

**COMPOSITE
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:

Telus Communications Inc. (as represented by Colliers International), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

C. J. Griffin, PRESIDING OFFICER

S. Rourke, MEMBER

J. Pratt, MEMBER

This is a complaint to the Composite Assessment Review Board in respect of a property assessment prepared by the Assessor of The City of Calgary and entered in the 2011 Assessment Roll as follows:

ROLL NUMBER: 032034803

LOCATION ADDRESS: 2432 – 42 Avenue NE

HEARING NUMBER: 64491

ASSESSMENT: \$1,780,000.

This complaint was heard on 17th day of June, 2011 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 2.

Appeared on behalf of the Complainant:

- *M. Uhryn*

Appeared on behalf of the Respondent:

- *J. Lepine*

Property Description:

The subject property is reportedly an owner occupied 5,413 Sq. Ft. (gross) light industrial building that was originally constructed in 1984. According to the Assessment Explanation Supplement the subject has an assessable building area of 4,817 Sq. Ft. The building sits on a 1.19 acre site which equates to 9.26% site coverage. The low site coverage ratio results in the subject property being deemed to incorporate an additional land component which accounts for \$825,220 (\$199/Sq. Ft.) of the total assessed value.

Issues:

While a number of inter-related issues were outlined on the Assessment Review Board Complaint form, at the Hearing and in their submission the Complainant reduced these to:

- 1) application of the Direct Comparison (Sales) Approach by the Assessor has resulted in an inaccurate and unfair assessed value.

Complainant's Requested Value: \$1,070,000 (revised at the Hearing)

Complainant's Position

The Complainant contends that they have prepared a more accurate Direct Comparison Approach which has resulted in their requested assessed value of \$1,070,000. The Complainant referred the CARB to Exhibit C-1 page 12 where they have provided the summary of 4 industrial property sales which they contend are comparable to the subject property. These sales refer to properties that are all located within the northeast industrial sector of the City. These sales were recorded between February 2009 and June 2010 and the building areas ranged from 1,750 Sq. Ft. to 7,853 Sq. Ft. and the underlying sites ranged in size from 5,988 Sq. Ft. to 80,370 Sq. Ft. The assessed values/Sq. Ft. of building area for these sales comparables range from approximately \$205/Sq. Ft. to \$357/Sq. Ft. and indicate a median of \$215/Sq. Ft. The Complainant maintains that the foregoing supports their requested assessed value which equates to approximately \$222/Sq. ft. based on the gross building area.

Respondent's Position

In defence of the assessed value the Respondent submitted their Exhibit R-1. It is the Respondent's position that their application of the Sales Approach has resulted in a fair and correct assessed value for the subject property. The Respondent provided 4 comparable sales (Exhibit R-1 pg 18) of industrial buildings ranging in size (net rentable) from approximately 3,650 Sq. Ft. to 8,485 Sq. Ft. with a median time adjusted selling price of \$371/Sq. Ft. which the Assessor maintains fully supports the current assessment \$370/Sq. Ft. The Assessor pointed out that all of their sales comparables had lower than typical (30%) site coverage ratios which means that those properties all incorporate what the Assessor maintains is additional land, as does the subject.

In response to the submissions of the Complainant, the Respondent pointed out that one of the Complainant's sales comparables, that being the property located at 11885 – 16th Street NE was a bare land sale that was not comparable to the subject. The Respondent included (Exhibit R-1 pgs. 21 – 25) sales summary sheets from two independent data sources verifying same. The Respondent further pointed out that only one of the sales comparables utilized by the

Complainant incorporated an additional land component and that property had an unadjusted sales price indication of \$357/Sq. Ft. versus the assessment of the subject at \$370/Sq. Ft. The Assessor explained that were the subject property to have atypical site coverage of 30% then the assessed value would equate to approximately \$200/Sq. Ft. of assessable building area, it is the inclusion of the additional land component that brings the assessment of the subject to the indicated \$370/Sq. Ft.

Rebuttal - Complainant

The Complainant introduced a rebuttal in the form of Exhibit C-2. The essence of the Complainant's Rebuttal is that the Assessor has utilized the incorrect building sizes to adjust their sales comparables to a typical site coverage of 30% and if the correct sizes are employed the resulting median time adjusted selling price would be \$259/Sq. ft. (Exhibit C-2 pg. 18) In support of their contention that the Assessor had employed incorrect building sizes the Complainant presented (Exhibit C-2 pgs. 4 – 13) Sale Summary Sheets for the subject property as well as the comparable properties presented by the Assessor together with Assessment Summary Reports, relating to those same properties, as extracted from the City of Calgary Assessment web site which clearly show a difference in size.

Response to Rebuttal – Respondent

The Respondent pointed out that the City's Assessment web site shows the gross building areas as opposed the assessed building areas and further indicated that the Complainant's referred to size differentials could easily stem from such factors as mezzanine and/or storage areas which may not necessarily be assessed.

Board's Decision in Respect of Each Matter or Issue:

The CARB finds that:

- 1) There were sufficient sales to accurately apply the Direct Sales (Comparison) Approach to derive an estimate as to the assessed value of the subject property.

Board's Decision:

The assessment is **confirmed at: \$1,780,000.**

Reason(s) for Decision

The CARB is of the judgment that the evidence of the Respondent was superior in all ways to that of the Complainant. The Complainant did not, in his Exhibit C-1, make any adjustments to the sales comparables to account for the additional land component. Additionally, the Complainant utilized a sale comparable that referred to land only which the CARB finds to be of little value in deriving the assessed value of the subject property. The Complainant provided no supporting evidence for any of the sales comparables they presented in Exhibit C-1. The CARB found Exhibit C-1 to be devoid of meaningful information on which to base a decision. The Complainant's Rebuttal Exhibit C-2 was difficult to follow with most of the pages containing hand scribbled notations that were of little meaning to the CARB. The CARB also notes that the Complainant did not appear to make any adjustment for site coverage of the comparables with their altered building sizes. The CARB is disappointed at the poor quality of this Exhibit and would expect more of a professional tax agent with considerable experience before this Board.

The CARB does note that it appears confusing to the ratepayer if the Assessor's web site reports information that is in conflict, or is different from that information contained on their Assessment Explanation Supplement and would encourage the Assessor to review this matter.

DATED AT THE CITY OF CALGARY THIS 5 DAY OF July 2011.


C. J. Griffin
Presiding Officer

APPENDIX "A"

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

NO.	ITEM
1. C1	Complainant Disclosure
2. R1	Respondent Disclosure
3. C-2	Complainant 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.*