

## **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:

***1374054 Alberta Ltd., (as represented by Altus Group),***

**COMPLAINANT**

and

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

before:

**T. B. Hudson, PRESIDING OFFICER  
Y. Nesry, BOARD MEMBER  
J. Lam, 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: 054013107**

**LOCATION ADDRESS: 3202 12 AV NE**

**FILE NUMBER: 72707**

**ASSESSMENT: \$6,360,000**

This complaint was heard on the 29th day of July, 2013 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 4.

Appeared on behalf of the Complainant:

- *M. Robinson*

Appeared on behalf of the Respondent:

- *M. Hartmann*
- *L. Cheng*

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

There were no procedural or jurisdictional matters raised by the parties.

**Property Description:**

[1] The subject is an IWS type industrial property zoned I-G, and located at 3202 12 AV NE in Calgary. The site area is 4.73 acres, and the improvement is a building constructed in 1979. The building has a net rentable area of 54,905 square feet(sf.), with 19% office finish. There also is a small(i.e. 642sf.) outbuilding on the site. Site coverage is 26.18%. The assessment was calculated based on the direct sales comparison approach to a total value of \$6,360,000(rounded), or \$114.60 per square foot (psf.).

**Issue:**

Is the current assessment in excess of market value?

**Complainant's Requested Value:** \$4,790,000(rounded), or \$87psf.

**Board Decision on the Assessment:** The assessment is confirmed at \$6,360,000(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 Market Value Issue:**

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

[5] In support of their request for a reduced assessment based on \$87psf., the Complainant submitted the sale of three industrial properties, (Exhibit C1 page 15). Net rentable areas ranged from 49,703 to 65,084sf., office finish from 21 to 73%, parcel sizes from 2.1 to 5.6 acres, and site coverage from 26 to 34%. Year of construction ranged from 1971 to 1982, and sale prices at the time of sale from \$83 to \$98psf.

[6] The Complainant then applied the median of the three sale values (i.e.\$87psf.),to arrive at the requested assessment of \$4,790,000 for the subject property.

[7] The Complainant submitted a rebuttal document(Exhibit C2), providing industry reports on three of the six comparable sales provided by the Respondent.

[8] The report on the sale of 700 33 ST NE(Exhibit C2 page 4), lists the sale price at \$101psf., versus \$107.89 psf., in the Respondent's evidence.

[9] The report on the sale of 3650 12 ST NE( Exhibit C2 page 8), indicates the industrial property type is IWM while the evidence of the Respondent is IWS.

[10] The report on the sale at 3905 29 ST NE indicates that the sale was part of a "larger acquisition involving several properties across the country".

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

[11] The Respondent submitted a sale comparables chart (Exhibit R1 page 18), listing six industrial properties zoned I-G, and one zoned I-C. Net rentable areas ranged from 50,265 to 96,804sf., parcel sizes from 2.14 to 5.61 acres and site coverage from 26.12 to 45.28%. Year of construction ranged from 1971 to 1982, and time adjusted sale prices from \$85.94 to \$107.89psf.

[12] The Respondent noted that the request of the Complainant for reduction in the assessment of the subject, is based on sale prices that have not been time adjusted to the July 1, 2012 valuation date.

[13] The Respondent argued that despite the industry reports, and the argument of the Complainant, the most important variables leading to the estimated assessment values for industrial properties are the year of construction, the size of net rentable area, and the percentage of site coverage which factors in the parcel size. If the sale comparable properties are similar in those respects, differences in the other variables such as location, building type, zoning, and office finish have less significance to the assessment value estimate.

[14] The Respondent noted that three of their property sale comparables, are the same three sales submitted by the Complainant. Only one of the three (i.e. 2115 27 AV NE), is located in the same region as the subject. However, the comparable has less rentable area, a smaller site and higher site coverage, and is an IWM property type.


[15] The Respondent also submitted an assessment equity chart(Exhibit R1 page 20), listing the assessments of seven industrial properties in the NE region. The assessments ranged from \$107.75 to \$127.55. Year of construction and net rentable area,, are the variables that are similar to those of the subject property. However the variable that appears to be key to the assessment is the less than typical site coverage(i.e. 26.49%) of the subject.

**Board Reasons for Decision:**

[16] The sales evidence of the Complainant did not prove that the assessment of the subject property exceeds market value. Two of the three sale properties were not good comparables for the subject, and the sale prices used to to justify the value request based on the median of the three, were not time adjusted to July 1, 2012.

[17] The Board considered the concern of the Complainant in regard to the lack of adequate explanation of the meaning of the graph in Exhibit R1 Page 39, and the time adjustment factors applied by the Respondent. However, the Board determined that the information provided above the graph, is sufficient to allow application of the factors to the sale prices of the comparables in order to adjust prices to an estimate of market value on the valuation date of July 1, 2012.

DATED AT THE CITY OF CALGARY THIS 23 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. C2	Complainant Rebuttal
3. 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. 72707P-2013</i>			<i>Roll No.054013107</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	Market Value	Sale Comparables