



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:

Eleemosynary Directions Inc.
(represented by Altus Group), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

Ms. V. Higham, PRESIDING OFFICER
Mr. R. Cochrane, BOARD MEMBER
Mr. P. Cross, BOARD MEMBER

This is a complaint to the Calgary Assessment Review Board (the Board) in respect of a property assessment prepared by the Assessor of The City of Calgary (the City) and entered in the 2014 Assessment Roll as follows:

ROLL NUMBER: 048042402

LOCATION ADDRESS: 2115 27 Avenue NE
Calgary, Alberta

FILE NUMBER: 74044

ASSESSMENT: \$1,960,000 (net of exempt assessment)

This complaint was heard on the 22nd day of July, 2014 at the office of the Calgary Assessment Review Board located at 1212 – 31 Avenue NE, Calgary, Alberta Fourth Floor, Boardroom 4.

Appeared on behalf of the Complainant:

- **Mr. M. Robinson** **Agent, Altus Group**

Appeared on behalf of the Respondent:

- **Mr. N. Domenie** **Assessor, City of Calgary**

Procedural or Jurisdictional Matters:

- [1] Neither party objected to the composition of the Board as introduced at the hearing.
- [2] The Board notes an executed Agent Authorization Form present in the file.
- [3] All disclosure materials were received in a timely fashion.
- [4] No preliminary issues were raised by either party.
- [5] Upon request, the Board agreed to carry forward evidence, arguments, and questioning from “lead file” #75084, relative to the “multiple versus single building” argument addressed by both parties.

Property Description:

[6] The subject is assessed as a multi-tenant industrial warehouse property (IWM), located at 2115 27 Avenue NE on 2.14 acres of land, with 38% site coverage. The parcel is improved by one building constructed in 1980, comprising a total assessable area of 50,265 square feet (sf), (35,298 sf of which is exempt and not under complaint). The subject is assessed at \$131 psf, using the direct sales comparison approach to value.

Issues:

[7] The Complainant identified one matter on the Complaint Form as under complaint, being the assessment amount. The Complainant requested a different valuation (\$1,520,000) than originally noted on the Complaint Form (\$1,321,159), and raised the following issue for the Board’s consideration:

- 1) What is the correct psf value to apply to the subject property: the assessed \$131 or the requested \$102?

Complainant’s Requested Value: \$1,520,000

Board’s Decision: The Board varies the subject assessment from \$1,960,000 down to a truncated value of **\$1,690,000** (net of exempt assessment).

Legislative Authority, Requirements and Considerations:

[8] A Composite Assessment Review Board (CARB) derives its authority from the *Act*, section 460.1, which reads as follows:

- (2) Subject to section 460(11), a composite assessment review board has jurisdiction to hear complaints about any matter referred to in section 460(5) that is shown on an assessment notice for property other than property described in subsection (1)(a).

Section 293 of the *Act* 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 regulations.

Sections 2 and 4 of the *Matters Relating to Assessment and Taxation Regulations* (the *MRAT*) state:

- (2) 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.
- 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

Issue: What is the correct psf value to apply to the subject property: the assessed \$131 or the requested \$102?

Complainant's Position:

[9] The Complainant submitted a table of three comparable sales (all IWM properties), with a median time adjusted sale price (TASP) of \$102 psf, the requested valuation rate. The Complainant also submitted third party reports supporting each sale, and argued that two of these three comparables (comps) were "over-assessed" with assessment-to-sale ratios (ASRs) of 1.22 and 1.31 for the first and second comps respectively.

[10] The Complainant also argued that all of the Respondent's single tenant warehouse (IWS) sales ought to be excluded, since IWS properties transact in a different market, with different prospective purchasers than do the IWM properties.

[11] In rebuttal, the Complainant also submitted CARB decisions 72276P-2013, 72366P-2013, 1426/2011-P, 0751/2012-P, and 72102/2013-P to support his argument that the Board is free to derive an assessment valuation for the subject based on a single best comp.

[12] The Complainant further referenced two CARB decisions (74070P-2014 and 74649P-2014) in defence of the Respondent's challenge to the Complainant's multi-building sale (2835 23 Street NE), given the subject is a single building property.

Respondent's Position:

[13] The Respondent submitted the City's sales table analysing four comps (one common to the Complainant at 1423 45 Avenue NE), yielding median/mean TASP rates of \$131 and \$130 psf respectively, and a range of value from \$109 to \$148 psf, within which the subject assessment falls at \$131 psf.

