



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:

H. BUSINESS PARK (A&B) GP INC.

(as represented by AVISON YOUNG PROPERTY TAX SERVICES), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

E. K. Williams, PRESIDING OFFICER

I. Fraser, BOARD MEMBER

J. Kerrison, 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 2014 Assessment Roll as follows:

ROLL NUMBER: 031024003

LOCATION ADDRESS: 4300 26 ST NE

FILE NUMBER: 76920

ASSESSMENT: \$12,590,000

This complaint was heard on 14th day of July, 2014 in Boardroom 6 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE Calgary, Alberta.

Appeared on behalf of the Complainant:

- J. Mayer Agent, Avison Young Property Tax Services

Appeared on behalf of the Respondent:

- N. Domenie Assessor, The City of Calgary

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

[1] The parties identified to the Board that the evidence and arguments to be presented in respect of the hearing on the subject property would also be applicable to four hearings scheduled for July 14 and 15, 2014. Both parties have utilized the Sales Comparison Approach in arriving at market value for assessment purposes. The parties purposed to progress with their sales comparison evidence and arguments before the Board once and then, in the interests of succinctness, ask the Board to carry forward said evidence and arguments to the four other properties scheduled. The Board found this to be an appropriate approach to the matters at hand.

[2] No additional Procedural or Jurisdictional Matters were raised by the parties.

Property Description:

[3] The subject property at 4300 26 ST NE is a 110,944 square foot (SF) single tenant industrial warehouse building on 5.17 acre (225,188 SF) of land with a 2000 year of construction (YOC) in the community of Horizon. The subject is assigned a quality classification of A-, an Industrial-General land use designation, a Property Use: Industrial and Subproperty Use: IN0606 Warehouse with 2 or less tenants.

[4] The assessment was prepared on the Sales Comparison Approach.

Issues:

[5] The assessed value of the subject property is not reflective of market value.

Complainant's Requested Value: \$11,485,000 [\$103per square foot (psf)]

Board's Decision:

[6] The assessment is confirmed at \$12,590,000 (\$113.49psf)

Legislative Authority, Requirements and Considerations:

[7] The Act Section 293 Duties of Assessors 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 regulation.*

[8] Matters Relating to Assessment and Taxation Regulation (MRAT) Part 1 Standards of Assessment Section 2 Mass Appraisal requires that:

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.*

and Section 4 Valuation standards for a parcel of land requires

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

[9] The Complainant and Respondent presented a wide range of evidence consisting of relevant and less relevant evidence. In the interests of brevity, the Board will restrict its comments to those items the Board found relevant to the matters at hand. Furthermore, the Board's findings and decision reflect on the evidence presented and examined by the parties before the Board at the time of the hearing.

[10] The Complainant's evidence package included a Summary of Testimonial Evidence, a map identifying the location of the property, photographs of the subject property, the City of Calgary 2014 Assessment Explanation Supplement Industrial, 2014 Property Assessment Detail Report, the Rental Roll, Comparable Market Transactions including supporting documentation for each comparable as well as a number of tables related to vacancy rates, rental rates and determination of the Capitalization Rate (cap rate) in support of their income approach. Documentation related to time adjustments and a third party cap rate study.

[11] The Respondent's evidence package included a Summary of Testimonial Evidence, photographs of the exterior of the subject property, the City of Calgary 2014 Property Assessment Notice, the 2014 Property Assessment Detail Report, the 2014 Assessment Explanation Supplement Industrial, table of Comparable Market Transactions including supporting documentation for each comparable including the RealNet Industrial Transaction Summary and Calgary Assessment Review Board decisions.

[12] Both parties placed technical, professional and academic excerpts before the Board in support of their position. This Board finds that any specific passage or quote (i.e. excerpt) from a larger document may not capture the true intent of the document and is, therefore, seen by the Board as incomplete material and may be given limited weight.

[13] As noted above, the Respondent placed before this Board a number of Assessment

Review Board decisions in support of their position. These decisions were made in respect of issues and evidence that may however be dissimilar to that before this Board.

