

## **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:**

***Bailey Metal Products Limited (as represented by DuCharme, McMillen & Associates  
Canada, Ltd.), COMPLAINANT***

**and**

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

**before:**

***PRESIDING OFFICER: T. Helgeson  
BOARD MEMBER: A. Zindler  
BOARD MEMBER: R. Deschaine***

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: 200779643**

**LOCATION ADDRESS: 3924 27 Street NE**

**FILE NUMBER: 71767**

**ASSESSMENT: \$4,180,000**

This complaint was heard on the 28<sup>th</sup> 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

- *M. Pierson*

Appeared on behalf of the Respondent:

- *B. Brocklebank*

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

- [1] No procedural or jurisdictional matters were raised during the hearing before the Board.

**Property Description:**

- [2] The subject property is an owner-occupied industrial property used for the manufacture of metal wall studs and related building products. The land area is 2.14 acres, and the total area of the improvements is 37,720 square feet (sq. ft.). The subject property is assessed on the Sales Comparison Approach.

**Issues:**

- [3] Does the assessed value of the subject property reflect market value?
- [4] If the assessed value of the subject property does not reflect market value, will a reduction in the assessment produce a "fault zone in equity".

- [5] **Complainant's Requested Value:** \$3,168,000

- [6] **Board's Decision:** \$3,200,000

**Positions of the Parties**

**Complainant's Position:**

- [7] The assessment is not representative of market value as indicated by recent sales of comparable properties. Further, the aggregate assessment per sq. ft. is inequitable in relation to the assessment of comparable properties, and a portion of the improvements on the subject property cannot be fully utilized due to the construction and roof support structures.

- [8] The average of time-adjusted sale prices of comparable properties is \$83.78 per sq. ft. and the median \$83.28 per sq. ft. Assessment values for comparable properties are lower on a

per sq. ft. basis than the per sq. ft. value of the assessment of the subject property. The functional obsolescence that affects a portion of the subject property supports a reduced valuation compared with comparable properties.

[9] The taxpayer has a right to equitable treatment. A review of assessments of similar properties show that the subject property is inequitably assessed. The assessments of five comparable properties show a median of \$102.16 per sq. ft. and an average of \$101.74. Using a comparable assessment rate of \$102 per sq. ft., an equitable assessment would be \$3,847,000.

#### **Respondent's Position:**

[10] Four sales comparables provided by the Complainant will be discussed. Other sales comparables will be examined as well. As for equity, several equity comparables provided by the Complainant will be discussed, and other equity comparables will be looked at.

[11] Although the Complainant argues that the storage area suffers from functional obsolescence, photographs provided by the Complainant clearly indicate that the storage area is being used for storage. There is no market evidence to support the claim for functional obsolescence.

[12] Sales comparables will show that sales of properties similar to the subject property support the assessed value, and equity comparables will show assessed values similar to that of the subject property.

#### **Board's Reasons for Decision:**

[13] The Board finds the Complainant's sales comparables more persuasive than the sales comparables of the Respondent. The Board notes that the parcel sizes of four of the Respondent's seven sales comparables (at p. 20 of Exhibit R-1) are much smaller than the parcel size of the subject property, i.e., 1.10 acres, 0.78 acres, and 1.08 acres, as compared to the 2.14 acres of the subject property.

[14] Furthermore, only one of the Respondent's sales comparables, 6835 8<sup>th</sup> Street NE, shows an assessable area (38,557 sq. ft.) comparable to that of the subject property. The assessable areas of the other properties are either significantly smaller, or in one case inordinately larger, i.e., 59,573 sq. ft.

[15] The Complainant's four sales comparables at p. 20 of C-1 have site coverages that approximate that of the subject property, and similar building areas save for 423 38 Avenue SE with only 14,884 sq. ft. The property at 423 38 Avenue SE has a parcel area of only 0.78 acre (p. 35, C-1). The Board finds 423 38 Avenue SE too small to be a credible comparable.

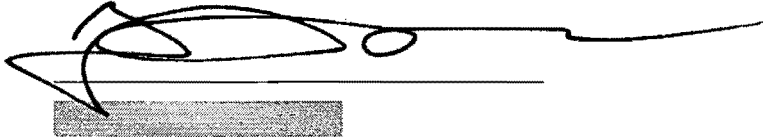
[16] The parcel areas of the Complainant's remaining three sales comparables range from 1.68 acres to 2.60 acres, reasonably close to the subject's 2.14 acres. The average of their time-adjusted sale prices on a per sq. ft. basis is \$84.83. The Board finds these three properties acceptable sales comparables.

[17] With respect to the Respondent's concern that reducing the assessment would produce "a fault zone in equity", the Board notes that the Alberta Court of Queen's Bench dealt with that issue in **Mountain View (County) v. Alberta (Municipal Government Board) 2000 ABQB 594**, as follows: [21] . . . *If the result of the reduction is that the assessments are lower than those of other properties, the latter should on revision of the rolls in future years be corrected by*

*reduction to a level equitable with the assessment of other properties.*

[18] Finally, in regard to the Complainant's argument of functional obsolescence based on the nature of the storage area of the subject property, the Board is not persuaded that the storage area is significantly different from storage areas in similar properties.

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



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

**For Administrative Use**

<b>Subject</b>	<b>Property Type</b>	<b>Property Sub-Type</b>	<b>Issue</b>	<b>Sub-Issue</b>
CARB	Warehouse	Warehouse Single Tenant	Sales Approach	Equity Comp- arables

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*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.*