

## **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

***Manchester Syndication Ltd.***  
***(as represented by Altus Group Ltd.), COMPLAINANT***

and

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

before

***L. Yakimchuk, PRESIDING OFFICER***  
***R. Kodak, 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: 101004653**

**LOCATION ADDRESS: 6115 4 St SE**

**FILE NUMBER: 72078**

**ASSESSMENT: \$8,280,000**

This complaint was heard July 23 and 24, 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, Altus Group*

Appeared on behalf of the Respondent:

- *J. Tran, City of Calgary Assessor*

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

- [1] Both parties agreed to carry over arguments from Appeal 72109 to the subject Appeal.

**Property Description:**

- [2] The subject property has been assessed as a 1974 multi-building Industrial Warehouse with 33,339 square feet (sf) of assessable area in one building and 34,552 sf in the other one. The buildings are constructed on 4.54 Acres (A) of land with a site coverage of 33.77%. The property has been assessed, using Sales Comparisons, at \$131/sf.

**Issues:**

- [3] Is the assessment of the subject property in excess of its market value?
- [4] Is the aggregate assessment per square foot inequitable with the assessments of other similar and competing properties? Does the aggregate assessment reflect market value for assessment purposes when using the direct sales comparison approach?

**Complainant's Requested Value: \$6,170,000.**

**Board's Decision:**

- [5] The Board reduces the assessment to \$6,200,000.

**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).

For the purposes of this hearing, the CARB will consider MGA Section 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) is the regulation referred to in MGA Section 293(1)(b). The CARB decision will be guided by MRAT Section 2, which states that

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.

and MRAT Section 4(1), which states that

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.

### **Position of the Parties**

#### **Complainant's Position:**

[6] The Complainant, D. Mewha, Altus Group stated that the two similar sized buildings on the subject property were similar to one larger building with the same assessable area. He argued that a prospective buyer would be looking at the total area, not the number of buildings. The Complainant's proposed comparables included properties with an assessable area similar to the subject combined assessable area.

[7] The Complainant argued that a neighbouring property with similar characteristics to the subject, but with one building on the property, was the best equity comparable property because it had the most similar characteristics to the subject. Roll 10104068, the neighbour at 6130 - 4 St SE, is assessed at \$97/sf.

[8] The Complainant also argued that the City of Calgary assesses properties with multiple buildings by using an aggregate value of individual buildings within the property and that this calculation does not accurately provide an assessment equivalent to Market Value. He stated that City of Calgary Assessment to Sales Ratios (ASRs) for multiple building properties have not been in the 0.95 – 1.05 range that indicates consistency in assessments. D. Mewha argued that the ASRs have a wide lower and upper range indicating they are not equitable for all similar properties.

[9] The Complainant presented a Sales Comparison table with four sales (C1 p16). One of the sales was removed because the building was very large. The remaining three buildings each had an assessable area of 65,084 sf, 80,170 sf and 92,485 sf. The median Time Adjusted Sale Price of the remaining three properties was \$98/sf.

[10] D. Mewha provided a list of Equity comparables for Industrial Warehouses (Multi-Tenant) with similar assessable areas to the subject (C1 p 17). The proposed comparables had a median site coverage of 46%, with a range of 26% to 51%. Their years of completion were 1971 and 1972. One of the properties, 5905 – 11 St SE (Roll 100006600), was also on the Sales Comparison list. It had more finish and one more acre of land than the subject, and had sold for \$98/sf in April, 2012 (assessment: \$115/sf). Another property was an adjacent neighbour to the subject and had been assessed at \$97/sf. The median assessed value of the Complainant's proposed Equity comparables was \$98/sf.

[11] The Complainant also provided documentation to support the Sales Comparisons.

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

[12] J. Tran, City of Calgary Assessor, explained that the Complainant's proposed Comparables are larger buildings than the subject two buildings. The City of Calgary assesses each building separately, adjusting for the multiple building component, and adds the values together to assess a value.

[13] The Respondent provided a list of four Sales Comparables ranging in year of completion from 1955 to 1975 and in size from 29,931 sf to 40,559 sf (R1 p 15). The 40,559 sf building is located on IG/C-COR land (subject: IG). The fourth comparable is located in SE Calgary while the other three are located in Central Calgary, as is the subject.

[14] The Respondent also provided a list of Equity Comparables with buildings similar in size to the subject buildings, that were also from multi-building properties (R1 p17). The lot sizes of these proposed Equity Comparables range from 1.83 A to 14.46 A, with 22.4% to 42.32% site coverage. The properties were all within the Central area. Assessed rates for these properties range from \$122.40/sf to \$144.56/sf (subject: \$131.39/sf and \$130.30/sf), with a median of \$130.90/sf.

### **Rebuttal:**

[15] In Rebuttal, D. Mewha documented the City of Calgary proposed comparables, arguing that the assessment values of these properties were not supported by the sale values, and showed ASRs with wide deviations away from .95 to 1.05, the desirable range.

[16] The Complainant also suggested that several of the proposed Comparables were not similar to the subject.

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

[17] The Board considered the various Sales comparables presented in both documents. The Respondent presented four possible comparables: the fourth was not Central, the third had different zoning than the subject, and the first was constructed in 1955 (Subject: 1974). Only the first was a multi-tenant building like the subject. Of the three single tenant buildings, the most similar one had a time adjusted sale price (TASP) of \$106.21.

[18] The Complainant presented four possible Sales comparables. One was for a building with a very high assessable area. The remainder were more similar, although the Site coverage varied. The most recent sale showed a \$98/sf value for a building with a total assessed area very close to the subject area, with more land. As well, \$98/sf is the median of the

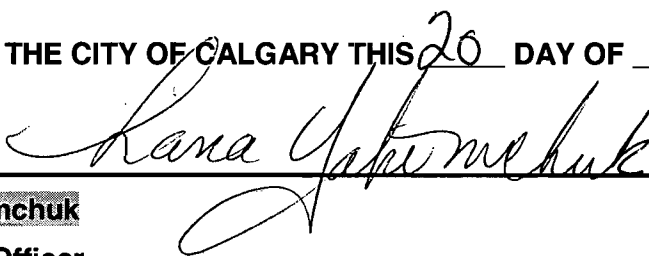
Complainant's Equity values.

[19] The Board decided the Sales comparables supported a reduction in assessed value.

[20] The Board considered the Equity comparables and the Complainant's supporting documentation about assessment of Sales comparables and decided that these supported a reduction in assessed value as well.

[21] The recent sale price of 5905 – 11 St SE (Roll 100006600) for \$98/sf, and the median assessed value of \$98/sf support an assessed value of \$98/sf for the subject. The Board reduces the 2012 assessment of the subject property to \$98/sf.

DATED AT THE CITY OF CALGARY THIS 20 DAY OF August 2013.



**Lana Yakimchuk**

**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
3. C2	Complainant Rebuttal

*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.*

<b>Appeal Type</b>	<b>Property Type</b>	<b>Property Sub-type</b>	<b>Issue</b>	<b>Sub-Issue</b>
CARB	Warehouse	IWM	Sales Approach	Comparables