

**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:

Enerflex Ltd. (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:

ROLL NUMBER:	201568094
LOCATION ADDRESS:	4303 11 Street N.E.
HEARING NUMBER:	67784
ASSESSMENT:	\$2,520,000

- [1] This complaint was heard on 30th 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 McCall District in northeast Calgary. It is one industrial warehouse on 1.53 acres of land, and zoned Industrial General (I-G). The building was built in 1976, has a footprint of 14,100 square feet (SF) and an assessable building area of 17,070 SF. The site coverage is 21.15% resulting in 0.451 acres of extra land, according to the 2012 Industrial Assessment Explanation Supplement. There is some office space in the building, resulting in 35% finish. The assessment is based on \$147.80/SF using a sales comparison approach.

Complainant's Requested Value: \$2,130,000 (based on \$125/SF)

Issues:

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

1. Is the assessment equitable?

Issue 1: Is the assessment equitable?**Complainant's Evidence**

- [4] The Complainant presented a summary table of six equity comparables (page 6, Exhibit C1) with additional support information presented in Exhibit C1. All six comparables were from the northeast quadrant of Calgary and indicated both a median assessment of \$125/SF and mean assessment of \$128/SF. Based on this evidence, the Complainant stated that the equitable assessment is \$125/SF, for a requested assessment of \$2,130,000.
- [5] The Complainant presented a rationale and a methodology to adjust for the extra land indicated in the 2012 Industrial Assessment Explanation Supplement (page 12, Exhibit R1), but did not apply this methodology to the requested assessment. The Complainant noted that the site coverage was adjusted for in the model, therefore the equity comparables already include an adjustment for extra land.
- [6] 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 sales and 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

- [7] The Respondent presented a summary table of eight sales comparables (page 14, Exhibit R1) which showed a median value of \$139.30/SF. Based on these comparable sales, the Respondent stated that the indicated base value of these properties is \$147.80/SF and that if one considers the differences between these comparables and the subject, it supports the assessed rate.
- [8] The Respondent presented a summary table of equity comparables (page 16, Exhibit R1) which resulted in a median assessment of \$133.81/SF. The Respondent also presented a table using both the Complainant's and Respondent's equity comparables (page 19, Exhibit R1) which indicated a median of \$131.79/SF. The Respondent stated that if one considers the differences between the comparables and the subject, this also supports the subject assessment of \$147.80/SF.

Conclusions of the Board in this Matter

- [9] The Board reviewed all the sales and equity comparables presented by both parties in their evidence, and noted the weaknesses with some of these comparables. With regard to the sales comparables presented by the Respondent (page 14, Exhibit R1), the Board eliminated:
- the sale located at 150 Country Hills Blvd NW because it was not located in northeast Calgary.
 - the property located at 820 26 St NE because it is about half the size of the subject.
 - the property located at 5939 6 St NE because it is about twice the size of the subject.
- In eliminating these three sales, the mean of the remaining five comparable sales is \$132.94/SF and median of \$134.06/SF.
- [10] The Board examined the equity comparables presented in Exhibits C1 and R1 and summarized in the table on page 19, Exhibit R1 and notes that the median of all thirteen equity comparables is \$131.79/SF.
- [11] In considering this evidence, the Board concludes that the assessment is too high. Both the sales and equity comparables presented in the Respondent's evidence indicates a market value of \$132.00/SF. On this basis, the Board concludes that the correct assessment is $(17,070 \text{ SF} \times \$132/\text{SF})$ \$2,253,240; rounded to \$2,250,000.
- [12] The Board notes the frustration of the Complainant with regard to understanding how the model works and how the model calculates the assessed value. That said, the Board notes that Section 27 of Matters Related to Assessment and Taxation Regulation (MRAT) does not require the coefficients used in an assessment model to be made available to the assessed person. The objective of an assessment is to determine the market value of the subject property (Section 2, MRAT) and that is the evidence that the Board is interested in hearing.

Board's Decision

- [13] For the reasons discussed above, the Board concludes that the appropriate value of the subject property is \$2,250,000. The Board reduces the assessment to \$2,250,000.

DATED AT THE CITY OF CALGARY THIS 16th DAY OF November 2012.


Ivan Weleschuk
Presiding Officer

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

NO.	ITEM
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.*