehouse	Market value	Single building versus multiple building properties