



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:

FI Portfolio Inc.,(as represented by AEC Property Tax Solutions),

COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

**T. B. Hudson, PRESIDING OFFICER
A. Blake, BOARD MEMBER
J. Rankin, 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:

ROLL NUMBER: 009007006

LOCATION ADDRESS: 6735 11 ST NE

FILE NUMBER: 70936

ASSESSMENT: \$24,480,000

This complaint was heard on 16th day of July, 2013 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 2.

Appeared on behalf of the Complainant:

- *J. Smiley*

Appeared on behalf of the Respondent:

- *M. Hartmann*
- *K. Cody*

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

The parties proposed, and Board agreed, to cross reference the evidence and argument with respect to the sale prices and valuation of NE industrial land, presented in the hearing of complaint file #71214, to this hearing of complaint file #70936.

Property Description:

[1] The subject is an IWS type industrial property zoned I-G, and located at 6735 11ST NE in Calgary. The site area is 29.98 acres, including 20.27 acres of extra land. The improvements were constructed in 1980 and include three buildings. Building 1 has a net rentable area of 129,754 square feet(sf.), with 30% office finish. Building 2 has a net rentable area of 19,600sf., with 15% office finish, and Building 3 is a 600sf. outbuilding. Site coverage is 30%. The assessment was calculated based on the direct sales comparison approach to a total of \$24,480,000(rounded), which includes an adjustment for extra land of \$11,280,000(rounded).

Issues:

Does the current assessed amount for extra land reflect market value?

Is the assessed area of the improvements correct? **(The Complainant advised that this issue has been resolved. The area of the improvements and their assessed values are accepted).**

Complainant's Requested Value: \$22,320,000(rounded), based on a reduced land adjustment of \$9,121,500.

Board Decision on the Assessment: The assessment is confirmed at \$24,480,000(rounded).

Legislative Authority, Requirements and Considerations:

[2] The Composite Assessment Review Board(CARB), derives its authority from Part 11 of the Municipal Government Act (MGA) RSA 2000:

Section 460.1(2): Subject to section 460(11), a composite assessment review board has jurisdiction to hear complaints about any matter referred to in section 460(5) that is shown on an assessment notice for property other than property described in subsection (1)(a).

[3] For purposes of the hearing, the CARB will consider MGA Section 293(1):

In preparing the assessment, the assessor must, in a fair and equitable, manner, apply the valuation and other standards set out in the regulations, and follow the procedures set out in the regulations.

[4] The Matters Relating to Assessment and Taxation Regulation(MRAT) is the regulation referred to in MGA section 293(1)(b). The CARB consideration will be guided by MRAT Part 1 Standards of Assessment, Mass appraisal section 2:

An assessment of property based on market value:

must be prepared using mass appraisal,

must be an estimate of the value of the fee simple estate in the property, and

must reflect typical market conditions for properties similar to that property.

Position of the Parties on the Extra Land Market Value Issue:**Complainant's Position**

[5] In order to arrive at a suitable estimate of equitable market value for the subject property, it is necessary to establish a market value estimate for the "extra" 20.27 acres on the parcel and then add that to the assessed value of the improvement.

[6] The Complainant explained that their method for estimating the value of vacant industrial land is based on observing market sales of NE industrial parcels, 10 acres or larger during the period 2010-2012 and calculating a variance based on parcel size. A chart listing the sales is included in Exhibit R1 page 20. The Complainant selected the sale at 999 57 AV NE., as the best indicator of market value because the \$450,000 price per acre diminishes as parcel size increases.

7] A rate of \$450,000 per acre for the 20.27 acres of "extra" land on the subject parcel yields a value of \$9,121,500(rounded).

[8] Adding the calculated value of the "extra" land, to the assessed value of the improvements results in the total requested assessment value for the subject property of \$22,320,000(rounded).

Respondent's Position

[9] The Respondent argued that selecting one sale to propose a land value estimate of \$450,000 per acre for the "extra" land on the subject property is not appropriate. The Respondent noted that the assessment rates for non-residential industrial land applied by the City of Calgary(Exhibit C1 page A-13), also make allowance for the diminishing returns on large parcels.

[10] The Respondent analyzed the land sales used by the Complainant, adjusting the sale prices of comparable property for time. City assessed land rates were applied to the parcels, producing an assessment value estimate. The value estimates were divided by the time adjusted sale prices to produce an assessment to sale ratio(ASR) for each comparable. The process is documented in Exhibit R1 pages 72-74.

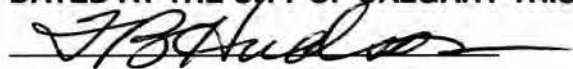
[13] The Respondent noted that an ASR of 1.00 is the objective of the direct sale comparison approach to producing market value assessment estimates. The Respondent submitted a chart(Exhibit R1 page 71), showing their analysis of the Complainant's land sale comparables produced ASR results ranging from a low of 0.94 to a high of 1.25 with an average of 1.03 and a median of 1.00.

Board Reasons for Decision:

[14] The Complainant's methodology was successful in producing a reduced estimate of value for the extra land. However, one sale is not normally accepted as sufficient evidence to prove that the reduced estimate is indicative of market value.

[15] The Respondent produced evidence to show that the land rates used to prepare assessments for large parcels of industrial land, produced assessed value estimates that compare favourably with market sale prices. The Complainant did not submit any evidence in this regard.

DATED AT THE CITY OF CALGARY THIS 16 DAY OF August 2013.



T. B. Hudson

Presiding Officer

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

NO.	ITEM
1. C1	Complainant Disclosure
2. R1	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.*

For MGB Administrative Use Only

<i>Decision No. 70936P-2013</i>			<i>Roll No.009007006</i>	
<u><i>Subject</i></u>	<u><i>Type</i></u>	<u><i>Sub-Type</i></u>	<u><i>Issue</i></u>	<u><i>Sub-Issue</i></u>
CARB	Warehouse I-G	IWS	Market Value	Extra Land Value