



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:

Brenntag Canada Inc. (as represented by AEC Property Tax Solutions), COMPLAINANT

and

The City of Calgary, RESPONDENT

before:

H. Kim, PRESIDING OFFICER

R. Roy, BOARD MEMBER

D. Steele, 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 and entered in the 2014 Assessment Roll as follows:

ROLL NUMBER:	098003007
LOCATION ADDRESS:	3124 54 Ave SE
FILE NUMBER:	74914
ASSESSMENT:	\$5,130,000

This complaint was heard on the 26th day of August, 2014 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 1.

Appeared on behalf of the Complainant:

- J. Smiley, Agent, AEC Property Tax Solutions
- M. Kudrycki, Agent, AEC Property Tax Solutions

Appeared on behalf of the Respondent:

- I. McDermott, Assessor, the City of Calgary

Property Description:

[1] The subject property is a 27,324 square foot (sf) industrial warehouse built in 1973 on a 4.1 acre parcel zoned Industrial General (I-G) in the Foothills area of southeast (SE) Calgary. The building has a footprint of 23,224 sf resulting in site coverage of 13.0%.

[2] Industrial properties are assessed on the sales comparison approach to value. When an industrial property has less than typical site coverage and the assessor is of the opinion that the building configuration is such that the unimproved portion of the parcel could be subdivided, the property is assessed based on 30% site coverage, and the additional land is assessed as a vacant parcel and added to the value of the building. For the subject property, the building is assessed as IW S (Industrial warehouse 2 or less units) with 30% site coverage at \$133.09/sf and 2.32 acres (ac) additional land at the 2014 Industrial Land Value for I-G parcels in the SE (\$645,000/ac up to 10 ac) for a calculated value of \$5,134,907 which, truncated, results in the assessment under complaint.

Issues:

[3] The Complaint form listed a number of issues under Reason(s) for Complaint, but at the hearing the only issue argued was the vacant land rate applied to the additional land, based on:

- 1) The time adjustment applied to sales between June 2012 and the valuation date is excessive, and
- 2) Sales in Section 23 should be included in the analysis.

Complainant's Requested Value: \$5,000,000

Board's Decision:

[4] The assessment is confirmed at \$5,130,000

Legislative Authority, Requirements and Considerations:

[5] The composite assessment review board (CARB) derives its authority from Part 11 of the Act:

Section 460.1(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).

[6] For purposes of the hearing, the CARB will consider the Act Section 293(1):

In preparing the 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.

[7] The regulation referred to in the Act section 293(1)(b) is Alberta Regulation 220/2004,

Matters Relating to Assessment and Taxation Regulation (MRAT). Part 1 sets out the Standards of Assessment - section 4 specifies the valuation standard and section 2 describes the requirement for mass appraisal:

- 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, ...*

Complainant's Position:

[8] The Respondent's time adjustment applied to sales in the period from July 2010 to June 2012 was 0.11 to 0.13% per month. This increased to 1.02 to 1.15% per month for the period of July 2012 to July 2013. This increase is not supported by evidence. Ideally, there would be sales that transacted twice within the time period without any changes to the property; however such sales do not exist. The Complainant submitted that sales within a particular area could be analysed to determine the change in value.

[9] There were five sales in the Starfield district between July 18, 2012 and December 10, 2012 which were plotted on a chart and a trend line established showing the total change in value between July 1 2012 and June 30 2013 was 2.7%, or 0.22% per month. There were only two sales in the relevant period in Section 23, but three sales between January 18, 2012 and June 12, 2013 supports a trend line for the relevant period showing a 5.27% increase, or 0.44% per month. There were no other districts that had a reasonable number of sales in the July 2012 to June 2013 period from which to determine changes in value. The time adjustment applied by the Respondent is substantially more than what the evidence indicates.

[10] The Complainant submitted that the median of the two derived values, 0.33% per month for the period from July 1, 2012 to June 30, 2013, was a more reasonable value to use in time-adjusting sale prices to the valuation date.

