

**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:**

***Mancal Properties Inc. (as represented by Altus Group Limited), COMPLAINANT***

**and**

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

**before:**

***I. Weleschuk, PRESIDING OFFICER***

***P. Pask, MEMBER***

***J. Pratt, 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>091033209</b>
<b>LOCATION ADDRESS:</b>	<b>1320 Highfield Cres. S.E.</b>
<b>HEARING NUMBER:</b>	<b>68565</b>
<b>ASSESSMENT:</b>	<b>\$8,110,000</b>

- [1] This complaint was heard on 29<sup>th</sup> day of October, 2012 at the office of the Assessment Review Board located at Floor Number Four, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 5.

Appeared on behalf of the Complainant:

- R. Worthington

Appeared on behalf of the Respondent:

- J. Greer
- M. Hartmann

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

- [2] There were no procedural or jurisdictional matters raised by either party. Neither party objected to the panel before them.

**Property Description:**

- [3] The subject is located in the Highfield District (Central assessment region), on 6.03 acres of land, and zoned as Industrial General (I-G). It is a warehouse with a footprint of 50,534 square feet (SF) and a total assessable area of 54,496 SF. The building was built in 1998, has 20% finish, 19.24 acres of site coverage resulting in 2.16 acres of extra land. The assessment is done using a sales comparison approach, with a rate of \$148.82/SF.

**Complainant's Requested Value:**                      \$7,080,000

**Issues:**

The issue relates to determining the correct 2012 assessment for the subject property, and specifically:

1. What is the correct assessment per square foot, considering the appropriate adjustments for extra land?
2. Is the assessment equitable?

**Issue 1: What is the correct assessment of the subject property? Is the assessment equitable?**

**Complainant's Evidence**

- [4] The Complainant's presentation focused on the equity of the assessment, so both issues were presented together.
- [5] The Complainant presented a summary table of six sales comparables from the area on page 5, Exhibit C1. These sales comparables also indicated the Assessment to Sales Ratio (ASR) which the Complainant stated were outside the acceptable range and therefore these sales were not reliable. The Complainant also presented evidence related to the sale of the subject property. The RealNet transaction summary presented on pages 49-51, Exhibit C1 indicates the sale occurred in April 2011 for \$7,650,000. The Non Residential Property Sale Questionnaire included as pages 92-96, Exhibit C1 indicates that the sale occurred in February 2011. This translates into a sale price of \$139/SF.
- [6] The Complainant presented evidence regarding how he calculated an adjustment for excess land, but did not use this adjustment as the sale of the subject included the entire property, including the excess land indicated in the 2012 Industrial Assessment Explanation Supplement (page 20, Exhibit C1 or page 12, Exhibit R1).
- [7] The Complainant presented a summary of four equity comparables (page 7, Exhibit C1) with additional support information presented in Exhibit C1. The equity comparables indicated a median of \$130/SF and mean of \$131/SF. Based on this equity evidence and a rate of \$130/SF, the Complainant requested an assessment of \$7,080,000
- [8] In rebuttal, the Complainant took issue with the comparables presented by the Respondent, and specifically the Respondent's failure to consider building quality in the assessment model and in selecting equity comparables. The Complainant made a number of comments regarding the "model" used by the City and how it was impossible for the assessed party to understand the assessment because the coefficients and factors used to calculate the assessment were not available to the public.

**Respondent's Evidence**

- [9] The Respondent presented a number of summary tables of sales comparables and equity comparables, including those presented by the Complainant (page 14-21, Exhibit R1).
- [10] The Respondent stated that they do not automatically use a sale of a subject property as the assessment value, as the municipality is required to use a mass appraisal approach to assessment. Furthermore, the sale price might introduce inequities, as there are a number of factors that determine a sale price. Market value is a range of prices, not a single price.

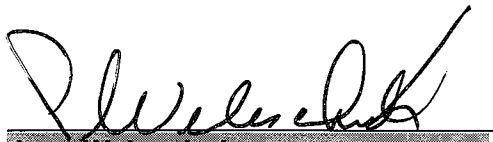
**Conclusions of the Board in this Matter**

- [11] The Board noted that the City uses the subject sale as part of its sales data used to prepare the 2011 assessment, which means that the sale was validated by an assessor at the City and is considered a good sale. The Board referred to the RealNet report presented on page 50, Exhibit C1, which states "at the time of sale the building was fully occupied by Eecol Electric, a company affiliated with the vendor." Both parties agreed that the subject sale was between unrelated parties and opined that the information in the RealNet report was incorrect.
- [12] After reviewing all the sales and equity comparables presented by both parties, the Board considers the sale of the subject property, which occurred either in February or April 2011, months before the July 1, 2011 assessment date, to be the best indication of market value. Both parties confirmed that the subject sale is between unrelated parties and is at market. Neither party presented any evidence related to the need for any time adjustment.
- [13] The Board appreciates the position of the City related to its ability to use a subject sale as an indication of value for assessment purposes. That notwithstanding, an arms-length sale of a subject property close to the assessment date is very compelling evidence. The Board concludes that the sale price of the subject property is the best indication of its market value.

**Board's Decision**

- [14] For the reasons discussed above, the Board concludes that the sale price of the subject property, which occurred just before the assessment date is the best indication of the value of the subject. The Board reduces the 2012 assessment to \$7,650,000, the sale price of the subject.

DATED AT THE CITY OF CALGARY THIS 16<sup>th</sup> DAY OF November 2012.

  
Ivan Weleschuk  
Presiding Officer

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

<b>NO.</b>	<b>ITEM</b>
C1	Complainant's Disclosure
R1	Respondent's Disclosure
C2	Complainant's Rebuttal

*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.*