



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:

Capital City Shopping Centre Limited (as represented by Altus Group Ltd.)
COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

Board Chair; J. Zezulka
Board Member; A. Huskinson
Board Member; D. Steele

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: 078075702

LOCATION ADDRESS: 2600 Portland Street SE

FILE NUMBER: 72075

ASSESSMENT: \$22,360,000

This complaint was heard on 28 day of October, 2013 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 3.

Appeared on behalf of the Complainant:

- *D. Mewha*

Appeared on behalf of the Respondent:

- *T. Luchak*

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

- (1) There were no procedural or jurisdictional matters raised by either party.
- (2) There is a slight discrepancy between the total floor area being assessed, and the floor area presented by the Complainant. At the outset of the hearing, both parties agreed that the Complainant's floor area was the correct one.

Property Description:

- (3) The property is an industrial complex containing three buildings, located in the Alyth / Bonnybrook industrial area in southeast Calgary. The three buildings contain an aggregate assessed area of 157,788 s.f.. All three are categorized by the City as industrial warehouses of three units or more. The buildings were built in 2001. The site area is 7.78 acres. Site coverage is 41.00 per cent.

Issues / Appeal Objectives

- (4) The subject is currently being assessed using the direct comparison approach. The single issue brought forward by the Complainant is market value, stating that the current assessment does not properly reflect the market value of the property, particularly in light of a recent sale of the property. The current assessment calculates to \$141.73 per s.f..

Complainant's Requested Value:

- (5) \$20,088,000

Board's Decision:

- (6) The assessment is reduced to \$20,080,000.

Legislative Authority, Requirements and Considerations:

- (7) This Board derives its authority from section 460.1(2) of the Municipal Government Act, being Chapter M-26 of the revised statutes of Alberta.

(8) Section 2 of Alberta Regulation 220/2004, being the Matters Relating to Assessment and Taxation Regulation (MRAC), states as follows;

"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"

(9) Section 467(3) of the Municipal Government Act states;

"An assessment review board must not alter any assessment that is fair and equitable, taking into consideration

(c) the assessments of similar property or businesses in the same municipality."

(10) For purposes of this Complaint, there are no extraneous requirements or factors that require consideration.

Position/Evidence of the Parties

Evidence

(11) The Complainant submitted three tables containing a total of 24 equity comparables with which to compare the subject (CI, page 21). The tables contained properties in three quadrants of the City. The data is summarized as follows;

<u>Quadrant</u>	<u>No. of samples</u>	<u>Median Net Rentable Area</u>	<u>Median 2013 Asmt. Per s.f.</u>
Central	3	195,585 s.f.	\$106.00
NE	6	146,016	\$120.00
SE	15	149,985	\$119.00

(12) Site coverage for the subject and the median site coverage for each of the three groups is virtually the same. The median age of the comparables is not unlike the subject in any of the three groups. However, the subject has a substantially higher degree of interior finishing than the median of any of the three groups.

(13) In addition to the equity comparables, the Complainant presented the Board with a September, 2012 sale of the subject at \$20,088,000 (C1, pages 22 to 47). The documentation presented confirmed that the transaction was arms length.

(14) None of the documentation presented regarding the sale of the subject was disputed by the Respondent. However, the Respondent pointed out that the sale was post facto and should not be relied upon.

(15) In support of the assessment, the Respondent presented one multi-building transaction at 803 - 24 Avenue SE. The property was sold in May, 2011 for \$26,000,000. The property consists of six buildings of varying age from 1926 to 1967. The total building area is 192,480 s.f. The time adjusted selling price calculates to \$149.89 per s.f. The site is almost adjacent to the Calgary Exhibition and Stampede grounds, and was acquired by the the City of Calgary (Weadick Properties Ltd.) for use by the Calgary Stampede. Having regard to the purchaser involved in this comparable, there is sufficient reason to suspect that the purchaser was motivated to buy.

(16) The site coverage of the Respondent's comparable is 31.02 per cent, compared to the subject at 41.00 per cent. No adjustment was made to account for the difference in site

coverage.

Board's Reasons for Decision:

(17) The Respondent's single comparable was not adjusted for the difference in site coverage, nor was there any adjustment for the substantial difference in age between the comparable and the subject. Moreover, there is some reason to believe that one of the parties to the transaction was motivated.

(18) The Complainant's requested assessment calculates to \$127.31 per s.f. of assessable building area. That request is equal to the September, 2012 selling price of the subject, and is well supported by the equity comparables submitted by the Complainant.

(19) As far as the fact that the sale of the subject is post facto, it is recognized that a post facto sale should not be used to establish value, since it would not have been possible to have knowledge of the transaction before it occurs. However, it is also accepted that a post facto sale can be relied upon to verify a conclusion that has been made, as is the case in this instance.

(20) The Complainant's conclusion of market value for the subject was actually drawn from the post facto selling price. However, that conclusion is well supported by the equity evidence presented. Conversely, the conclusion could have been drawn from the equity comparables presented, and then supported by the post facto selling price. Either way, the Complainant's conclusion of market value is better supported than the Respondent's.

(21) The assessment is reduced to \$20,088,000, truncated to \$20,080,000.

DATED AT THE CITY OF CALGARY THIS 3rd DAY OF December 2013.



Jerry Zezulka

Presiding Officer

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

NO.	ITEM
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| 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

Decision No. CARB 72075P/2013			Roll No. 078075702	
<u>Subject</u>	<u>Type</u>	<u>Issue</u>	<u>Detail</u>	<u>Issue</u>
CARB	Industrial	Market Value	N/A	Post facto sale of the subject