



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:

924643 Alberta Ltd. (as represented by Altus Group Limited), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

***I. Weleschuk, PRESIDING OFFICER
D. Steele, BOARD MEMBER
T. Usselman, 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: | 048050009 |
| LOCATION ADDRESS: | 2222 16 Avenue NE |
| FILE NUMBER: | 72832 |
| ASSESSMENT: | \$9,560,000 |

This complaint was heard on the 8th day of August, 2013 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 12.

Appeared on behalf of the Complainant:

- *J. Weber*

Appeared on behalf of the Respondent:

- *L. Cheng*

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

- [1] The Board noted the file includes a completed copy of the Assessment Review Board Complaint form and an Assessment Complaints Agent Authorization form.
- [2] Neither party objected to the members of the Board, as introduced, hearing the evidence and making a decision regarding this assessment complaint.
- [3] No preliminary issues were raised by either party.

Property Description:

- [4] The subject property is a single-tenant warehouse industrial property (IWS) located at 2222 16 Avenue NE, in the South Airways District of northeast Calgary. The lot is 10.07 acres in size. The subject building was constructed in 1968, with an assessable area of 88,962 square feet (SF), resulting in 20% site coverage and 3.33 acres of extra land. The finish ratio is 22%. The 2013 assessment is \$9,560,000, calculated by applying a rate of \$107.47/SF to the total assessable area.

Issues:

- [5] What is the correct assessed value?

Complainant's Requested Value: \$6,400,000

Board's Decision:

- [6] The Board confirms the 2013 Assessment of \$9,560,000.

Legislative Authority:

- [7] Section 4(1) of Matters Relating to Assessment and Taxation Regulation (MRAT) states that the valuation standard for a parcel of land is "market value". Section 1(1)(n) defines "market value" as the amount that a property, as defined in Section 284(1)(r) of the Act might be expected to realize if it is sold on the open market by a willing seller to a willing buyer. Section 467(3) of the Act states that an assessment review board must not alter any assessment that is fair and equitable, taking into consideration (a) the valuation and other standards set out in the regulations. The issues raised in the Complaint may refer to various aspects of the assessment or calculation of the assessed value, and may be addressed by the Board. However, the ultimate test that the Board must apply is whether the assessed value reflects the market value of the assessed property.

ISSUE 1: Is the subject property correctly assessed?**Complainant's Position:**

- [8] The Complainant presented a summary table showing four comparable sales (page 9, Exhibit C1), and identified the "best comparable" as the property located at 1939 Centre Ave SE which has a time adjusted sale price of \$72.00/SF. This is an IWS property on 8.7 acres of land, 88,608 SF of assessable building area, 22% site coverage and 16% finish ratio. The Complainant argued that the other three sales presented support the \$72.00/SF rate when appropriate adjustments are made. The Complainant concluded the market value of the subject is \$72.00/SF, which translates into the requested assessed value of \$6,400,000.
- [9] The Complainant presented a summary table of seven equity comparables (page 10, Exhibit C1) and identified two as being "the most comparable" (located at 1616 Meridian Rd. NE and 824 41 Av NE). The median assessed rate of these two "best comparables" is \$73.77/SF, which supports a market value of \$72.00/SF.
- [10] The Complainant argued that the 2013 assessment translates into a rate of \$107.46/SF, which is considerably more than the comparable data indicates, therefore the assessment is also inequitable.
- [11] In response to questions and in rebuttal, the Complainant presented evidence (Exhibit C2) to demonstrate that the two comparables located at 1616 Meridian Rd NE and 1939 Centre Av SE are valid sales of industrial warehouse properties, and are included in the City's database for such properties.

Respondent's Position:

- [12] The Respondent presented evidence (Exhibit R1) and argument to demonstrate that the properties located at 1616 Meridian Rd NE and 1939 Centre Av SE are not typical industrial warehouse properties, and that Supplemental Assessments were sent for both properties in 2012 and 2013 based on the cost approach (page 19-22, Exhibit R1). The 1616 Meridian Rd NE property is a multi-building property consisting of a 29,000 SF building with 30 ft clearance and a second 36,000 building with two large fixed cranes. This property is specially designed for metal fabrication. The 1939 Centre Av SE property is also a multi-building facility that is improved and has been operating as a milk processing facility, with large tanks, specialized equipment and refrigeration.
- [13] The Respondent presented a summary table of five sales comparables (page 33, Exhibit R1) indicating a median time adjusted sale price of \$124.30/SF and argued that with the appropriate adjustments, this rate supports the assessed rate of \$107.47/SF.
- [14] The Respondent presented a summary table of six equity comparables (page 35, Exhibit R1) showing a range of assessed values between \$94.60 to \$148.87/SF. The difference in assessed values is a function of the specific characteristics of each property. The Respondent argued that these equity comparables support the assessed rate of \$107.47/SF. In response to questions, the Respondent stated that the best equity comparable is the property located at 1201 42 Av SE, with an assessed value of \$114.90/SF. This comparable is located in the "central" region, so would be expected to have a slightly higher value than a "northeast" region property.
- [15] The Board noted the subject property is zoned Direct Control (pre 1P2007). The Respondent answered that he was familiar with the zoning and that the zoning is similar to Industrial-General (I-G) zoning. The Respondent acknowledged that no evidence was included on zoning.

Findings of the Board on this Issue

- [16] Section 284 of the Act states that market value is the test applied to an assessment. Section 467(3) states that an assessment review board must not alter any assessment that is fair and equitable, taking into consideration valuation standards set out in regulations, procedures set out in regulations and the assessment of similar property in the same municipality.
- [17] In argument, both the Complainant and Respondent asked the Board to make various mental adjustments to the comparable sales to support the requested assessed rate or the 2013 assessed rate. Neither party provided an analysis or even an indication of the quantum of the adjustments for the various property characteristics discussed. As a result, the Board places little weight on this argument.

- [18] The Board considered the evidence and argument presented on the 1616 Meridian Rd NE and 1939 Centre Av SE properties by both parties and finds that neither property is very comparable to the subject. Both properties appear to be special use properties. The Complainant was not able to provide answers to Board questions regarding the details of these two sales, and specifically if the sale price included any consideration for machinery and equipment. The Board puts little weight on these two sales in its decision.
- [19] The Board notes that little comparable evidence was presented or presented in a manner to support either party's position. That said, the Board is not persuaded with evidence presented by the Complainant, for the reasons stated above. Given the evidence presented, the Board has no basis on which to change the 2013 assessment.

Board's Reasons for Its Decision

- [20] Given the evidence presented, the Board has no basis to change the 2013 assessment and confirms the 2013 assessment of \$9,560,000.

DATED AT THE CITY OF CALGARY THIS 6 DAY OF September 2013.



Ivan Weleschuk
Presiding Officer

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

| NO. | ITEM |
|------------|---------------------------------|
| 1. C1 | Complainant Disclosure |
| 2. R1 | Respondent Disclosure |
| 3. C2 | Complainant Rebuttal 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

| Subject | Type | Sub-Type | Issue | Sub-Issue |
|----------------|----------------------|-----------------|-----------------------|------------------|
| CARB | Industrial warehouse | Stand-alone | Direct Sales Approach | Equity, Sales |