



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 *MGA*).

between:

***1592022 Alberta Ltd.,
(represented by Altus Group Limited), COMPLAINANT***

and

The City Of Calgary, RESPONDENT

before:

***Ms. V. Higham, PRESIDING OFFICER
Mr. B. Bickford, BOARD MEMBER
Mr. D. Julien, BOARD MEMBER***

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

ROLL NUMBER:	096024203
LOCATION ADDRESS:	5545 52 Avenue SE Calgary, Alberta
FILE NUMBER:	72264
ASSESSMENT:	\$4,030,000

This complaint was heard on 17th day of September, 2013 at the office of the Calgary Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 4.

Appeared on behalf of the Complainant:

- **Mr. Dave Mewha** **Agent, Altus Group Ltd.**

Appeared on behalf of the Respondent:

- **Mr. Ian McDermott** **Assessor, City of Calgary**

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

- [1] Neither party objected to the composition of the Board as introduced at the hearing.
- [2] All disclosure materials were received in a timely fashion, as legislated under the Act.
- [3] The Board noted a duly-executed Agent Authorization Form present in the file.
- [4] No preliminary matters were raised by either party.

Property Description:

[5] The subject is an industrial parcel zoned I-G, located at 5545 52 Avenue SE in Calgary's Starfield industrial district, covering 3.83 acres of land with a site coverage of 8.53%. The parcel is improved by two buildings: one, a single tenant warehouse built in 1996 comprising 14,250 square feet (sf), with a finish ratio of 18%; the other, a 3,000 sf outbuilding used as an industrial shop. The subject is currently assessed at \$4,030,000 using the direct sales comparison approach to value.

Issues:

[6] The Complainant identified two matters on the Complaint Form as under complaint, that being the assessment amount and assessment class. During the hearing, the Complainant indicated he would advance submissions on the first matter only (being the assessment amount), and also indicated that he was requesting a different assessment amount (\$3,430,000) than originally noted on the Complaint Form (\$3,370,000). The Complainant then raised the following issue for the Board's consideration:

- 1) Is the subject assessment fair and equitable, having regard to the direct sales comparison analyses presented by each party?

Complainant's Requested Value: \$3,430,000

Board's Decision: For the reasons outlined herein, the Board confirms the current assessment of the subject property at **\$4,030,000**.

Legislative Authority, Requirements and Considerations:

[7] A Composite Assessment Review Board (CARB) derives its authority from the *MGA*, Revised Statutes of Alberta 2000, Section 460.1, which reads as follows:

- (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).

Section 293 of the *MGA* requires that :

- (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.

Section 2 of the *Matters Relating to Assessment and Taxation Regulations* (the *MRAT*) states:

- (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.

Position of the Parties**Complainant's Position:**

[8] The Complainant submitted a direct sales comparison table (Exhibit C1, p.16) with four sales listed, one being the sale of the subject in July 2011. The unadjusted median/mean values for all four sales are \$199 and \$204 psf respectively; unadjusted median/mean values excluding the subject are \$180 and \$199 psf respectively.

[9] The Complainant also included the City's time adjusted values for all four properties listed in the Complainant's sales table, which show median/mean values of \$215 and \$224 psf respectively; excluding the subject sale, the median/mean values are \$193 and \$219 psf respectively.

[10] The Complainant objected to the City's time adjustment methodology, arguing that the City failed to provide sufficient clarity as to how this adjustment was calculated, thereby rendering their time adjustment sales data unreliable. The Complainant therefore requested that the Board accept his unadjusted sales data in the alternative.

[11] In rebuttal, the Complainant challenged one of the City's sales comparables (3652 44 Avenue SE), noting that it is a two story property with very low site coverage.

Respondent's Position:

[12] The Respondent submitted the City's sales comparison table listing seven transactions in the SE from various non-residential economic zones (NRZs), showing time adjusted median/mean values of \$244 and \$251 psf respectively.

[13] The Respondent also submitted an equity table listing three properties in the SE, which the Respondent argued are very similar to the subject in terms of size, site coverage, total land area, and location (one being within a few blocks of the subject), showing assessed values of \$281, 281, and \$303 psf.