[14] The Respondent submitted CARB decisions 73118P-2013 and 72359P/2013 to support the City's contention that the Complainant's multi-building sale (2835 23 Street NE) is not an appropriate comparable to the single building subject. The Respondent also submitted an additional multiple building sale (not in the City's sales table, at 1826 25 Avenue NE), with an aggregate building area of 35,200 sf with a TASP of \$140 psf.

[15] Further, the Respondent challenged the Complainant's reliance on the median of three sales, arguing that this effectively bases the requested rate on *one sale* only.

BOARD'S REASONS FOR DECISION:

[16] The Board finds that the appropriate value to apply to the subject is \$113 psf, based on the mean of the four most comparable sales submitted by both parties.

[17] In analysing the sales evidence submitted, the Board acknowledges that all property characteristics influence the City's regression model in some manner, but some factors influence value more than others.

[18] Since no evidence was submitted by either party relative to how the Board might quantify the various factor adjustments needed to make the respective sales more reliably comparable to the subject, the Board focused on three key factors: *building size*, *year of construction*, and *site coverage* as most relevant to its analysis.

IWS versus IWM Argument:

[19] The Board accepts the Complainant's argument that IWS properties transact in a different market than do IWM properties. Both parties conceded that IWSs typically transact for higher market rates, owing in part to the difference in operations required by prospective purchasers for each property type. Investors in multi-tenant properties, for example, typically focus on the potential rent each unit might garner, rather than the general investment potential of the entire parcel.

[20] Thus, the Board excluded all IWS comps, being three of the Respondent's four sales at 3651 23 Street NE, 2620 22 Street NE, and 6835 8 Street NE.

Multi-Building versus Single Building Argument:

[21] With respect to the Complainant's multi-building sale challenged by the Respondent (2835 23 Street NE), the Board accepts the Complainant's argument that a multi-building sale may be compared to a single building subject, so long as the buildings in the comparable sale are similar enough in property type and characteristics to each other, and to the subject, as to be reasonably comparable.

[22] The Board concludes that an investor in the marketplace would evaluate a multi-building property based on the combined square footage of all buildings on site, since in most instances, multi-building parcels cannot be subdivided and sold separately. Thus, while improved with multiple buildings, such a parcel is likely to transact in the marketplace as *one property* (CARB 72357P-2013).

[23] Examining the Complainant's multi-building sale (2835 23 Street NE), the Board finds that the property characteristics of this comp are very similar to the subject relative to the identified key factors, and therefore accepts this sale. The Respondent's multi-building sale

(1826 25 Avenue NE) is less similar to the subject than the Complainant's (with a smaller aggregate building size and larger site coverage than the subject), but the Board accepted this sale as reasonably comparable.

Conclusion:

[24] The Board accepted the Complainant's three sales (one common to both parties at 1423 45 Avenue NE), as well as the Respondent's one multi-building sale (1826 25 Avenue NE), resulting in a common median/mean rate of \$113 psf.

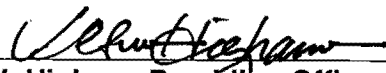
[25] Applying this \$113 psf rate to the subject's taxable area of 14,967 sf (50,265 sf total minus the exempt 35,298 sf) results in an assessed value of \$1,690,000 truncated, which the Board finds to be the best indicator of market value for the subject, given the evidence submitted.

[26] Thus, on the evidence submitted, the Board finds that the best indicator of market value for the subject is derived by applying the rate of \$113 psf to the subject's taxable area of 14,967 sf (50,265 sf total minus the exempt 35,298 sf), resulting in a truncated value of \$1,690,000.

Board's Decision:

[27] For reasons outlined herein, the Board varies the subject assessment from \$1,960,000 down to a truncated value of **\$1,690,000** (net of exempt assessment).

DATED AT THE CITY OF CALGARY THIS 25 DAY OF AUGUST 2014.



V. Higham, Presiding Officer

APPENDIX "A"

**DOCUMENTS PRESENTED AT THE HEARING
AND CONSIDERED BY THE BOARD:**

NO.	ITEM
1. C1	Complainant's Disclosure
2. R1	Respondent's Disclosure
3. C2	Complainant's 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 Only – Roll Number 034191304

Municipal Government Board Use Only: Decision Identifier Codes				
Municipality/Appeal Type	Property Type	Property Sub-Type	Issue	Sub-Issue
Calgary CARB	Warehouse	Warehouse-Multi	Sales Approach	Land & Improvement Comparables