



## **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:**

***1134853 Alberta Ltd. (as represented by MNP LLP), COMPLAINANT***

**and**

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

**before:**

***W. Kipp, PRESIDING OFFICER***

***D. Steele, BOARD MEMBER***

***A. Wong, BOARD 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 2013 Assessment Roll as follows:

<b>ROLL NUMBER:</b>	<b>070027602</b>
<b>LOCATION ADDRESS:</b>	<b>411 – 19 Street SE, Calgary AB</b>
<b>FILE NUMBER:</b>	<b>70598</b>
<b>ASSESSMENT:</b>	<b>\$5,770,000</b>

This complaint was heard on the 22<sup>nd</sup> day of July, 2013 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 10.

Appeared on behalf of the Complainant:

- *J. Langelaar*

Appeared on behalf of the Respondent:

- *G. Foty*

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

[1] There were no preliminary procedural or jurisdictional matters to be decided by the Board.

**Property Description:**

[2] The property that is the subject of this assessment complaint is a single-tenant light industrial property located in the Mayland community of east Calgary. The property is between 18 and 19 Streets SE, about one block north of Memorial Drive. A rail spur line passes along the north property line. The Class "C-" industrial building was built in 1969 on a 4.0 acre industrial land parcel. Total assessable floor area is 52,766 square feet. Some of that area is on a second level. The building footprint area indicates a site coverage ratio of 27.53 percent.

[3] Industrial properties such as this are assessed using a sales comparison approach. By comparison to other similar properties that have been sold in the market, a rate of \$109.50 per square foot of building area was determined and applied. The assessment of the property has been adjusted to account for 0.33 of an acre of "extra land". It is considered that a typical site coverage ratio for industrial property is 30 percent. If the coverage is less than 30 percent, an addition is made. The amount of the addition is included in the valuation calculations and is not disclosed.

**Issues:**

[4] In the Assessment Review Board Complaint form, filed March 1, 2013, Section 4 – Complaint Information had a check mark in the box for #3 "Assessment amount".

[5] In Section 5 – Reason(s) for Complaint, the Complainant stated that the assessment amount is incorrect and it listed reasons for that allegation.

[6] At the hearing, the Complainant pursued the following issues:

- 1) Is a 9 percent increase in assessment from 2012 to 2013 too much of an increase?
- 2) Should the assessed rate per square foot be reduced to \$98.76?
  - i. Is the Respondent's time adjustment representative of market changes up to the July 1, 2012 valuation date?

**Complainant's Requested Value: \$5,210,000**

**Board's Decision:**

[7] The Board confirms the 2013 taxable assessment at \$5,770,000

**Position of the Parties**

**Complainant's Position:**

[8] In its evidence, the Complainant provided data on five sales of property that were considered to be comparable to the subject. These sales occurred between the dates of October 30, 2009 and April 11, 2011. There were no time adjustments made to any of the sales (adjustments were made later – as shown in the Complainant's rebuttal disclosure). The properties sold at prices that ranged from \$84.35 to \$99.25 per square foot of building area.

[9] Assessment to sales ratios (ASR's) were calculated for the sales. The average and median of the ASR's were 1.19 and 1.14 (ideally, ASR's should be between 0.95 and 1.05).

[10] In rebuttal, the Complainant added one of the sales that had been relied upon by the Respondent. The Respondent had developed a time adjustment trend line that segregated adjustments over four trend periods of time from July 2009 to July 2012. The fourth time period had a 0.0 percent adjustment in the Respondent's analysis. The Complainant observed a downward slope to the trend line for this period which it measured at – 0.5 percent per month. The Complainant accepted and adopted the Respondent's time adjustment rates for the other three time periods. The time adjusted prices of the six sales ranged from \$84.43 to \$102.43 and averaged from \$96.46 to \$98.76 per square foot in the Complainant's analysis. Using the Respondent's analysis, the range was from \$87.01 to \$112.55 and the averages were from \$101.60 to \$102.27 per square foot.

[11] Following the presentation of the time adjusted prices of the selected six sales, the Complainant proposed that the subject assessment be reduced to \$98.76 per square foot (the median average of the Complainant's time adjusted prices).

[12] The Complainant pointed out that the assessment had increased by nine percent from 2012 to 2013. There was no evidence to show that this increase was excessive and there was no alternative rate of increase proposed.

