



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:

CALGARY INDUSTRIAL PROPERTIES LTD.
(as represented by Altus Group Limited), COMPLAINANT

And

The City Of Calgary, RESPONDENT

Before:

M. Chillbeck, 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: 033030123

LOCATION ADDRESS: 1135 – 45 AV NE

FILE NUMBER: 72791

ASSESSMENT: \$2,620,000.

This complaint was heard on 24th 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:

- *G. Foty*

Board's Decision in Respect of Jurisdictional Matters:

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

Preliminary Matter:

[2] There were no preliminary matters.

Board's Decision in Respect of Procedural Matters:

[3] During the Respondent's presentation, the Complainant objected to the evidence the Respondent was using to explain how a value is calculated for a parcel of land and how a value is calculated for additional or excess land in trying to show that the Complainant's alternate calculation for 3900-12 St was not correct. This comparable was provided by the Respondent and rebutted by the Complainant.

[4] The Board's decision was not to accept the Respondent's documentary evidence however, the Board allowed the Respondent to orally explain, without delving into the theory, how the additional or excess land value, if any, was calculated for the noted comparable. The Board found no evidence, such as an Assessment Explanation Supplement, to demonstrate that there is a land adjustment for the property in question and there was no documentary evidence regarding the calculation of value for additional or excess land included in the Respondent's evidentiary disclosure. The Board is aware that generally a value for excess or additional land is calculated for those properties where the site coverage is less than 30%. However the Respondent chose to include the Comparable which has site coverage of 13.09% versus the subject at 39.17% and no explanation was provided by the Respondent.

Property Description:

[5] The subject is a developed parcel of industrial land with 1.26 acres, designated I-G and improved with one multi-tenant warehouse building. The assessed building area is 21,538 sq. ft. and was constructed in 1973 (Quality C). The building has 14% office finish and the parcel has 39.17 % site coverage.

[6] The subject is located on the south side of 45 AV and east of 10 ST. located in the community of McCall in the north east quadrant of the City of Calgary.

Issues:

[7] 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) Three sale comparables with a median sale price of \$110 per sq. ft. of building area support the claim the assessment is in excess of its market value.

Complainant's Requested Value: \$2,360,000.

Board's Decision: Confirm the assessment at \$2,620,000.

Legislative Authority, Requirements and Considerations:

[8] 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).

[9] 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*

[10] 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:

[11] The subject property is assessed by using the direct sales comparison method at an aggregate rate of \$122 per sq. ft. of assessable building area.

Complainant's Position:

[12] The Complainant provided three sale comparables which have an aggregate median sale price of \$110 per sq. ft. of building area in support that the subject is assessed in excess of its market value.

[13] The comparables have a net rentable area (NRA) range of 19,129 to 36,167 sq. ft., an actual year of construction (AYOC) range of 1974 to 1980, site coverage (SC) range of 43% to 49% and time adjusted sale price range of \$80 to \$140 per sq. ft. of building area. The median of the sale prices is \$110 per sq. ft. of building area.

[14] In rebuttal the Complainant provided a chart listing the Respondent's eleven sale comparables, which includes one common to the Complainant, showing the various factors and characteristics and argued that those comparables which are rated as quality C+ and higher (AYOC 1980 to 1998) should be excluded from the analysis.

Respondent's Position:

[15] The Respondent provided a chart of eleven sale comparables, which included one comparable common to the Complainant, showing the various factors and characteristics for each comparable.

[16] The eleven comparables have a NRA range of 12,872 to 28,358 sq. ft., an AYOC range of 1965 to 1998, SC of 13.09% to 45.76% and time adjusted sale price range of \$109.78 to \$192.35 per sq. ft.

[17] These comparables have an aggregate median rate of \$136.98 and an aggregate average rate of \$148.20 per sq. ft.

[18] The Respondent provided a chart showing four of the eleven comparables which are located in the community of McCall. These comparables have a NRA range of 15,018 to 28,358 sq. ft., AYOC range of 1974 to 1993, site coverage range of 13.09 to 42.73% and an assessed rate range of \$109.78 to \$192.35 per sq. ft.

[19] The Respondent provided an assessment equity chart of five properties that have a NRA range of 17,978 to 24,000 sq. ft., AYOC range of 1971 to 1979, SC range of 36.33 to 40.33% and assessed rate range of \$119.23 to \$139.50 per sq. ft.

Board's Reasons for Decision:

[20] The Board finds that one of the Complainant's comparables should be excluded because of its AYOC (1980). This leaves two comparables which have a time adjusted sale price of \$80 and \$110 per sq. ft.

[21] The Board agrees that those comparables of the Respondent which are newer in age, which range from 1980 to 1993 (quality C+ and higher) should be excluded from the analysis. This leaves three comparables, one of which is common to the Complainant

[22] The Board finds four comparables, two from each party, which are similar to the subject.

[23] However, the Board was advised that one of the Complainant's sale comparables has a low selling price due to deferred maintenance as shown on the RealNet transaction summary. Therefore the Board placed little weight on this comparable.

[24] The Respondent advised that the other sale has a low selling price because there is a deficiency of parking stalls as identified by the City of Calgary regarding an application for a change of use from a restaurant to a licensed restaurant. Documentation was provided to show the parking deficiency however, no evidence was provided to show how this issue was resolved. Also, the Board notes the Commercial Edge transaction summary makes no mention about the parking deficiency.

[25] Also, the two sales from the Respondent are in the Meridian community and both parties agreed that properties in this area command a higher selling price than those in McCall community.

[26] The Board finds that the three best comparables have sale prices of \$100, \$136 and \$131 per sq. ft. of which the latter two are in the Meridian community. These sale prices bracket the subject's assessed rate and knowing that the Meridian properties sell for more than property in McCall community, the Board finds no compelling evidence to change the subject's assessment.

DATED AT THE CITY OF CALGARY THIS 23 DAY OF October 2013.



M. Chilibeck

Presiding Officer

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

NO.	ITEM
1. C1	Complainant's Disclosure
2. R2	Respondent's Disclosure
3. C3	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

Decision No. 72791P-2013			Roll No. 033030123	
<u>Complaint Type</u>	<u>Property Type</u>	<u>Property Sub-Type</u>	<u>Issue</u>	<u>Sub-Issue</u>
CARB	Industrial	Single Tenant	Sales Approach	Equitable Rate

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