[14] The Respondent also argued that the Complainant erred in including the second building (the shop or outbuilding) in his calculation of total assessable area for the assessment, since an outbuilding does not have the same utility as a primary industrial building onsite. Therefore, the outbuilding was assessed by the City at a nominal \$10 psf.

[15] The Respondent defended the City's time adjustment methodology, noting that it is based on the plotting of sales-to-assessment ratios (SARs) of all relevant industrial transactions, which are then entered into the City's regression analysis model – producing four distinct trending periods over the current assessment year, each with its own applied adjustment factor.

[16] The Respondent further noted that the Complainant's requested valuation is based upon unadjusted sales data, which ought not to be relied upon by the Board. In summary, he concluded by submitting that the Complainant offered no alternative to the City's time adjustment methodology, and that to accept the Complainant's requested valuation based on unadjusted sale values produces an unreliable outcome not reflective of the subject's typical market value as of the legislated valuation date.

Board's Findings and Reasons for Decision:

[17] The Board finds the current assessment to be fair and equitable based on the evidence submitted by both parties at the hearing.

[18] The Board summarily rejects the Complainant's assertion that no time adjustment is needed for his sales data, noting that two of the four transactions listed in the Complainant's sales table occurred in 2010, one as far back as May 2010. Notwithstanding challenges raised by the Complainant to the Respondent's time adjustment model, the Complainant failed to submit *anything in the alternative* to time adjust his sales, leaving the Board no choice but to rely upon the City's time adjustment factors for all sales proffered by both parties.

[19] With respect to the four sales submitted by the Complainant, the Board finds that including the subject sale as a bona fide *comparable* is unconventional from an appraisal/assessment perspective. The Board therefore excluded the subject sale as a comparable when analysing both parties' sales data.

[20] In this complaint, the Board was less concerned with comparing psf values, since the Complainant and Respondent differed on the issue of whether to include the outbuilding in the calculation of total assessable area, which skewed the psf values for comparative purposes.

[21] Having regard for all sales comparables submitted, the Board was strongly persuaded by the actual market sale of the subject in July 2011, which sold for \$3,750,000 nearly one year prior to the valuation date of July 1, 2012. No challenge was raised by either party with respect to the validity of this transaction, which the Board accepts as valid.

[22] The jurisprudence is clear on this particular issue: the recent sale of a subject property is considered to be strong evidence of the market value of that property.

[23] In this case, the Board finds that one year prior to the valuation date is not recent enough to rely upon without a time adjustment. Notwithstanding the challenges to the Respondent's time adjustment methodology, the Board notes that the City's time adjusted value

for the subject sale which transacted in July 2011 is \$4,102,553 – an increase of 9.5% from the actual sale price of \$3,750,000. The Board is satisfied that this is a reasonable increase given market conditions in the city between July 2011 and the end of June 2012.

[24] The Board further notes that the City's time adjusted subject sale price (\$4,102,553) is very close to the subject's current assessed value (\$4,030,000), which the Board accepts as additional evidence reasonably confirming the reliability of the current assessment as a reflection of typical market value on July 1, 2012.

Board's Decision:

[25] For the reasons outlined herein, the Board confirms the current assessment of the subject property at **\$4,030,000**.

DATED AT THE CITY OF CALGARY THIS 30th DAY OF October 2013.



V. Higham, Presiding Officer

APPENDIX "A"

**DOCUMENTS PRESENTED AT THE HEARING
AND CONSIDERED BY THE BOARD:**

NO.	ITEM
1. C1	Complainant's Disclosure
2. R1	Respondent's Disclosure
3. C2	Complainant's 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.*

For Administrative Use Only – Roll Number 096024203

Municipal Government Board use only: Decision Identifier Codes				
Municipality/Appeal Type	Property Type	Property Sub-Type	Issue	Sub-Issue
Calgary CARB	Warehouse	Warehouse Single Tenant	Cost/Sales Approach	Land & Improvement Comparables Equity Comparables