



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:

Various owners as represented by Cushman & Wakefield Ltd., COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

***H. Kim, PRESIDING OFFICER
J. Kerrison, BOARD MEMBER
P. Pask, BOARD MEMBER***

This is a complaint to the Calgary Assessment Review Board in respect of property assessments prepared by the Assessor of The City of Calgary and entered in the 2013 Assessment Roll as follows:

ROLL NUMBER: 201599016
LOCATION ADDRESS: 44 4807 32 St SE
FILE NUMBER: 71537
ASSESSMENT: \$366,000

ROLL NUMBER: 201599115
LOCATION ADDRESS: 4 4807 32 St SE
FILE NUMBER: 71676
ASSESSMENT: \$353,500

ROLL NUMBER: 201599073
LOCATION ADDRESS: 20 4807 32 St SE
FILE NUMBER: 71677
ASSESSMENT: \$366,000

ROLL NUMBER: 201599040
LOCATION ADDRESS: 32 4807 32 St SE
FILE NUMBER: 71681
ASSESSMENT: \$366,000

ROLL NUMBER: 201599032
LOCATION ADDRESS: 36 4807 32 St SE
FILE NUMBER: 71683
ASSESSMENT: \$366,000

ROLL NUMBER: 201599024
LOCATION ADDRESS: 40 4807 32 St SE
FILE NUMBER: 71684
ASSESSMENT: \$366,000

ROLL NUMBER: 201599008
LOCATION ADDRESS: 48 4807 32 St SE
FILE NUMBER: 71686
ASSESSMENT: \$362,500

ROLL NUMBER: 201598984
LOCATION ADDRESS: 56 4807 32 St SE
FILE NUMBER: 71689
ASSESSMENT: \$366,500

ROLL NUMBER: 201598976
LOCATION ADDRESS: 60 4807 32 St SE
FILE NUMBER: 71692
ASSESSMENT: \$366,000

ROLL NUMBER: 201598968
LOCATION ADDRESS: 64 4807 32 St SE
FILE NUMBER: 71695
ASSESSMENT: \$366,000

ROLL NUMBER: 201598943
LOCATION ADDRESS: 72 4807 32 St SE
FILE NUMBER: 71696
ASSESSMENT: \$366,000

ROLL NUMBER: 201598935
LOCATION ADDRESS: 76 4807 32 St SE
FILE NUMBER: 71699
ASSESSMENT: \$332,000 amended to \$325,500 Feb 28, 2013

This complaint was heard on the 19th day of June, 2013 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 8.

Appeared on behalf of the Complainant:

- *J. Goresht*

Appeared on behalf of the Respondent:

- *E. Wu*
- *I. McDermott*

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

Combining files into one hearing

[1] There were twelve properties under complaint. All were units located within the same industrial condominium building, and with the agreement of the parties, the complaints were heard at the same time and decided together.

Issue not identified in the Complaint form or in disclosure

[2] In the course of questioning after the Respondent's presentation, the Complainant enquired about the site photograph in the Respondent's package as it pertained to typical site coverage in industrial buildings, compared to the subject. Upon further questioning on that subject by the Board, the Respondent raised an objection on the basis that:

- Site coverage was raised as an issue in questioning, not on the initial complaint.
- The summary of testimonial evidence does not identify site coverage or property characteristics as points in support of the complaint.
- No evidence was provided as to how it affects value or comparability of sales used to arrive at the assessment.
- The reasons listed on the complaint form were completely generic and there was no expectation that site coverage would have to be addressed.

[3] The Complainant stated that this was clearly before the Board as the position set out at the outset was market value demonstrated by the sales in the subject building. The way a property functions and is available to be used is a measure of obsolescence. Questioning the appropriateness of considering site coverage in valuation of condominium industrial buildings is fair, regardless of whether it had been specifically identified as an issue.

[4] The Board considered the party positions and determined that site coverage is a characteristic of a property, and would not have to be specifically mentioned in a complaint where the correct market value is identified as an issue. Nevertheless, argument with respect to property characteristics must be supported by evidence, and there had been no evidence led in the disclosure with respect to the site coverage of the subject compared to other similar properties and its impact on market value. Therefore, the Board noted that any argument on this point during the hearing could be given little consideration.

Property Description:

[5] The subjects are condominium industrial bays located within a single building in the Valleyfield district in the Southeast quadrant of the City. The units were constructed in 2008 and range in size from 1,565 to 1,837 square feet of assessable area. They are assessed on

the sales comparable approach at approximately \$200 per square foot.

Issues:

[6] The Reasons for Complaint in the Assessment Review Board Complaint form were identical for 11 of the roll numbers for which the complaints were filed by the agent, and listed a number of items, of which the ones argued at the hearing were:

What information on the assessment notice is incorrect?

- The assessment amount is incorrect

In what respect is the information incorrect?

