



## **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:**

***LOBELLO GROUP OF COMPANIES LTD.***  
***(as represented by Altus Group Limited), COMPLAINANT***

**And**

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

**Before:**

***M. Chilibeck, PRESIDING OFFICER***  
***J. Massey, BOARD MEMBER***  
***P. Pask, 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: 033041708**

**LOCATION ADDRESS: 3650 – 12 ST NE**

**FILE NUMBER: 72459**

**ASSESSMENT: \$4,970,000.**

This complaint was heard on 23th day of September, 2013 at the office of the Assessment Review Board in Boardroom 6 on Floor Number 4, located at 1212 – 31 Avenue NE, Calgary, Alberta.

Appeared on behalf of the Complainant:

- *M. Robinson*

Appeared on behalf of the Respondent:

- *F. Taciune*

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

[1] Neither party raised any objections to a member of the Board hearing the subject complaint.

[2] Neither party raised any procedural or jurisdictional matters.

**Preliminary Matter:**

[3] There were no preliminary matters.

**Property Description:**

[4] The subject is a developed parcel of industrial land with 2.6 acres, designated I-G and improved with one single-tenant warehouse building constructed in 1974 which has an assessed building area of 51,200 sq. ft. The building has 14% office finish and the parcel of land has 45.28% site coverage.

[5] The subject is located at the southeast corner of 12 ST and 36 AV located in the region of McCall in the north east quadrant of the City of Calgary.

**Issues:**

[6] The Complainant identified several matters that apply to the complaint on the complaint form and attached a schedule listing several reasons (grounds) for the complaint. At the outset of the hearing the Complainant advised that only the matter of the assessment amount is under complaint and identified the following issue:

1) The subject assessment is in excess of its market value and the issue is:

i) Four sale comparables, which includes the sale of the subject, support an assessment rate of \$79 per sq. ft. however; the July, 2011 sale of the subject, time adjusted to July 1, 2012 at \$86, supports the claim the assessment is in excess of its market value.

**Complainant's Requested Value:** \$4,135,000. Per disclosure.  
\$4,400,000. Revised at hearing.

**Board's Decision:** Change the assessment to \$4,400,000.

**Legislative Authority, Requirements and Considerations:**

[7] 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).*

[8] 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,*

*(a) apply the valuation and other standards set out in the regulations, and*

*(b) follow the procedures set out in the regulations*

[9] 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*

*(a) must be prepared using mass appraisal*

*(b) must be an estimate of the value of the fee simple estate in the property*

*(c) must reflect typical market conditions for properties similar to that property*

**Assessment Background:**

[10] The subject property is assessed by using the direct sales comparison method at an aggregate rate of \$97.09 per sq. ft. of assessable building area.

**Complainant's Position:**

[11] The Complainant provided four sale comparables which included the sale of the subject in July, 2011.

[12] It was argued that the median rate of \$79 per sq. ft. of building area supports the claim that the subject is assessed in excess of its market value.

[13] The comparables have a net rentable area (NRA) range of 39,600 to 88,608 sq. ft., an actual year of construction (AYOC) range of 1972 to 1983, site coverage (SC) range of 22% to 45% and a median time adjusted sale rate of \$79 per sq. ft.

[14] The comparables have a median assessable building area of 67,866 sq. ft., median year of construction at 1973, and median office finish at 15%, median site coverage at 38% and a median sale price of \$79 per sq. ft.

[15] The subject property sold in July, 2011 for \$4,135,000. This sale is included as a valid sale in the Respondent's list of *NON-RESIDENTIAL SALES JULY 2010-JUNE 2012* which was used in the analysis to value industrial property in the City of Calgary. The time adjusted sale price is \$4,400,216.

[16] The time adjusted sale price of the subject of \$86 per sq. ft. supports the requested rate reduction from \$97 to \$86 per sq. ft.

[17] In rebuttal the Complainant provided a chart listing the Respondent's sale comparables, of which four are common with the Complainant, showing the various factors and characteristics and argued that those comparables which are rated as quality C+ and higher should be excluded. The median sale price of the Quality C comparables is \$88.38 per sq. ft. of building area.

[18] The Complainant provided a copy of the *Respondent's Range of Eight Key Factors* and asserted that three are significant factors; net rentable area (NRA), actual year of construction (AYOC) and site coverage (SC), and claimed these are key factors in determining similarity between the subject property and the comparable properties.

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

[19] The Respondent provided a chart of nine sale comparables, four of which are common to the Complainant, showing the various factors and characteristics for each comparable.

[20] The nine comparables have a NRA range of 35,200 to 88,608 sq. ft., an AYOC range of 1967 to 1998, SC of 21.63% to 49.43%, time adjusted sale price range of \$61.66 to \$139.94. The average sale price is \$98.53 per sq. ft. of building area.

[21] The Respondent used the appraised value of \$4.4 million for the subject property in their analysis chart and time adjusted it to July 1, 2012 at \$4,682,216 for a sale rate of \$91.45 per sq. ft. rather than using the July, 2011 sale price and time adjusted at \$4,400,216 for a sale rate of \$86 per sq. ft.

[22] The Respondent provided a chart of thirteen sale comparables in two parts. One part listed four single tenant building properties separate apart from three multi tenant properties showing an average of \$97 per sq. ft. The other part listed five multi-building properties showing an average of \$103 per sq. ft.

[23] The Respondent provided an assessment equity chart of five properties that have a NRA range of 45,840 to 54,000 sq. ft., AYOC range of 1969 to 1981, SC range of 27.53 to 53.20% and assessed rate range of \$96.69 to \$109.50 per sq. ft.

**Board's Reasons for Decision:**

[24] The Board does not agree with the Respondent that the appraised value rather than the sale price for the subject should be used in the analysis. The Board accepts that the sale price is a better indicator of value and the sale price was used by the Respondent in their analysis when determining the 2013 assessment, as shown in evidence by the Complainant which was obtained from the Respondent and titled *2013 Property Assessment Non-residential Industrial sales July 2010 – June 2012*.

[25] The Board finds that of the four comparables from the Complainant, two should be excluded because one is a manufacturing facility which is assessed on the replacement cost method and the other has two buildings, one of which was constructed in 1998 (quality B) and the other constructed in 1967 (quality C-).

[24] The Board finds that of the five comparables from the Respondent, that four should be excluded because of AYOOC (quality C+ & B).

[26] The Board finds the remaining three similar sale comparables support the requested rate of \$86 per sq. ft.

The Board placed no weight on the Respondent's chart of thirteen sale comparables as insufficient information and explanation was provided to show the relevance of the information in this hearing.

[27] The best information before the Board are the three remaining comparables which include the sale of the subject which sold in July, 2011 at a time adjusted sale price of \$86 per sq. ft. Based on the foregoing the Board determined that \$86 per sq. ft. of building area is the correct market sale rate for the subject. This results in a property assessment of \$4,400,000, truncated.

DATED AT THE CITY OF CALGARY THIS 22<sup>nd</sup> DAY OF October 2013.



**M. Chillbeck**  
**Presiding Officer**

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

<b>NO.</b>	<b>ITEM</b>
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.*

**CARB Identifier Codes**

<b>Decision No. 72459P-2013</b>			<b>Roll No. 033041708</b>	
<b><u>Complaint Type</u></b>	<b><u>Property Type</u></b>	<b><u>Property Sub-Type</u></b>	<b><u>Issue</u></b>	<b><u>Sub-Issue</u></b>
CARB	Industrial	Single Tenant	Sales Approach	Equitable Rate

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