

**CITY OF CALGARY  
ASSESSMENT REVIEW BOARD  
DECISION WITH REASONS**

In the matter of a complaint filed with the City of Calgary Assessment Review Board pursuant to Part 11 of the *Municipal Government Act*, Chapter M-26, Revised Statutes of Alberta 2000 (the Act).

**Between:**

**OCTAGON PROPERTIES GROUP LTD, Complainant**

**and**

**THE CITY OF CALGARY, Respondent**

**Before:**

**J. KRYSA, Presiding Officer  
I. ZACHAROPOULOS, Member  
M. PETERS, Member**

A hearing was convened on August 19, 2010 in Boardroom 4 at the office of the Assessment Review Board, located at 1212 - 31 Avenue NE, Calgary, Alberta in respect of the property assessment prepared by the assessor of the City of Calgary, and entered in the 2010 Assessment Roll as follows:

<b>ROLL NUMBER:</b>	<b>098008956</b>
<b>LOCATION ADDRESS:</b>	<b>3131 57<sup>th</sup> Avenue SE</b>
<b>HEARING NUMBER:</b>	<b>56079</b>
<b>ASSESSMENT:</b>	<b>\$8,540,000</b>

**PART A: BACKGROUND AND DESCRIPTION OF PROPERTY UNDER COMPLAINT**

The subject property is a 5½ acre parcel of industrial land, improved with two, single tenant industrial warehouses, with 26.7% site coverage. The improvement details are as follows:

<b>#</b>	<b>Footprint</b>	<b>Rentable Area</b>	<b>Year Built</b>	<b>Finish</b>
1	48,144	53,940	1969	17%
2	15,800	16,360	1981	3%

**PART B: PROCEDURAL or JURISDICTIONAL MATTERS**

There were no preliminary or jurisdictional matters raised by the parties.

**PART C: MATTERS / ISSUES**

The Complainant raised the following matter in section 4, and the reason for complaint in section 5 of the complaint form:

Matter: #3 an assessment amount. Reason: The assessed value is too high and we would like to have it lowered. This is based on an appraisal which states the value is \$7,000,000.

In support of the requested value, the Complainant submitted an appraisal report of the subject property prepared by Altus Group Limited, indicating an income approach conclusion of \$6,900,000, a sales comparison approach conclusion of \$7,100,000, and a final market value estimate of \$7,000,000 as at September 8, 2009 [C1]. The Complainant argued that although the effective date of valuation of the appraisal was beyond the legislated July 1, 2009 valuation date, the comparables relied upon to establish market value were evident prior to July 1, 2009.

The Complainant also provided ten, third party sale summaries of industrial properties with sale dates between June 1, 2009 and April 20, 2010, to establish a value range from \$57.30 to \$126.82 per sq.ft. [C2].

Further, the Complainant stated that the property had been marketed during 2009 without success.

The Respondent advised that assessment values for multi-building industrial properties were predicted by a direct comparison approach model, which valued each building independently, based on sales of single building properties. The total assessment was then established from the sum of the individual predicted values for each building.

In support of the individual assessed values, the Respondent submitted a list of 4 industrial warehouse sales comparables for building #2, indicating a range of values from \$140 to \$196 per sq.ft., in contrast to the assessment of \$153.58 per sq.ft. A further 5 sales comparables were submitted for building #1, indicating a range of values from \$96 to \$129 per sq.ft. in contrast to the assessment of \$111.92 per sq.ft. [R1 pg 30].

The Respondent also provided several comparable assessments for each of the buildings to demonstrate that the assessments were fair and equitable in relation to the assessments of other similar properties [R1 pgs 31-32].

The Respondent argued that as the author of the appraisal report was not present as a witness and subject to cross examination, the appraisal report should be afforded little weight. Notwithstanding, the Respondent pointed out that the average sale price of the comparables listed on page 19 of the report was \$121.75 per sq.ft. of building area, in contrast to the assessment of the subject at \$121.60 per sq.ft. With respect to the Complainant's comparable sales in exhibit C2, the Respondent argued that only the June 1, 2009 sale at 2829-48 Avenue

SE occurred prior to the valuation date; the remainder of the sales occurred after the valuation date, and are therefore not valid market indicators for this assessment. Further, the June 1, 2009 sale represented a newer building on a larger site, and no adjustments were made to this sale to relate the market indicator to the subject property.

### Decision

The Board finds that the current assessment of \$8,540,000 does not reflect the market value of the subject property as of July 1, 2009.

The Board accepts that the Complainant's appraisal, although prepared subsequent to the valuation date, relies upon sales evidence dated prior to the valuation date, and establishes a valid estimate of market value. The Complainant's sales comparables however, were of limited value to the Board in establishing an estimate of market value as of the legislated valuation date of July 1, 2009, as the majority of the comparables were indicators of the market well beyond the valuation date.


The Board notes that the Respondent's sales comparables for building #2 exhibited significantly lower site coverage ratios than the subject, and therefore could not be considered similar to the subject property. The Respondent's sales comparables for building #1, however, did appear to be somewhat similar to the subject, and did somewhat support the assessment of \$111.92 per sq.ft. predicted for that structure. Although multi-building properties were reportedly excluded from the Assessor's sales analysis, the Board noted that the 2007 sale of the subject property was one of the sales included in the Respondent's comparables, and exhibited a time adjusted sale price of \$7,252,384, or \$103 per sq.ft. for the total area of both buildings combined, causing some concern to the Board regarding the Assessor's methodology for valuing multi-building industrial properties.

The Board finds that the Respondent's time adjusted sale price of the subject property (as a multi-building property), is supported by the Complainant's appraisal based on market indicators near the valuation date, and represents a fair indication of the market value of the subject property as of the legislated valuation date.

### FINAL DECISION

The property assessment is revised from \$8,540,000 to \$7,250,000.

Dated at the City of Calgary in the Province of Alberta, this 28 day of September, 2010

  
J. Krysa  
Presiding Officer

**APPENDIX "A"****DOCUMENTS RECEIVED BY THE ASSESSMENT REVIEW BOARD:**

<b>NO.</b>	<b>ITEM</b>
1.	Exhibit C1
2.	Exhibit C2
3.	Exhibit R1

Complainant's Appraisal Report  
Complainant's Sales Comparables  
Respondent's Brief

**APPENDIX 'B'****ORAL REPRESENTATIONS**

<b>PERSON APPEARING</b>	<b>CAPACITY</b>
1. G. Schell	Representative of the Complainant
2. I. Baigent	Representative of the Respondent
3. P. Sembrat	Representative of the Respondent

*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.*