

**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:

**1512399 Alberta Ltd. (as represented by Assessment Advisory Group Inc.),  
COMPLAINANT**

and

**The City Of Calgary, RESPONDENT**

before:

**K. D. Kelly, PRESIDING OFFICER  
D. Julien, MEMBER  
P. Pask, 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 2011 Assessment Roll as follows:

<b>ROLL NUMBER:</b>	<b>034181404</b>
<b>LOCATION ADDRESS:</b>	<b>224 – 41 AV NE</b>
<b>HEARING NUMBER:</b>	<b>64804</b>
<b>ASSESSMENT:</b>	<b>\$1,620,000</b>

This complaint was heard on the 4<sup>th</sup> day of July, 2011 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 3.

Appeared on behalf of the Complainant:

- Mr. T. Howell - Assessment Advisory Group Inc.

Appeared on behalf of the Respondent:

- Mr. M. Berzins - Assessor, City of Calgary

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

None

**Property Description:**

The subject is a 1967 single-tenant industrial warehouse with a gross building area of 15,107 square feet (SF) of which 10,140 SF are assessable at a rate of \$160 per SF. The subject has 54% finish, a site coverage of 32.77% and occupies .66 acres (AC) in the Greenview industrial park in NE Calgary. Identified by the Complainant as an auto repair shop, it is assessed at \$1,620,000.

**Issues:**

1. The subject is assessed in excess of market and is inequitable.

**Complainant's Requested Value:** \$1,425,000

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

The Complainant presented a 6-page Brief C-1 in which he identified a "Statement of Adjustments" dated March 16, 2010 detailing the sale of the subject for \$1,425,000. He provided no other documentation for the sale. The Complainant considered that the sale was a valid arms-length sale and not part of a portfolio, therefore it was strongly indicative of the subject's value as of the valuation date of July 1, 2010.

The Complainant provided a map locating the subject in the Greenview industrial community, as well as an exterior photo of the front of the building. The Complainant noted that while "one sale does not make the market" nevertheless the sale of the subject was indicative of market for this property. Therefore he requested that the Board reduce the assessment to the March 2010 purchase price of \$1,425,000.

The Respondent acknowledged that the City considered the sale of the subject to be a valid sale and in fact had included it in its analysis of the sales of all industrial properties in Greenview and elsewhere. He referenced page 18 of his Brief R-1 and introduced 5 in-time,

time-adjusted comparable market sales – one of which was the subject. He noted that of the 5 sales, the subject was the lowest at \$141 per SF and the highest was \$173 per SF – the median being \$160 per SF. He clarified that the subject had been assessed at \$160 per SF.

The Respondent clarified that under the provincially-mandated Mass Appraisal process, the City must analyze the market and use “Typical” and not “actual” values in its assessment model. Therefore, he noted, while the City acknowledges the sale of the subject, it considers the \$141 per SF value it attracted to be somewhat low, and thus the sale price appears to be a market “outlier”.

The Respondent introduced on page 17 of his Brief R-1 a matrix of seven assessment equity comparables - properties he considered to be very similar to the subject in most of their individual characteristics. He noted that the assessed values of these properties ranged from \$140 per SF to \$173 per SF and suggested the median value was \$155 per SF. Therefore, he argued, the Board should not be persuaded by the Complainant's one sale because in his view, the subject was correctly and equitably assessed.

In support of his argument, the Respondent referenced Section 467(3) of the Municipal Government Act which states:

“467(3) An assessment review board must not alter any assessment that is fair and equitable, taking into consideration

- (a) the valuation and other standards set out in the regulations,
- (b) the procedures set out in the regulations, and
- (c) the assessments of similar property or businesses in the same municipality.”

The Respondent Assessor summarized by noting the following:

“The City has provided 7 equity comparables to show the subject's assessment is in line with other industrial properties, to create equity. The City has provided 5 sales transactions from the north east industrial quadrant, one of which is the subject property. Excluding the subject, the range of values is from \$158/sf to \$172/sf which falls in line with the assessment of \$160/sf. The sale price of the subject at \$141/sf is low proven by the range of sale prices included in the City's disclosure. Even including the subject's sale the median of all five sales is \$160/sf which is what the subject is assessed at.”

The respondent requested that on the basis of his typical market and equity evidence, the Board confirm the assessment at \$1,620,000 based on \$160 per SF.

### **Board's Analysis and Reasoning**

The Board appreciates that the subject sold in a valid sale in March of 2010 for \$1,425,000 and this appears to be a reflection of its site-specific market value at a point in time. In addition, the Board also notes that the Respondent City must prepare assessments using “typical” values from analysis of all in-time market sales in defined areas of the City. In such an analysis, the City may be required to examine sales of comparable properties from adjacent industrial areas that the City deems to be similar.

In the current case before the Board, the City has examined sales of properties from four different, but similar industrial neighbourhoods in order to identify a "typical" per square foot value to use for assessment purposes for similar properties. In the current case, the City has identified and used \$160 per SF as a "typical" median value, and applied it to the subject and many other comparable properties under the Mass Appraisal process.

The Board agrees with the Complainant that while one sale "does not make the market" it nevertheless is indicative of a certain value for a property in that marketplace at a point in time. The Board also agrees with the Respondent's argument that the sale price of the subject, while a valid market transaction, may be somewhat low and is perhaps an "outlier" in terms of value, when compared to other properties in the same industrial community. Therefore, a more correct and equitable value it would seem, would appear to lie somewhere between the assessed value and the sale value.

Therefore, when the Board examines the Respondent's matrix of seven equity comparables on page 17 of his Brief R-1, and when one includes only those six equity comparables which are located in the Greenview industrial park like the subject, an average equity value of \$155 per SF appears to emerge. After due consideration, the Board is of the view that this value, and not the \$141 per SF sale value, nor the \$160 per SF assessed value, is more reflective of an equitable value for the subject.

Therefore, when the \$155 per SF value is applied to the 10,140 SF of assessable space in the subject, an assessment of \$1,570,000 results. The Board considers that given the evidence before it in this hearing, this value appears to be fair and equitable for the subject.

**Board's Decision:**

The assessment is Reduced to \$1,570,000.

DATED AT THE CITY OF CALGARY THIS 21<sup>st</sup> DAY OF JULY 2011.



K. D. Kelly  
Presiding Officer

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

<b>NO.</b>	<b>ITEM</b>
1. C-1	Complainant Disclosure Brief
2. R-1	Respondent Disclosure Brief

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*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.*