[13] During the presentation of evidence and cross-examination of the Complainant, it came to light that the Complainant was relying on building sizes (floor areas) that were reported in online documents on the City of Calgary website. The Respondent pointed out that this website contained numerous errors in floor areas and that the errors had been in place for some time but no method of making corrections had yet been developed. According to the Respondent, the most accurate floor areas were those reported in the Assessment Explanation Supplement sheets which are not available from the website and which must be individually requested by taxpayers from the Assessment Business Unit. In each instance where the Respondent pointed out that one City of Calgary document contradicted another document, the Complainant made the appropriate adjustments in its rebuttal disclosure.

**Respondent's Position:**

[14] The Respondent asserted that assessments increase on a year over year basis for one or more of several reasons and that issue would not be addressed at this hearing.

[15] Two of the five sales reported by the Complainant were considered to be invalid for comparisons to the subject property because the buildings were newer than the subject. The Respondent time adjusted the sale prices of the Complainant's three sales that were considered to be comparable.

[16] The Respondent presented sales data on four properties considered comparable to the subject and which sold between the dates of October 30, 2009 and November 29, 2011. Time adjusted prices for these sales ranged from \$97.62 to \$125.21 per square foot of building and averaged from \$107.05 to \$109.23 per square foot. The assessment of the subject property of \$109.50 per square foot is therefore considered to be correct.

[17] In another chart, the Respondent added one of the sales relied upon by the Complainant. With this addition, the range and averages declined slightly but the results still supported the assessment.

[18] The time adjustment analysis undertaken by the Respondent covered the time period from July 2009 to June 2012. A trend line was developed from plotting the results from a multiple regression analysis of Sale to Assessment ratios based on the 2012 assessments of properties that been sold during the time period. The graphical presentation showed the following:

- |                                     |                           |
|-------------------------------------|---------------------------|
| 1) From July 2009 to May 2010       | -0.7912 percent per month |
| 2) From June 2010 to March 2011     | 0.0 percent per month     |
| 3) From April 2011 to November 2011 | +1.5669 percent per month |
| 4) From December 2011 to June 2012  | 0.0 percent per month     |

[19] Only these results of the analysis were provided in evidence. Details were not provided.

**Board's Reasons for Decision:**

[20] The Board is concerned that the City of Calgary Assessment Business Unit continues to make its website compilation of Property Assessment Summary Reports available to taxpayers when it has been known for quite some time (years?) that many of those summary reports are inaccurate, particularly when it comes to building floor areas. Taxpayers will access that information and rely upon it thinking that the City would only publish correct data. Considerable Assessment Review Board hearing time could be saved if the City either corrected the data or removed it entirely until such time as only correct information is available.

[21] Having regard to the nine percent year over year change in assessments, there was no market evidence to suggest what a proper rate of change should be. Nevertheless, the Board will not adjust assessments solely on the basis of year over year changes.

[22] The Respondent explained that the time adjustment was calculated by multiple regression analysis of sales to assessment ratios. While the outcome was presented to the Board, the Respondent would not reveal the complete analysis. The Board does not understand the significance of sales to assessment ratios in determining a time adjustment. Nor does it fully understand the Complainant's attempts to expand the adjustment to a negative factor during the fourth trend period. The Board did accept the Respondent's time adjustment because both

parties relied upon the first three trend periods. The Board did not find market support for the Complainant's extension of the time adjustment factors for the fourth period.

[23] The Board examined the property sales that were put forward by the parties. There was agreement amongst the parties on some of the sales. One of the Respondent's sales was omitted from the Complainant's analysis because it was reported to have been acquired with a change of use in the mind of the purchaser. While it did appear to be an outlier at \$125.21 per square foot, it had similar characteristics to the subject and the property was an industrial property at the time of sale in November 2011. The Board determined that this property should be retained as a sales comparable.

[24] The median sale time adjusted price from the seven most similar comparables was \$106.21 per square foot of building. The subject's assessed rate is supported by this sales analysis. The 2013 assessment is confirmed.

DATED AT THE CITY OF CALGARY THIS 22<sup>nd</sup> DAY OF August 2013.

  
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W. Kipp

Presiding Officer

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

<b>NO.</b>	<b>ITEM</b>
1. C1	Complainant Disclosure
2. R1	Respondent Disclosure
3. C2	Complainant 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.*

***For Internal Use***

<b>Appeal Type</b>	<b>Property Type</b>	<b>Property Sub-Type</b>	<b>Issue</b>	<b>Sub-Issue</b>
CARB	WAREHOUSE	MULTI-TENANT	SALES APPROACH	COMPARABLES