



## **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:

***Sears Canada Inc.,(as represented by AEC Property Tax Solutions),***

**COMPLAINANT**

and

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

before:

**T. B. Hudson, PRESIDING OFFICER  
A. Blake, 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: 135001709**

**LOCATION ADDRESS: 25 Dufferin PL SE**

**FILE NUMBER: 72280**

**ASSESSMENT: \$45,320,000**

This complaint was heard on the 17th day of July, 2013 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 2.

Appeared on behalf of the Complainant:

- *J. Smiley*

Appeared on behalf of the Respondent:

- *J. Tran*
- *E. Wu*

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

Subsequent to the presentation of the Complainant's evidence, the Respondent requested that the Board consider an interim decision to confirm the assessment and end the hearing. The Respondent took the position that the evidence of the Complainant was inadequate and should be given no weight, and therefore there was no need to present their evidence.

The Board considered the request, but determined that it was premature to confirm the assessment.

The Board advised the Respondent that they were not obligated to present their evidence, but given that the disclosure document had been entered as Exhibit R1, they could choose to do so. The Respondent chose to present their evidence, and the hearing continued.

**Property Description:**

[1] The subject is a Sears distribution centre, an IWS type industrial property zoned I-G, and located at 25 Dufferin PL SE in Calgary. The site area is 29.97 acres, and the improvement is one building constructed in 1999. The building has a net rentable area of 628,068 square feet(sf.), with 2% office finish. Site coverage is 47.84%. The assessment was calculated based on the direct sales comparison approach to a total value of \$45,320,000(rounded) or \$72 per square foot (psf.).

**Issue:**

Is the current assessment value equitable with the assessed value of similar properties?

**Complainant's Requested Value:** \$42,660,000(rounded), or \$67.93psf.

**Board Decision on the Assessment:** The assessment is confirmed at \$45,320,000(rounded).

**Legislative Authority, Requirements and Considerations:**

**[2] The Composite Assessment Review Board(CARB), derives its authority from Part 11 of 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).*

**[3] For purposes of the hearing, the CARB will consider MGA Section 293(1):**

*In preparing the assessment, the assessor must, in a fair and equitable manner, apply the valuation and other standards set out in the regulations, and follow the procedures set out in the regulations.*

**[4] The Matters Relating to Assessment and Taxation Regulation(MRAT) is the regulation referred to in MGA section 293(1)(b). The CARB consideration will be guided by MRAT Part 1 Standards of Assessment, Mass appraisal section 2:**

*An assessment of property based on market value:*

*must be prepared using mass appraisal,*

*must be an estimate of the value of the fee simple estate in the property, and*

*must reflect typical market conditions for properties similar to that property.*

**Position of the Parties on the Assessment Equity Issue:****Complainant's Position**

[5] The Complainant submitted the assessment of a property located at 6075 86 AV SE in the South Foothills industrial region as an equity comparable to the subject. The property is zoned I-G, and assessed based on a land parcel of 31.31 acres, and three IWS type industrial buildings constructed during the period 2005-2007. Site coverage is 62.26%, and the aggregate net rentable area is 848,951sf., with 2-4% office finish. The assessment amount is \$54,020,000(rounded) or \$63.64psf.

[6] The Complainant argued that the higher per square foot assessment of the subject(i.e.\$72psf.), versus the comparable, is likely driven by the lower site coverage of the subject property. However, there is no opportunity for additional utility of the subject parcel as a result of the lower site coverage, and therefore no justification for the difference in assessed value per square foot.

**Respondent's Position**

[7] The Respondent argued that if equity of the assessment is the issue, the assessment of the subject property should be compared to the assessments of similar properties with one building on the parcel.

[8] The Respondent submitted an assessment equity chart (Exhibit R1 page 49), listing four IWS single building properties zoned I-G, and located in the SE industrial region. The key variable characteristics of site coverage and age are similar to the subject's, but the properties are generally superior, with assessments ranging from a low of \$81.47 to a high of \$89.70psf.

[9] The Respondent also noted that the lone property submitted by the Complainant as comparable to the subject, is actually assessed at an overall rate of \$63.64psf., due to the application of two negative influence adjustments. The first for reasons of local improvement issues in the South Foothills industrial area, and the second to recognize the multiple buildings on the parcel.

**Board Reasons for Decision:**

[10] The Complainant indicated that the issue was the equity of the assessment of the subject property. However, the only equity comparable submitted, has very different characteristics from the subject, including three buildings versus one, and site coverage of 62.26% versus 47.84%. In addition the assessment of the comparable had two negative influence adjustments.

[11] The assessment evidence submitted by the Respondent compared the subject property to other similar properties, and the assessed values generally supported the current assessment.

DATED AT THE CITY OF CALGARY THIS 16 DAY OF August 2013.



**T. B. Hudson**

**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

*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**

<i>Decision No. 72280P-2013</i>			<i>Roll No. 135001709</i>	
<u><i>Subject</i></u>	<u><i>Type</i></u>	<u><i>Sub-Type</i></u>	<u><i>Issue</i></u>	<u><i>Sub-Issue</i></u>
CARB	Warehouse I-G	IWS	Equity	Site coverage