- The assessment is too high
- The assessment is above market value
- The assessment is incorrect as to the nature, the size, the use, the condition, the actual and potential income, the appropriate sales comparables, the correct CAP rate, and the inherent obsolescence of this property

[7] The twelfth Complaint was filed by the owner, who subsequently retained the agent. The Reasons for Complaint on that form had been completed by the owner, and it stated:

We purchased this space June 15, 2012 for \$332,000.00. The assessment could not go up to your assessed \$366,000.00. Also all properties on this site are selling for \$325,000.00 per unit.

Complainant's Requested Values:

[8] The requested values on the Complaint forms were revised at the hearing to new requested values as listed:

| | | | |
|--------------|-----------|-----------------------|-----------|
| ROLL NUMBER: | 201599016 | REQUESTED ASSESSMENT: | \$333,500 |
| ROLL NUMBER: | 201599115 | REQUESTED ASSESSMENT: | \$321,500 |
| ROLL NUMBER: | 201599073 | REQUESTED ASSESSMENT: | \$333,500 |
| ROLL NUMBER: | 201599040 | REQUESTED ASSESSMENT: | \$333,500 |
| ROLL NUMBER: | 201599032 | REQUESTED ASSESSMENT: | \$333,500 |
| ROLL NUMBER: | 201599024 | REQUESTED ASSESSMENT: | \$333,500 |
| ROLL NUMBER: | 201599008 | REQUESTED ASSESSMENT: | \$330,000 |
| ROLL NUMBER: | 201598984 | REQUESTED ASSESSMENT: | \$334,000 |
| ROLL NUMBER: | 201598976 | REQUESTED ASSESSMENT: | \$333,500 |
| ROLL NUMBER: | 201598968 | REQUESTED ASSESSMENT: | \$333,500 |
| ROLL NUMBER: | 201598943 | REQUESTED ASSESSMENT: | \$333,500 |
| ROLL NUMBER: | 201598935 | REQUESTED ASSESSMENT: | \$284,500 |

Board's Decision:

[9] The following assessments are reduced to \$181.79/sf:

| | | | |
|--------------|-----------|-------------|-----------|
| ROLL NUMBER: | 201599016 | ASSESSMENT: | \$333,500 |
|--------------|-----------|-------------|-----------|

| | | | |
|--------------|-----------|-------------|-----------|
| ROLL NUMBER: | 201599115 | ASSESSMENT: | \$321,500 |
| ROLL NUMBER: | 201599073 | ASSESSMENT: | \$333,500 |
| ROLL NUMBER: | 201599040 | ASSESSMENT: | \$333,500 |
| ROLL NUMBER: | 201599032 | ASSESSMENT: | \$333,500 |
| ROLL NUMBER: | 201599024 | ASSESSMENT: | \$333,500 |
| ROLL NUMBER: | 201599008 | ASSESSMENT: | \$330,000 |
| ROLL NUMBER: | 201598984 | ASSESSMENT: | \$334,000 |
| ROLL NUMBER: | 201598976 | ASSESSMENT: | \$333,500 |
| ROLL NUMBER: | 201598968 | ASSESSMENT: | \$333,500 |
| ROLL NUMBER: | 201598943 | ASSESSMENT: | \$333,500 |

The following assessment is reduced to \$190/sf:

| | | | |
|--------------|-----------|-------------|-----------|
| ROLL NUMBER: | 201598935 | ASSESSMENT: | \$297,500 |
|--------------|-----------|-------------|-----------|

Position of the Parties:

Complainant's Position:

[10] The Complainant presented the 2013 Property Assessment Non-Residential Industrial Sales July 2009 – June 2012 listing from the City's website that details the sales that went into the direct sales comparison model for industrial properties. 12 sales within the subject building had been included in that listing, and a comparison of the sale price, sale date, time adjusted sale price as reported by the City and 2013 assessments were presented:

