

**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:

***MS1 Inc.*
(as represented by Assessment Advisory Group), COMPLAINANT**

and

The City Of Calgary, RESPONDENT

before:

***J. Krysa, PRESIDING OFFICER
D. Steele, MEMBER
K. Farn, 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:

ROLL NUMBER:	091030700
LOCATION ADDRESS:	1288 42 Ave SE
HEARING NUMBER:	63535
ASSESSMENT:	\$7,410,000

The complaint was heard on August 22, 2011, in Boardroom 2 at the office of the Assessment Review Board, located at 1212 – 31 Avenue NE, Calgary, Alberta.

Appeared on behalf of the Complainant:

- T. Howell

Appeared on behalf of the Respondent:

- J. Greer

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

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

Property Description:

The subject property is an 117,014 sq.ft. (square foot) parcel of land, improved with a 52,427 sq.ft. "B+" quality, single tenant warehouse structure constructed in 1998. The improvement is comprised of a main floor area of 39,284 sq.ft. and an upper floor area of 13,143 sq.ft.

Issues:

The Complainant raised the following matter in section 4 of the complaint forms:

3. an assessment amount

The Complainant set out 2 grounds for the complaint in section 5 of the complaint form with a requested assessment of \$5,650,000, however at the hearing the Complainant led evidence and argument only in relation to the following issue:

- The assessed value is incorrect and fails to meet the legislated standard of market value.

Complainant's Requested Value:

At the hearing, the Complainant requested that the subject property be assessed at \$4,940,000.

Board's Decision in Respect of the Issue:

The Complainant argued that the assessment of the subject property exceeds its market value. In support of the argument, the Complainant submitted three comparable sales that exhibit a range of sale prices from \$89 to \$110 per sq. ft. in contrast to the subject's assessment at \$141 per sq.ft. The assessments of the comparables were also provided as outlined below.

Address	Sale Date	Sq.Ft.	Sale Price	Sale Price per sq.ft.	2011 Assessment	Assessment per sq.ft.
6204 6A St SE	Dec-09	40,022	\$ 3,825,000	\$96	\$ 4,790,000	\$120
3716 64 Ave SE	Jul-09	56,000	\$ 4,975,000	\$89	\$ 5,380,000	\$96
4315A 72 Ave SE	Aug-09	30,065	\$ 3,300,000	\$110	\$ 3,440,000	\$114

The Complainant further applied adjustments for building size, site coverage and year of construction to the three sale prices to reflect the characteristics of the subject property, from which the Complainant established a rate of \$94 per sq.ft., and an estimate of market value for the subject property of \$4,943,185 [C1, pp. 24 – 29, 46].

In response to the Complainant's evidence, the Respondent argued that the Complainant's adjustments were subjective, and were not supported by market evidence. Further, the Respondent argued that the Complainant's sale of the property located at 3716 64 Ave SE, was not a valid indicator of market value, as the purchase was vendor financed at a 0% interest rate for a period of 1 year. In support of that argument, the Respondent provided a RealNet transaction summary relating to the sale transaction [R1, pp.15-17].

In support of the assessment, the Respondent submitted six industrial sales comparables exhibiting a range of sale prices from \$98 to \$171 per sq. ft., and a median rate of \$115 per sq.ft., in contrast to the subject's assessment at \$141 per sq.ft. [R1, p.13].

In cross examination, the Respondent conceded that the sale of 4060 78 Ave SE was significantly dissimilar to the subject property with respect to site coverage, year of construction, and office finish; however, the Respondent argued that the assessment of the subject property at \$141 per sq.ft. falls within the range of sale prices established in his evidence. The Respondent further conceded that the 0% vendor financing, related to the sale of 3716 64 Ave SE, was a benefit to the purchaser, and therefore an adjustment would not increase the indicated sale price from the \$89 per sq.ft. set out in the Complainant's evidence.

Decision:

The Board finds that the assessed value is incorrect and fails to meet the legislated standard of market value.

The Board agrees that the Complainant's sale price adjustments are subjective, and therefore constitute opinion evidence; however, in the absence of any market evidence from the Respondent to refute the Complainant's opinion, the Board finds that the Complainant's analysis of three comparable sales, within 12 months of the valuation date provides an indication of value well below the current assessment.

The Board was not persuaded that the Respondent's range of sale prices from \$98 to \$171 per sq.ft. support the assessment. The wide range of sale prices indicates that the properties are dissimilar amongst themselves, and therefore are not comparable to the subject without adjustments, which the Respondent failed to make.

In the absence of market supported adjustments to sales comparables from either party, the Board finds that the Respondent's median time adjusted sale price of \$115 per sq.ft. reflects the typical market value of the subject property.

Accordingly, the assessment is revised from \$ 7,410,000 to **\$ 6,020,000.**

DATED AT THE CITY OF CALGARY THIS

12

DAY OF OCTOBER, 2011.



J. Krysa
Presiding Officer

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

NO.	ITEM
1. C1	Complainant's Submission
2. R1	Respondent's Submission

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	Sales Approach	Comparables