

**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:

***Homburg (15) L.P. Management Inc. (as represented by Altus Group Limited),  
COMPLAINANT***

and

***The City Of Calgary, RESPONDENT***

before:

***K. D. Kelly, PRESIDING OFFICER  
J. Massey, 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>054012604</b>
<b>LOCATION ADDRESS:</b>	<b>640 - 28 ST NE</b>
<b>HEARING NUMBER:</b>	<b>66897</b>
<b>ASSESSMENT:</b>	<b>\$13,940,000</b>

This complaint was heard on 12th day of October, 2012 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Board 6.

Appeared on behalf of the Complainant:

- *Ms. C. Van Staden – Altus Group Limited*

Appeared on behalf of the Respondent:

- *Ms. – K. Cody - Assessor – City of Calgary*
- *Ms. – M. Hartmann – 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] The following appeals were heard by the Board during the week of October 9 to 12, 2012 inclusive:

File No.	Decision No.	Roll No.	Address
68379	2063-2012-P	024008302	5225 – 8 ST NE
67719	2064-2012-P	054003991	2855T – 10 AV NE
66891	2065-2012-P	054006200	2820 – Centre AV NE
66893	2066-2012-P	054006606	404 Meridian RD NE
66896	2067-2012-P	054006754	315 Moraine RD NE
68215	2068-2012-P	054012505	2916 – 5 AV NE
66897	2069-2012-P	054012604	640 – 28 ST NE
67720	2070-2012-P	054013008	2915 – 10 AV NE
68038	2071-2012-P	054013107	3202 – 12 AV NE
68195	2085-2012-P	054014691	420 – 28 ST NE
68266	2086-2012-P	055124903	2020 Centre AV NE
66899	2087-2012-P	055162200	1880 Centre AV NE
68271	2088-2012-P	070033006	219 – 18 ST SE
68272	2089-2012-P	071043905	115 – 28 ST SE
66651	2090-2012-P	201311156	2820 – Centre AV NE

[3] **Common Issues:** All of the Board members named above attended all of the foregoing hearings throughout the week, and the Parties appearing before the Board during that time were represented by the same individuals noted above. Many of the issues, arguments, questions and responses were common throughout. At the request of the Parties and with the concurrence of the Board, those commonalities were carried forward from the hearing where they were first raised, to subsequent hearings without being restated in full in each hearing or in each written decision. The Parties selected file 68379 to be the “master” file upon which all common evidence and argument would be based and henceforth carried forward to subsequent files in turn.

[4] **S. 299. MGA:** In each of the complaints, the Complainant referenced information related to s. 299 of the Act. In each case – except one (file 66896) – the Complainant confirmed that there was no claim that the Respondent failed to produce the requested disclosures.

**Property Description:**

[5] The subject is a two-building multi-tenant (IWM) industrial warehouse complex on 9.44 acres (Ac.) in the Franklin industrial area. Both buildings were built in 1980. The site is zoned I-G in the City's Land Use Bylaw. The first building contains 36,783 square feet (SF) of assessable space; has 100% finish; and is assessed using the Sales Comparison Approach to Value at \$97.16 per SF. The second building has 136,040 SF of assessable space; has 26% finish and was assessed at \$77.37 per SF. Together the buildings represent 37.47% site coverage; are assessed at a combined \$81.59 per SF, and receive a multi-building discount for a total assessment of \$13,940,000.

**Issue:**

[6] What is the correct assessment for the subject when its 2012 assessed value is tested against selected valuation approaches and/or techniques?

**Complainant's Requested Value:**

[7] The Complainant requested the assessment be reduced to \$12,990,000 based on the Sales Comparison Approach to Value.

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

**1. Equity Approach:**

[8] The Complainant provided four assessment equity comparable properties and compared their individual characteristics to the subject. She noted that one of the comparables is a multi-building (3 buildings) property like the subject (2 buildings). The Complainant argued that she had made several land area, site cover, and age "adjustments" to the four comparables and provided the Board and Respondent with verbal explanations but no written details of those calculations. She argued that she had conducted a "paired assessment analysis" of them. She also clarified that she had "backed out" and later "added back in" the land portion of the properties to help refine her calculations. The Complainant argued that based on her analysis, an equitable value for the subject is \$13,339,975 or \$13,330,000 rounded.

[9] The Respondent provided three assessment equity comparables for comparison to the smaller building onsite. She also provided four equity comparables for comparison to the larger building onsite. All seven equity comparables were selected on the basis of land area; assessable building area; age; site coverage; and assessed rate per SF. She argued that the characteristics of these seven properties closely match the two buildings on the subject and support the assessment. She also argued that the Complainant's analysis of the Complainant's four equity comparables is flawed since the Complainant has not provided written documentation of how she adjusted her comparables.

[10] In addition the Respondent argued that the Complainant's technique of "backing out" the land value is not an acceptable practice under the legislated Mass Appraisal process used by the City to value properties for assessment purposes. The Respondent also argued that the Complainant is combining all of the separate assessable areas of her 3-building equity comparable, and comparing it to the combined floor area of the subject, as well as to other single-building properties. She argued that this is flawed methodology under Mass Appraisal.

[11] In reviewing the issue of equity, the Board found that the Complainant had not provided documented information to either the Board or the Respondent as to the former's adjustments, which, in concert with an unsupported land value calculation, meant that the Board placed little weight on the Complainant's calculations of value using this methodology. The Board also noted that the Respondent's per square foot equity values supported the assessment. In addition the Board noted that the Complainant combined all of the assessable floor space in both the subject's two buildings and her 3-building equity comparable in an effort to compare them. This is flawed and unreliable methodology.

