

**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:

Arkalta Investments Limited (as represented by Altus Group Limited), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

***K. D. Kelly, PRESIDING OFFICER
A. Zindler, MEMBER
E. Bruton, 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 2012 Assessment Roll as follows:

ROLL NUMBER:	201134152
LOCATION ADDRESS:	11031 – 72 ST SE
HEARING NUMBER:	68208
ASSESSMENT:	\$2,720,000

This complaint was heard on 22nd day of August, 2012 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. J. Smiley – Altus Group Limited*

Appeared on behalf of the Respondent:

- *Mr. I. McDermott - Assessor – City of Calgary*
- *Mr. J. Tran - Assessor – City of Calgary*

REGARDING BREVITY:

[1] The Composite Assessment Review Board (CARB) reviewed all the evidence submitted by both parties. The extensive nature of the submissions dictated that in some instances certain evidence was found to be more relevant than others. The CARB will restrict its comments to the items it found to be most relevant.

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

[2] None.

Property Description:

[3] The subject is a 9,920 square foot (SF) single-tenant 2008 industrial warehouse with 10% finish on 1.5 acres (Ac.) of land in South Foothills (3) industrial area. The subject has 15.10% site coverage and is assessed using the market sales approach to value at \$245.36 per SF for an assessment of \$2,720,000.

Issue:

[4] What is the correct market value of the subject using the Direct Comparison Approach to Value methodology?

[5] **Complainant's Requested Value:** \$1,800,000.

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

[6] The Complainant argued that the subject is over-assessed because the City has used market sale comparable properties which do not reflect the characteristics and value of the subject. He provided a matrix listing five partially unadjusted (year of construction, finish, etc.) market sales comparables which he argued indicate an alternate value for the subject of \$182.32 per SF instead of the assessed \$245 per SF. The five sales represented improved properties which were 1995 and newer in age; contained 5,000 to 20,000 SF buildings; were southeast Calgary locations; and each displayed a site coverage less than the typical 30%.

[7] The Complainant noted that three of his five sales occurred in 2010 and two occurred in 2008. He also noted that the unadjusted per square foot values of the five sales ranged from \$165.98 per SF to \$238.90 per SF. The median value of the five sales was \$182.32 which would produce an alternate value for the subject of \$1,800,000 (rounded). He also noted that in each case, all five of his market sales exhibited a time adjusted selling price less than the market sale price, thereby indicating a decline in the market since the sale dates.

[8] The Complainant argued that the City had also used his market sale #4 at 5420 – 53 AV SE as part of a four-sale matrix in its Brief R-1, which also displayed a time-adjusted sale price for this site of \$238.90 per SF. Therefore, he argued, both parties appear to agree on the validity of this sale for comparison to the subject. He argued that there would be no reason why his five sales could not also appear in the City's list of comparable properties. He noted however that the City's sale #3 at 5716 – 35 ST SE could be excluded due to its age and high (87%) level of finish. He suggested that the latter factor appears to indicate it is an office building and not a warehouse.

[9] The Complainant argued that when all of the market sales – four from the Respondent, and five from the Complainant – are combined, this is the "best evidence" to indicate that the subject is over-assessed. Therefore he provided another matrix in his rebuttal document C-2 which contained eight of the nine sales provided by both parties. He noted that the median value of these eight sales was \$200.73 per SF, which, he argued, could be viewed as an acceptable alternative value to his initial \$182.32 per SF. This would produce an alternate value of \$1,990,000 (rounded).

[10] The Complainant requested that the assessment be reduced to either \$1,800,000, or as an alternative, \$1,990,000 based on the evidence and argument he presented.

[11] The Respondent provided and explained in detail, his matrix containing the four market sales alluded to by the Complainant. He argued that despite the age differential between some of the four sales and the subject as alluded to by the Complainant, the City's model would adjust for this and other factors to bring them to a fully comparable "typical" plane.

[12] The Respondent argued that while certain of the City's and of the Complainant's market sales may be older and have higher levels of finish or site coverage than the subject, the City's Mass Appraisal model would properly adjust them for comparison purposes. He argued that while the Complainant has not shown the parcel sizes for his comparables, nevertheless, it appeared to him that all of the sales before the Board support the assessment at \$245.36 per SF.

[13] The Respondent noted that two of his sales – one at 4520 – 34A ST SE, and the other at 5420 – 53 AV SE, display time adjusted values of \$257.03 per SF and \$238.90 per SF and the subject at \$244.74 per SF fits well between these two values in a "very tight" valuation range. He argued that when all four of his sales are considered, their individual site characteristics compare favourably to each other and to the subject. He also noted that his four market sales range in value from \$210.48 per SF to \$277.23 per SF to complete a tight range of values which supports the subject's assessment.

[14] The Respondent provided and explained a matrix of five assessment equity comparables which he argued closely match each other and the subject. He focused in particular on the site coverage of each property comparable and noted its similarity to the subject. He argued that the land area, building footprint, assessable building area, age, and location of each of them very closely match each other and the subject, and completely support the assessment of the subject.

[15] The Respondent countered that the Complainant's sales have older and different sized buildings, and entirely different assessable areas. Therefore, the City would not have used them as comparables. He posed that as a rule, newer buildings sell for more in the market than do older buildings.

[16] The Respondent requested that the Assessment be confirmed.

Board Findings

[17] The Board finds that the Respondent's four fully-adjusted market sales display individual site characteristics which reasonably match each other and the subject and support the assessment.

[18] The Board finds that the Respondent's five equity comparable properties are particularly compelling evidence supporting the assessment, because the individual property characteristics of each site very closely match each other and the subject and the range of values exhibited by these five equity comparables indicate that the subject is fairly and equitably assessed.

[19] The Board finds that contrary to the arguments of the Complainant, the latter's five unadjusted market sales display characteristics such as building age and assessable area, which are not as similar to the subject as those provided by the Respondent.

[20] The Board finds that the market values of the Respondent's four sales, which range from \$210.48 to \$277.23 per SF, create a range of values into which the subject at \$245.36 per SF fits very well.

[21] The Board finds that the Complainant provided insufficient information to demonstrate that the assessment is incorrect and/or inequitable.

Board's Decision:

[22] The assessment is confirmed at \$2,720,000.

DATED AT THE CITY OF CALGARY THIS 21st DAY OF September 2012.



K. D. Kelly
Presiding Officer

APPENDIX "A"

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

NO.	ITEM
1. C-1	Complainant Disclosure
2. C-2	Complainant Disclosure – Rebuttal
3. R-1	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.

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Appeal Type	Property Type	Property Sub-type	Issue	Sub-Issue
CARB	industrial	Single-tenant	Market value	Market sales data