

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:

***Sorrel Enterprises Ltd. (as represented by Assessment Advisory Group Inc.),
COMPLAINANT***

and

The City Of Calgary, RESPONDENT

before:

***B. Horrocks, PRESIDING OFFICER
Y. Nesry, 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:	033043803
LOCATION ADDRESS:	3770 12 ST NE
FILE NUMBER:	71978
ASSESSMENT:	\$3,970,000

This complaint was heard on the 27th day of August, 2013 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 11.

Appeared on behalf of the Complainant:

- D. Bowman (Assessment Advisory Group Inc.)

Appeared on behalf of the Respondent:

- K. Cody (City of Calgary)

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

- [1] There were no concerns with the board as constituted.
- [2] The Complainant has visited the site, while the Respondent has not.
- [3] The parties have not discussed the file.
- [4] There were no preliminary matters. The merit hearing proceeded.

Property Description:

[5] The subject property is a 1.47 acre parcel located in the McCall community in NE Calgary. The parcel is improved with a 24,000 square foot (sf) multi-bay warehouse (IWM) that was constructed in 1987 and is classified as C+ quality. The warehouse has an Assessable Building Area of 30,000 sf, Finish of 26% and Site Coverage of 37.44%. The subject is assessed using the Sales Comparison Approach to value which yields an assessment rate of \$132.54 per sf.

Issues:

[6] An assessment amount and an assessment sub-class were identified on the Assessment Review Board Complaint Form as the matters that apply to the complaint. At the outset of the hearing, the Complainant advised that there were two outstanding issues, namely: "the assessed value is not reflective of the property's market value" and "the assessed value is inequitable with comparable property assessments".

Complainant's Requested Value: \$3,500,000 (Complaint Form)
\$3,720,000 (Hearing)

Board's Decision:

- [7] The 2013 assessment is confirmed at \$3,970,000.

Legislative Authority, Requirements and Considerations:

The Composite Assessment Review Board (CARB) derives its authority from 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).

MGA requires that:

293(1) In preparing an assessment, the assessor must, in a fair and equitable manner,

- (a) apply the valuation and other standards set out in the regulations, and
- (b) follow the procedures set out in the regulations.

Matters Relating to Assessment and Taxation Regulation (MRAT) requires that:

- 2 An assessment of property based on market value
 - (a) must be prepared using mass appraisal,
 - (b) must be an estimate of the value of the fee simple estate in the property, and
 - (c) must reflect typical market conditions for properties similar to that property.
- 4(1) The valuation standard for a parcel of land is
 - (a) market value, or
 - (b) if the parcel is used for farming operations, agricultural use value.

Board's Decision in Respect of Each Matter or Issue:

Issue: What is the market value for assessment purposes?

Complainant's Position:

[8] The Complainant's Disclosure is labelled C-1.

[9] The Complainant, at page 18, provided a table titled, 3770-12 ST NE Comparable Analysis. The table contains information on sales of 3 purported comparables, located in the NE region. The assessed building areas ranged from 28,358 sf to 37,018 sf and the time adjusted sale prices (TASP) ranged from \$80.18 to \$132.57 per sf with a mean of \$112 per sf. The Complainant noted the assessments for the comparables ranged from 105.90 per sf to \$143.87 per sf. The Complainant requested an assessed rate of \$124 per sf, in the middle of the range of the comparables.

[10] The Complainant advised that the best comparable was located at 3651 21 ST NE and it was assessed at the rate of \$105.90 per sf.

Respondent's Position:

[11] The Respondent's Disclosure is labelled R-1.

[12] The Respondent, in reviewing the Complainant's comparables noted that the first comparable (3640 11A ST NE) was similar in area to the subject, had lower site coverage than the subject and should sell for more than the subject given that it is newer. The Respondent submitted the other two comparables are inferior to the subject.

[13] The Respondent, at page 17, provided a table titled, 2013 Industrial Sales Chart . The table contains information on 5 sales of comparable properties with assessable building areas ranging from 21,232 sf to 38,577 sf and TASP/sf ranging from \$130.16 to \$165.31. The Respondent noted the subject is assessed at the rate of \$132.54 per sf, at the bottom of the range.

[14] The Respondent noted that three of the sales were located in the NE region while one was in the Central region and one was in the SE region. The Respondent submitted that comparables in the SE region generally sell at a lower rate per sf than comparables in the NE region, while comparables in the Central region generally sell for a higher rate per sf than comparables in the NE region.

[15] The Respondent advised that the assessments are calculated using a multiple regression analysis that is imbedded within a model. The parameters with the most weight are: Assessable Building Area, Year of Construction (AYOC), and Site Coverage.

Board's Decision With Reasons:

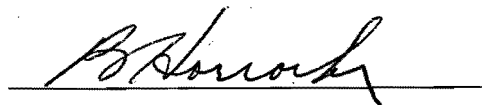
[16] The Board finds the Respondent's sales comparables superior to those provided by the Complainant. They bracketed the subject in Assessable Building Area, AYOC, Finish, Site Coverage and rate per sf. Both parties used the same sales comparable located at 3640 11A ST NE, which has a TASP/sf of \$132.57, while the subject is assessed at the rate of \$132.54 per sf. The Complainant's sales comparable located at 1423 45 AV NE was a "post facto" sale and not considered in the analysis.

[17] The market value for assessment purposes is \$3,970,000.

Issue: Is the subject equitably assessed?

[18] There was no further evidence from the Complainant to support its allegation that the subject was inequitably assessed.

DATED AT THE CITY OF CALGARY THIS 20th DAY OF September 2013.


B. Horrocks

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.*

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Property Type	Property Sub-Type	Issue	Sub-Issue
Warehouse	Multi tenant	Sales approach	Market value