[11] The Respondent's SE industrial land rates have a general rate for SE land with separate rates for FO3 and East Sheppard (ES4). While the Complainant agrees that ES4 trades consistently at values that are entirely outside the range of the balance of the industrial land sales and should have its own land rate, sales in the Section 23 district (FO3) are within the range, albeit at the low end, and should not be excluded from the analysis in determining market rates for industrial land. Starfield (SF2) trades at the higher end of the range but its land rate is not segregated. Excluding sales in FO3 simply increase the general land rate, without justification. The Complainant disputed that values in FO3 were lower due to limited access. Its location adjacent to Stoney Trail with a future interchange would provide very good access in the future.

[12] The Complainant presented 45 vacant land sales between July 22, 2010 and June 24, 2013 in SF2, FO3 and other areas in the SE, replacing the Respondent's time adjustment values with the suggested 0.33%/mo for the period between June 2012 and 2013. There is a substantial difference in the rates within districts, but FO3 is well within the range:

District	Min	Max	Median
SF2	572,915	655,501	592,258
FO3	486,584	600,718	527,085
Other SE	478,249	1,116,608	590,182

[13] The median of all the sales is \$587,731/ac, almost unchanged from the \$585,000/ac used as the base rate for SE I-G land in the 2013 assessment. The Complainant submits that \$590,000/ac is a more appropriate value for the base land rate.

Respondent's Position:

[14] The Respondent presented a chart in support of the time adjustments applied that plotted sale price/sf adjusted for influences (such as corner, shape factor, limited access) were plotted against time over the 36-month period up to the valuation date. The points are analysed using multiple regression. The trend line is relatively flat for the first 24 months but shows a marked increase from months 24 to 36. This was the basis of the time adjustments applied.

[15] There were 41 sales of vacant industrial land under 10 acres in the SE excluding ES4 and FO3 within the valuation period. They ranged from 0.17 to 8.88 ac and sold between July 27, 2010 and June 24, 2013. The median sale price per acre was \$641,039 and the average was \$679,550. The Respondent noted that the Complainant had eliminated four of the sales that were in the Central portion of the SE district but the remaining sales still had a median of \$638,899 and average of \$675,541. This supports the 2014 base land rate of \$645,000/ac.

[16] Vacant land sales in FO3 are consistently lower than for the balance of the SE district. The Respondent presented 7 sales within the valuation period of parcels between 0.80 and 4.80 acres. The median sale price per acre was \$572,493 and the average was \$565,934. FO3 has a base land rate of \$575,000 to reflect the lower values. The Respondent noted that FO3 is located south of the irrigation canal and is only accessible from the north via 68th Street SE compared to other industrial areas with better access. Therefore it is reasonable to exclude FO3 sales in the analysis of land values overall in the SE area.

Board's Reasons for Decision:

[17] The Board finds that the sample size in the Complainant's analysis, at five and three sales respectively, is too small to support a conclusion with respect to time adjustment. While the Respondent's time adjustment chart was not accompanied by detailed evidence, it was based on a large number of sales and the Board accepts that the chart indicates a sharper upward trend over the period from July 1, 2012 to the valuation date than in the months prior.

[18] The Board agrees that the sales show that land in FO3 trades at the lower end of the range of values for the SE district. Regardless of the reason and whether this might change in the future, and that the values fit within the overall range, the Board finds that it would be unfair for property owners within FO3 to be assessed at the same rate as other land in the SE when it is consistently at the lower end of the range. With FO3 assigned its own rate, sales in FO3 should not be included in determining the general base rate in the SE.

[19] Accordingly, the Board finds that the base land rate for the 2.32 ac of additional land should not be adjusted, and the assessment is confirmed.

DATED AT THE CITY OF CALGARY THIS 23rd DAY OF September 2014.



H. Kim

Presiding Officer

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

NO.	ITEM
1. C1	Complainant Disclosure
2. R1	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 Administrative Use Only

Property Type	Property Sub-Type	Issue	Sub-Issues
(4) Warehouse	Single Tenant	Cost/Sales Approach	Land Value