



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:

***Great Plains Business Park GP Corp. (as represented by Altus Group Limited),
COMPLAINANT***

and

The City Of Calgary, RESPONDENT

before:

***M. Chilibeck, PRESIDING OFFICER
T. Usselman, BOARD MEMBER
T. Livermore, 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: 201465846

LOCATION ADDRESS: 7100 – 57 ST SE

FILE NUMBER: 72562

ASSESSMENT: \$10,690,000.

This complaint was heard on 12th day of June, 2013 at the office of the Assessment Review Board in Boardroom 3 on Floor Number 4, located at 1212 – 31 Avenue NE, Calgary, Alberta.

Appeared on behalf of the Complainant:

- D. Mewha

Appeared on behalf of the Respondent:

- I. McDermott
- T. Nguyen

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.

Property Description:

[3] The subject is a vacant parcel of developed industrial land containing 21.56 acres with a land use designation of I-G located at the north east corner of 72 Av. and 57 St. in the south east quadrant of the City of Calgary.

Issues:

[4] 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 assessed base rate of the subject is in excess of market value.

Complainant's Requested Value: \$6,468,000.

Board's Decision:

[5] The Board's decision is to confirm the assessment at \$10,690,000.

Legislative Authority, Requirements and Considerations:

[6] 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).

[7] 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*

[8] 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:

[9] The subject assessment is determined by applying a base rate for I-G (Industrial General) land of \$585,000 per acre for the first ten acres, 75% of the base rate to the next ten acres and 50% of the base rate to the balance of the area (diminishing returns/size adjustment).

Position of the Parties

Complainant's Position:

[10] The Complainant's position is that the market rate for the I-G lands is \$300,000 per acre.

[11] Three 2011 sale comparables were provided in support for their requested rate. These sales were time adjusted to the valuation date of July 1, 2012 and the aggregate rate adjusted to reflect a fully serviced rate. After the adjustments the aggregate rates range from \$210,000 to \$340,000 per acre for the parcels, which parcels range from 24 acres to 56 acres. It was asserted that the median of \$300,000 supports their request.

[12] Four historic sale comparables (2007 & 2008) were provided in support of the rate determined from 2011 sales. In context, the rate per acre applied for the July 2008 valuation was \$540,000 per acre versus the July 2012 valuation of \$585,000 per acre.

[13] No adjustments were made to the historic sales, which range from 22 acres to 29 acres with a median of \$332,000 per acre.

Respondent's Position:

[14] The Respondent advised that the subject land is fully serviced and assessed at the serviced I-G industrial rate of \$585,000 per acre less an adjustment for diminishing returns (size adjustment).

[15] A list of ten sale comparables (2011 & 2012) of I-G parcels from south east Calgary was provided, with the parcels ranging in area from 1.5 acres to 8.8 acres. The sale prices were time adjusted which resulted in a median rate of \$595,000 per acre and an average of \$585,979 per acre in support of their base rate of \$585,000 per acre.

[16] The Complainant's 2011 sale comparables were refuted on the basis that one sale is of

land zoned at I-H versus the subject at I-G, and that the analysis did not recognize diminishing returns when the parcels are greater than ten acres in area.

[17] The sale of 9620R – 68 St. is actually the combination of two parcels of land that are narrow and long, each having a width of 252 feet and a depth of 2,593 feet. The configuration (shape) and area of 30 acres of this comparable is not similar to the subject.

[18] The sale of 10617 – 24 St. is zoned I-H which makes it not similar to the subject. The I-G lands are valued at a base rate of \$585,000 per acre whereas the I-H lands are valued at a base rate of \$350,000 per acre.

[19] The sale of 6335 – 57 St. is for a parcel of land containing 56 acres which is significantly larger than the subject.

[20] The Complainant's sales are of parcels containing 30, 24 and 56 acres versus the subject at 21 acres. The overall sale prices should be trended to recognize diminishing returns as parcel size increases above 10 acres.

[21] The third sale is of a 56 acre parcel and an adjustment for the size difference should be made to compare to the subject of 21 acres. The calculation of the assessed value for this comparable using the diminishing returns methodology showed a reasonable relationship between the assessment and the time adjusted sale price.

Board's Reasons for Decision:

[22] The Board is not convinced to change the assessment as requested by the Complainant.

[23] The Board was persuaded by the Respondent's argument that the sale of 9620R – 68 St. is not comparable to the subject because of its shape, access, and partial servicing.

[24] Also, the sale of 10617 – 24 St. is not comparable to the subject because it is zoned I-H versus the subject zoned at I-G. The base rate for I-H land, at \$350,000 per acre, is significantly less than the base rate for I-G land, at \$585,000 per acre.

[25] The third sale was identified by both parties as the best comparable. The Complainant argued that the final adjusted rate of \$338,000 per acre supports the requested rate of \$300,000 per acre.

[26] However, the Respondent showed that the time adjusted sale price \$9,506,000 (\$338,000 per acre) is supported by applying the I-G base of \$585,000 per acre and adjusting for diminishing returns (size) for a total value of \$9,957,578 for an assessment to sales ratio of 0.95.

[27] The Board finds this analysis convincing; it shows the base rate and the diminishing returns methodology is correct.

[28] The Board finds that it is generally reasonable that larger parcels will sell for less per acre than smaller parcels. This is supported by the Respondent's analysis of the sale for 6335 – 57 St.

[29] This analysis also shows that it is not reasonable to make comparisons using the overall rate per acre as this does take into consideration the differences in area.

DATED AT THE CITY OF CALGARY THIS 10th DAY OF JULY 2013.

M. Chilibeck

M. Chilibeck

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

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:

- (d) the complainant;*
- (e) an assessed person, other than the complainant, who is affected by the decision;*
- (f) the municipality, if the decision being appealed relates to property that is within the boundaries of that municipality;*
- (g) 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

Decision No. 72562P-2013			Roll No. 201465846	
<u>Complaint Type</u>	<u>Property Type</u>	<u>Property Sub-Type</u>	<u>Issue</u>	<u>Sub-Issue</u>
CARB	Industrial	Vacant Land	Sales Method	Land Rate

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