Complainant's Position:

[14] The Complainant testified that because of the number of portfolio sales they are presenting two sales in support of the requested value. Supporting documentation for the two sales including the RealNet Industrial Transaction Summary was presented on pages 16 to 32 of Exhibit C1.

[15] The following table presents the details on the subject and the two comparables.

	Municipal Address	Building Area SF	YOC	% Finished	Sale date (mm/yyyy)	Sale Price*	Sale Price psf
	901 57 Av NE	99,000	2000	18.6	10/2012	\$10,250,000	\$103.54
	3202 12 Av NE	54,905	1979	19.0	02/2013	\$5,875,000	\$107.00
Subject	4300 26 St NE	110,944	2000	13.2			

*The sale price is unadjusted as the City of Calgary Assessment Department has determined that no adjustment is required for the period November 1, 2012 to June 30 2013.

The comparable at 901 57 Av NE was considered to be the most similar to the subject in respect of building area and yoc. The sale price of \$103.54 psf supports the requested assessment.

[16] As further support the Complainant prepared an Income Approach (pages 5 to 8 Exhibit C1). The parameters used in the preparation of the Income Approach were based on information compiled by the Complainant. Under this approach the market value was calculated to be \$11,485,000.

[17] In summary the Complainant argued the sales comparables supports the requested assessment.

Respondent's Position:

[18] Respondent reviewed the table titled 2014 Industrial Sales Chart (page 25 Exhibit R1) which presented particulars on seven properties considered to be comparable to the subject property. Of the seven comparables four were part of two portfolio sales; the subject property was one of the comparables and was part of a 2011 portfolio sale. Based on the Non Residential Property Sale Questionnaire (pages 33 to 35 Exhibit R1) the sale price for the subject property was reported as \$11,300,000. The Time Adjusted Sale Price for subject property is \$12,379,150 which is \$111.58 psf and supports the assessment.

[19] In respect of the Income Approach the Respondent argued that the Complainant's methodology was selective resulting in a mix of actual and typical parameters which yielded a value that is not supportable.

[20] In summary the Complainant argued the sales comparables supports the requested assessment.

Board's Reasons for Decision:

[21] In support of the requested assessment the Complainant presented two sale comparables and focused their argument on the property most similar to the subject in terms of building area and YOC.

[22] The Respondent presented an analysis of seven comparables in support of the assessment. Four of the comparables were part of two July 2011 portfolio sales. The subject was one of the properties included in the portfolio sale and based on the Non Residential Property Sale Questionnaire (pages 33 to 35 Exhibit R1) the allocated purchase was \$11,300,000 and a TASP of \$12,379,150.

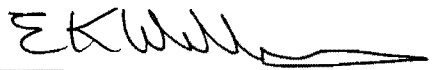
[23] Statistically the inclusion of portfolio sales in an analysis of sales comparables has the potential to confound the analysis because of the lack of details substantiating the reported sale prices for each property in the portfolio sale. On that basis the Board focused the analysis on the 3 remaining comparables in the Respondent's sample. The following table presents particulars on the comparables and the subject.

Comparable	Municipal Address	# Units	Building Area	YOC	% Finished
1	930 64 Av NE	3	118,402 SF	1997	9.0%
2	901 57 Av NE	2 or less	99,000 SF	2000	19.0%
3	3905 29 ST NE	5	96,804 SF	1981	27.0%
Subject	4300 26 St NE	2	110,944 SF	2000	13.0%

[24] The comparables most similar to the subject in terms of # units, building area, YOC and % finished are comparables 1 and 2. The TASP psf are \$119.33 psf for 930 64 Av NE and \$103.54 psf for 901 57 Av NE. The average TASP is \$111.44 psf which supports the assessment.

[25] Based on the evidence presented the Board confirms the assessment.

DATED AT THE CITY OF CALGARY THIS 25th DAY OF August 2014.



E. K. Williams

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.*

ADMINISTRATIVE USE

Appeal Type	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	Warehouse	Single Tenant	Sales Approach	Comparables