## **2. Sales Comparison Approach:**

[12] The Complainant provided five sales comparables and argued that her "best" comparable to the subject is located at 3905 – 29 ST NE. This site is also a multi-tenant (IWM) facility and has almost three times the assessable area of the smallest building on the subject, but has a similar age of construction as the subject. However, it is a single-building site whereas the subject is a two-building site which receives a multi-building discount. The City's time-adjusted sales price for the comparable is \$76 per SF, as compared to the subject assessed at \$81.59 per SF. The Complainant also noted that her first two property comparables at 1616 Meridian NE and 1939 Centre AV SE are multi-building sites whose total assessable areas have been combined for comparison purposes.

[13] The Complainant argued that she had made several "adjustments" to the five sales and provided the Board and Respondent with verbal explanations but no written details of those calculations. She clarified that she had "backed out" and later "added back in" the land portion of the properties to help refine her calculations since "land value is the biggest factor in overall value". She argued that by adjusting the "key factors" for each of her five market sales comparables, this led her to conclude that an indicated value of \$12,990,000 (rounded) is warranted for the subject.

[14] The Respondent provided four market sales comparables for the larger building, and five sales comparables for the smaller building, each of which generally matched the subject's individual site characteristics of assessable building area; age; and site coverage. These time-adjusted sales demonstrated two value ranges that supported the assessment of each building onsite. The Respondent argued that the Complainant's sale at 3905 – 29 ST NE is not comparable to the subject because it is a single-building site and hence it skews the results of the latter's value analysis such that it is unreliable as an indicator of value. She argued that the Complainant is combining all of the separate assessable areas of her multi-building sales comparables, and comparing the results to the combined floor area of the subject, as well as to other single-building properties. She argued that this is flawed methodology under Mass Appraisal.

[15] In its review of this issue, the Board found that the Complainant had not informed either the Board or the Respondent as to the details of the former's market sales adjustments which left the Board with little clarification regarding this methodology. In addition the Complainant is combining the assessable areas of multi-building sites and comparing them to single building sites and this is flawed methodology. This meant that the Board placed little weight on the Complainant's calculations of value using this methodology.

## **3. Assessment to Sale Ratio:**

[16] The Complainant provided a critique of the City's assessment model, arguing that the "key factors" in it "do not work" and "do not explain what is going on with these properties" and hence it provides erroneous assessment values. She noted she had analyzed the City's list of 164 sales of industrial warehouse properties used in the model, to arrive at this conclusion. She provided the results of the analysis and calculations, illustrating the minimum, maximum, median and mean time-adjusted assessment to sales ratios. She identified the coefficients of dispersion and variation of these ratios. She argued that it is the position of the International Association of Assessing Officers (IAAO) that the overall ratios should not be greater than 5% but the City's model has exceeded that value.

[17] The Respondent noted that the Complainant had not provided the list of properties used in her analysis, nor had she provided the analysis itself, and therefore it was not possible to verify the Complainant's methodology or conclusions.

[18] The Board found that the Board in CARB 1825/2012-P, faced with a highly similar if not identical issue, concluded in paragraphs [10], [11], and [12] that:

[10]....."Without the analysis that supports the Complainant's conclusions, it is not possible to form an opinion on the results.

[11] In any event, it is not the Board's role to rule on the validity of the Respondent's asset range. *Matters Relating to Assessment and Taxation Regulation* AR 220/2004 MRAT), s.10 in particular, governs the quality standards and procedures established through the Alberta Assessment Quality Minister's Guidelines and s. 293 of the Act.

[12] The Complainant's position on the assessment to sales ratio carried little weight in the Board's deliberations on the merits of the Complaint."

[19] The Board also finds on the face of the evidence in this hearing that it places little weight on the Complainant's arguments regarding the alleged inaccuracy of the City's model, and the assessment to sale ratios derived therefrom.

#### **Board's Findings with Reasons:**

[20] The Board finds that with respect to equity, the Complainant was unable to document and support the several adjustments made to her comparable properties which raised considerable doubt as to their comparability to the subject. The Respondent's equity comparables each displayed individual characteristics which when compared to the subject, support the assessment.

[21] The Board finds with respect to sales comparison, the Complainant's adjustments to her property comparables were not documented, which raised doubt about their comparability to the subject. The individual characteristics of the Respondent's sales evidence, and the relevant sales values, supported the assessment.

[22] The Board found that the Complainant combined the separate and distinct assessable areas in individual buildings on multi-building properties, all of which received multi-building discounts, and compared the combined floor areas to other single building properties which is a flawed valuation methodology. Therefore the Board placed little weight on the comparative valuation results advanced by the Complainant using this methodology.


[23] The Board finds that the Complainant was unable to convince the Board on the basis of the evidence and argument presented that the key variables in the City's assessment model are flawed.

[24] The Board found that the assessment of the subject is fair, correct, and equitable.

#### **Board's Decision:**

[25] The assessment is confirmed at \$13,940,000.

DATED AT THE CITY OF CALGARY THIS 14<sup>th</sup> DAY OF November 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. C-3	Complainant Disclosure - Rebuttal
4. 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-Issues
CARB	industrial	Multi-tenant multi-building warehouse	Market value	Equity; sales;