

**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:

***1668506 Alberta Ltd. (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:

<b>ROLL NUMBER:</b>	<b>201134160</b>
<b>LOCATION ADDRESS:</b>	<b>11079 – 72 ST SE</b>
<b>HEARING NUMBER:</b>	<b>68207</b>
<b>ASSESSMENT:</b>	<b>\$3,070,000</b>

This complaint was heard on 22<sup>nd</sup> 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 12,735 square foot (SF) single-tenant 2008 industrial warehouse with 36% finish on 1.57 acres (Ac.) of land in South Foothills (3) industrial area. The subject has 15,511 SF of assessable space; 18.63% site coverage; and is assessed using the market sales approach to value at \$197.95 per SF for an assessment of \$3,070,000.

**Issue:**

- [4] What is the correct market value using the market approach to value methodology?

- [5] **Complainant's Requested Value:** \$2,630,000.

**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 of eleven partially unadjusted (year of construction, finish, etc.) market sales comparables which he argued indicate an alternative value for the subject of \$169.60 per SF instead of the assessed \$197.95 per SF. The eleven sales represented improved properties having 10,000 to 20,000 SF buildings; 1996 and newer in age; and displayed site coverages less than the typical 30%.

[7] The Complainant noted that his eleven sales occurred between 2008 and 2011 with six occurring in 2010 and three in 2011. He also noted that the unadjusted per square foot values of the eleven sales ranged from \$162.58 per SF to \$238.90 per SF. The median value of the five sales was \$169.60 which would produce an alternate value for the subject of \$2,630,000 (rounded). He also noted that in each case, all 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 four of his market sales as part of a seven-sale matrix in its Brief R-1. Therefore, he argued, both parties appear to agree on the validity of these sales for comparison to the subject. He argued that there would be no reason why his eleven sales could not also appear in the City's list of comparable properties.

[9] The Complainant argued in his rebuttal document C-2 however that the City's sale #6 at 4389 – 112 AV SE should be excluded because it is not a valid sale. He provided the RealNet information sheets for the sale and suggested this data confirms the sale was a "vendor leaseback" and not an arm's length sale. He also provided the RealNet sheets for the City's sale comparable at 4115 – 116 AV SE and argued that clarifications in the documentation regarding this sale indicate that it too is not an arm's length transaction.

[10] The Complainant argued that when all of the market sales – five valid sales from the seven presented by the Respondent, and eleven from the Complainant – are considered in context, this is the "best evidence" to indicate that the subject is over-assessed.

[11] The Complainant requested that the assessment be reduced to \$2,630,000 or \$169.60 per SF based on the evidence and argument he presented.

[12] The Respondent provided and explained in detail, his matrix containing the seven market sales alluded to by the Complainant. He argued that the Complainant is incorrect in his interpretation of the RealNet data sheets for the Respondent's market sale at 4398 – 112 AV SE. He pointed to information in the "Tenancy Details" section of the data sheets which indicated that "Prior to the sale the building was vacant". He argued that the City has thoroughly investigated this sale and is satisfied it is a valid market sale. Therefore the City has opted to use it as a valid comparable to the subject.

[13] The Respondent argued that while four of the City's and the Complainant's market sales are used in common, he noted that the City's model has provided different property characteristics and a per square foot value for the site at 7491 – 110 AV SE. He noted the Complainant's building size is 17,050 SF whereas the City's size is 15,500 SF. He argued that the latter value is correct because it would have been taken from the building plans for that property.

[14] The Respondent also noted that the Complainant's value for this site is \$196.74 per SF whereas the City's value is \$216.41 per SF. He noted that this property is directly adjacent to the subject and requires no adjustments to effectively compare it to the subject, and therefore it can be considered the very best comparable to the subject. He noted that it is assessed at \$216.41 per SF whereas the subject is \$197.95 per SF. He argued that the City's data for this property alone, supports the assessment.

[15] The Respondent argued that the adjacent 7491 – 110 AV SE site, and most of the market sales in his matrix, support the subject's assessment. He argued that even if the sale at 4115 – 116 AV SE which was questioned by the Complainant is deleted from his list of property comparables, the remaining six sales still create a range of values from \$164.52 per SF to \$216.41 per SF which supports the assessment. He argued that when his sales comparables are considered, their individual site characteristics compare favourably to each other and to the subject which also supports the subject's assessment.

[16] The Respondent provided and explained a matrix of six assessment equity comparables which he argued closely match each other and the subject. He focused in particular on the site coverage; year of construction; building footprint; assessable building area; and the southeast Calgary location of each property comparable and noted its similarity to the subject. He argued that this evidence supports the assessment of the subject.

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

### **Board Findings**

[18] The Board finds that the Respondent's sale at 4115 – 116 AV SE appears from the information on the RealNet information sheets, to be an invalid non-arms length sale (option to purchase for a fixed price) for the purposes of generating assessed value for the subject and should not be considered for this process. The Board accords it little weight.

[19] The Board finds that the Respondent's six remaining fully-adjusted market sales display individual site characteristics which reasonably match each other and the subject and support both the assessment and range of values, all of which indicates that the subject is fairly and equitably assessed.

[20] The Board finds that the Respondent's and Complainant's market sale comparable at 7491 – 110 AV SE, which is immediately adjacent to the subject and reflects many of the subject's characteristics, is particularly compelling evidence supporting the assessment.

[21] The Board finds that the Respondent's matrix of six equity comparable properties is also 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 six equity comparables also indicate that the subject is fairly and equitably assessed.

[22] The Board finds that the Complainant's matrix of eleven unadjusted market comparables lacks important and key information such as land (parcel) size; assessable building area vs footprint, which means that meaningful comparison of the comparables to each other and the subject is difficult, if not impractical.

[23] The Board finds that the market values of the Respondent's valid sales which range from \$164.52 per SF to \$216.41 per SF create a range of values into which the subject at \$197.33 per SF fits well and supports the assessment.

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

**Board's Decision:**

[25] The assessment is confirmed at \$3,070,000.

DATED AT THE CITY OF CALGARY THIS 21<sup>st</sup> DAY OF September 2012.

  
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
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