

**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:**

**Mancal Property Holdings Inc.  
(as represented by Altus Group Ltd.), COMPLAINANT**

**and**

**The City Of Calgary, RESPONDENT**

**before:**

**J. Krysa, PRESIDING OFFICER  
B. Bickford, MEMBER  
R. Kodak, MEMBER**

This is a complaint to the Calgary Assessment Review Board in respect of the property assessment prepared by the Assessor of The City of Calgary and entered in the 2012 Assessment Roll as follows:

<b>ROLL NUMBER:</b>	<b>201065810</b>
<b>LOCATION ADDRESS:</b>	<b>5501 54 Ave SE</b>
<b>HEARING NUMBER:</b>	<b>68600</b>
<b>ASSESSMENT:</b>	<b>\$2,500,000</b>

The complaint was heard on July 05, 2012, in Boardroom 3 at the office of the Assessment Review Board, located at 1212 – 31 Avenue NE, Calgary, Alberta.

Appeared on behalf of the Complainant:

- J. Smiley

Appeared on behalf of the Respondent:

- I. McDermott

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

[1] There were no procedural or jurisdictional matters raised by either party during the course of the hearing.

**Property Description**

[2] The subject property is a 3.43 acre parcel of land, improved with a 3,993 sq.ft. (square foot) industrial warehouse that was constructed in 1996, and reflects a site coverage (building : land) ratio of 2.67%. The total assessment equates to a unit rate of \$626.31 per sq.ft. of improvement area.

**Issues**

[3] The Complainant raised the following matters in section 4 of the complaint forms:

3. an assessment
4. an assessment class

[4] However, at the hearing the Complainant withdrew matter 4 and led evidence and argument only in relation to matter 3, an assessment amount. The Complainant set out 17 grounds for the complaint in section 5 of the complaint form with a requested assessment value of \$1,960,000; however, only the following issue was in dispute at the hearing:

**Issue:** The assessment exceeds the indicated market value of the property.

**Complainant's Requested Assessment**

At the hearing, the Complainant requested an assessment of \$2,040,000.

**Board's Decision in Respect of the Issue**

[5] The Complainant argued that the Respondent's direct sales comparison approach model does not accurately predict the market value of the subject property, as the subject property exhibits an atypical 2.67% site coverage ratio and there have been no sales of similar properties from which to establish a reasonable estimate of market value. The Complainant further argued that a sales analysis of similar sized structures demonstrates that the current assessment of the subject property exceeds its market value.

[6] In support of the argument, the Complainant provided a summary of five, southeast, single-tenanted industrial warehouse sales that occurred between August 2009 and April 2011, exhibiting a range of time adjusted sale prices from \$223 to \$263 per sq.ft. of improvement area, in contrast to the subject's assessed unit rate of \$626 per sq.ft. The warehouses range in size from 2,500 sq.ft. to 4,769 sq.ft., and are located on parcels ranging from 0.40 to 0.68 acres, reflecting their assessed site coverage range from 13% to 23%.

[7] The Complainant submitted that the analysis indicates an upper limit of the subject's market value at \$2,390,926, based on the median sales rate of \$250 per sq.ft. of improvement area, plus an additional land value of \$1,394,411, as follows:

$$3,993 \text{ sq.ft.} \times \$250 \text{ per sq.ft.} + \$1,394,411 = \$2,390,926.$$

[8] The Complainant further argued that as there are no sales of similar properties, the cost approach to value is the most reliable estimate of the subject's market value, as it requires the least amount of adjustments. The Complainant provided a cost approach valuation of the subject property indicating a market value of \$2,048,864, comprised of a Marshall and Swift improvement valuation of \$248,114, plus a land value of \$1,800,750.

[9] The Respondent argued that the cost approach is not the best indicator of value for the subject property. The Respondent further argued that there are many sales from which to employ a direct sales comparison approach valuation, to which an appropriate land adjustment reflecting the subject's 3.43 acre parcel size could be applied. The Respondent submitted that the unit rate of \$215.51 per sq.ft. predicted by the assessment model is an accurate reflection of the market value of the improvement and 0.305 acres of land; reflective of a "typical" 30% site coverage ratio.

[10] In support of the unit rate of \$215.51 per sq.ft., the Respondent provided a summary of three, southeast, single-tenanted industrial warehouse sales that occurred between August 2009 and May 2010, (two of which were common to the Complainant's evidence), exhibiting a range of time adjusted sale prices from \$194 to \$292 per sq.ft. of improvement area, with a median unit rate of \$227 per sq.ft. The warehouses range in size from 2,500 sq.ft. to 5,050 sq.ft., and are located on parcels ranging from 0.40 to 0.47 acres, reflecting their assessed site coverage range from 14.2% to 23.6%.

[11] The Respondent argued that the subject property will probably be subdivided in the future, therefore the additional land area of 3.124 acres should be valued at the base industrial land rate of \$525,000 per acre, indicating a market value of \$1,640,333 for this land component as detailed below:

Improvement Area (sq.ft.)	"Typical" Building : Land Ratio	"Typical" Land Area (sq.ft.)	"Typical" Land Area (acres)	Additional Land Area (acres)	Land Rate (per acre)	Additional Land Area (Value)
3,993	30%	13,310	0.3055	3.1244	\$525,000	\$1,640,333

[12] In support of the base industrial land rate of \$525,000 per acre, the Respondent provided a summary of sales of seven, vacant industrial land parcels ranging in size from 2.00 acres to 4.04 acres, and exhibiting a range of sale prices from \$511,213 to \$560,000 per acre.

**Decision**

The Board finds that the current assessment exceeds the market value of the property.

[13] The Board accepts the Complainant's cost approach valuation as the best indicator of the subject property's market value. The industrial base land rate of \$525,000 per acre is well supported by the Respondent's vacant industrial land sales, and there was no evidence or argument provided to refute the Complainant's Marshall and Swift improvement valuation.

[14] The Board applies little weight to the improved sales evidence of both Parties, as the sales were of properties exhibiting parcel sizes less than 0.68 acre and site coverage ratios greater than 13%, in contrast to the subject's 3.43 acre parcel and 2.67% site coverage ratio. The Board further rejects the Complainant's sales analysis, as the Complainant failed to provide any market evidence in respect of the \$446,250 per acre land rate conclusion, or the time adjustments applied. The Complainant also submitted that a further reduction from the \$2,390,926 value would be required to reflect market value; however, the amount of that reduction, and market evidence in support of it, was not provided.

The assessment is **REVISED** from: \$2,500,000 to: **\$2,040,000.**

DATED AT THE CITY OF CALGARY THIS 5 DAY OF SEPTEMBER, 2012.

  
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J. Krysa,  
Presiding Officer

## APPENDIX “A”

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

NO.	ITEM
1. C1	Complainant's Submission (25 pages)
2. R1	Respondent's Submission (28 pages)

*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	Warehouse	Single Tenant	Land Value	Site Coverage