| Roll Number | Unit # | 2013 Assessmt | Area | Assmt/sf | Sold date | Sold price | SP/sf | TASP | TASP/sf | Time adjustment |
|-------------|--------|---------------|------|----------|------------|------------|--------|---------|---------|-----------------|
| 201599081 | 16 | 366,000 | 1837 | 199.24 | 10/29/2010 | 325,000 | 176.92 | 349,668 | 190.35 | 1.07590154 |
| 201599099 | 12 | 366,000 | 1837 | 199.24 | 11/01/2010 | 325,000 | 176.92 | 349,668 | 190.35 | 1.07590154 |
| 201599065 | 24 | 362,500 | 1816 | 199.61 | 11/01/2010 | 325,000 | 178.96 | 349,668 | 192.55 | 1.07590154 |
| 201599057 | 28 | 362,500 | 1816 | 199.61 | 11/01/2010 | 325,000 | 178.96 | 349,668 | 192.55 | 1.07590154 |
| 201598950 | 68 | 366,000 | 1837 | 199.24 | 11/01/2010 | 325,000 | 176.92 | 349,668 | 190.35 | 1.07590154 |
| 201599107 | 8 | 366,000 | 1838 | 199.13 | 11/02/2010 | 325,000 | 176.82 | 349,669 | 190.24 | 1.07590462 |
| 201599099 | 12 | 366,000 | 1837 | 199.24 | 03/28/2010 | 320,000 | 174.20 | 349,668 | 190.35 | 1.09271250 |
| 201599081 | 16 | 366,000 | 1837 | 199.24 | 05/09/2011 | 325,000 | 176.92 | 349,668 | 190.35 | 1.07590154 |
| 201598992 | 52 | 362,500 | 1816 | 199.61 | 08/11/2011 | 327,500 | 180.34 | 349,668 | 192.55 | 1.06768855 |
| 201599065 | 24 | 362,500 | 1816 | 199.61 | 05/02/2012 | 332,000 | 182.82 | 349,668 | 192.55 | 1.05321687 |
| 201599016 | 44 | 366,000 | 1837 | 199.24 | 06/13/2012 | 332,000 | 180.73 | 332,001 | 180.73 | 1.00000301 |
| 201598950 | 68 | 366,000 | 1837 | 199.24 | 06/13/2012 | 334,000 | 181.82 | 349,668 | 190.35 | 1.04691018 |

[11] The Complainant noted that three of the sales were May and June of 2012, very close to the valuation date, for between \$180.73 and \$182.82/sf. The Complainant highlighted that the City reported time adjustments of 1.05 for sales two weeks and two months from the valuation date of July 1, 2012. The Complainant argued that this was not possible, and used the average sale price of the three sales, \$181.79/sf, to arrive at the requested assessments. The 2012 assessments of the properties that sold were all around \$199-200/sf. At no time did any unit sell for close to the assessment value.

[12] There has been a great deal of sales activity within the subject building. The clearest

indicator of market value for assessment purposes are the sales within the subject building that occurred very close to the valuation date. The Complainant noted that while the Assessor is required to assess using mass appraisal, the Board is not bound by mass appraisal, and the sale prices show that the subject is over-assessed. Accordingly, the Complainant requests that the assessments be reduced to the average selling price of \$181.79/sf.

Respondent's Position

[13] The Respondent stated that the assessment is based on mass appraisal and that all sales are analyzed to arrive at the assessment values. The Complainant has used only sales in the subject building. The time adjustments for the two sales in the subject building close to the valuation date were wrong and should have been 1.0 not 1.05 however it was a typo and the correct values were used in the analysis. The Respondent derived the Assessment to Sales Ratio (ASR) of the units that sold and determined that they ranged from 1.04 to 1.1 with a median of 1.05 which is within the .95 to 1.05 standard required by the legislation.

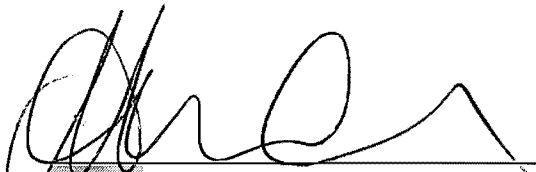
[14] The Respondent presented equity comparables of similar industrial condominium bays in the Valleyfield area that are assessed at \$204 to \$207/sf. He stated that he had visited the site and presented photographs taken in January 2013. The building looked good and there was nothing wrong with the project that might suggest that mass appraisal would not yield a correct fair and equitable assessment. The Respondent requested that the assessments be confirmed.

Board's Reasons for Decision:

[15] The Board agrees that the three sales within the subject building were very close to the valuation date, and the sales that occurred within the analysis period two years prior, all show the assessment of the subject is above market value. The Board did not accept the Respondent's analysis that the median ASR of 1.05 of the 12 sales was acceptable, because the ASR of the sales in 2011 and later were all over 1.06. The ASRs of the three most recent sales were at 1.09, 1.10 and 1.10. Whatever the reason for the subject building not achieving the market value predicted by the mass appraisal model, it is clear that it is not, and should be adjusted. The sale prices in the subject building close to the valuation date are the best indicator of what the adjusted value should be, and accordingly the assessment of the units without ground finished area were adjusted to the value per square foot indicated by the sale prices.

[16] With respect to Roll # 201598935, it was the only unit with ground finished area, comprising 560 sf of the total 1565 sf of assessable space. There was no evidence led to suggest what adjustment to the sale price of the units, all of which had no ground finished area, should be applied to adjust for this difference. The Board was of the opinion that there was value in the finishes and that there should be an adjustment applied, and looked to the difference in the assessments between it and the other units within the building. The difference based on the amended 2013 assessment was \$8/sf and was applied to reflect the additional value for finishes.

DATED AT THE CITY OF CALGARY THIS 31 DAY OF July 2013.



H. Kim
Presiding Officer

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

| NO. | ITEM |
|------------|--|
| 1. C1 | Complaint Form (one for each Roll No.) |
| 2. C2 | Complainant's Disclosure |
| 3. 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.*