



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 *MGA*).

between:

***4398 Development Inc.,
(represented by Altus Group Limited), COMPLAINANT***

and

The City Of Calgary, RESPONDENT

before:

***Ms. V. Higham, PRESIDING OFFICER
Mr. B. Bickford, BOARD MEMBER
Mr. D. Julien, BOARD MEMBER***

This is a complaint to the Calgary Assessment Review Board (the Board) in respect of a property assessment prepared by the Assessor of The City of Calgary (the City) and entered in the 2013 Assessment Roll as follows:

ROLL NUMBER:	200921278
LOCATION ADDRESS:	4398 112 Avenue SE Calgary, Alberta
FILE NUMBER:	72888
ASSESSMENT:	\$3,410,000

This complaint was heard on 17th day of September, 2013 at the office of the Calgary Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 4.

Appeared on behalf of the Complainant:

- **Mr. Dave Mewha** **Agent, Altus Group Limited**

Appeared on behalf of the Respondent:

- **Mr. Ian McDermott** **Assessor, City of Calgary**

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

- [1] Neither party objected to the composition of the Board as introduced at the hearing.
- [2] All disclosure materials were received in a timely fashion, as legislated under the Act.
- [3] The Board noted a duly-executed Agent Authorization Form present in the file.
- [4] The parties requested, and the Board agreed, to "carry forward" all evidence, submissions, and arguments entered into the record during the hearing of lead file number 72893 (CARB 72893/2013-P, likewise heard on September 17, 2013) into the record of the subject hearing for the Board's consideration.
- [5] No preliminary matters were raised by either party.

Property Description:

- [6] The subject is an industrial parcel zoned I-G, located at 4398 112 Avenue SE in Calgary's East Shepard industrial district. The site is improved with one single tenant warehouse built in 2008, comprising 16,939 square feet (sf) of space on 1.72 acres of land, with a 16% finish ratio and 23% site coverage. The subject is currently assessed at \$3,410,000 or \$202 per square foot (psf), using a direct sales comparison approach to value.

Issues:

- [7] The Complainant identified two matters on the Complaint Form as under complaint, that being the assessment amount and assessment class. During the hearing, the Complainant indicated he would advance submissions on the first matter only (being the assessment amount), and also indicated that he was requesting a different assessment amount (\$3,130,000) than originally noted on the Complaint Form (\$2,900,000). The Complainant then raised the following issue for the Board's consideration:

- 1) Is the subject assessment fair and equitable, having regard to the direct sales comparison analyses presented by each party?

Complainants' Requested Value: \$3,130,000

Board's Decision: For the reasons outlined herein, the Board reduces the current assessment of the subject property from \$3,410,000 down to **\$3,250,000**.

Legislative Authority, Requirements and Considerations:

[8] A Composite Assessment Review Board (CARB) derives its authority from the MGA, Revised Statutes of Alberta 2000, Section 460.1, which reads as follows:

- (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).

Section 293 of the MGA requires that :

- (1) In preparing an 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.

Section 2 of the *Matters Relating to Assessment and Taxation Regulations* (the MRAT) states:

- (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, and
 - (c) must reflect typical market conditions for properties similar to that property.
- 4(1) The valuation standard for a parcel of land is
 - (a) market value, or
 - (b) if the parcel is used for farming operations, agricultural use value.

Position of the Parties**Complainant's Position:**

[9] The Complainant submitted a sales comparison table (Exhibit C1, p.15), listing eight single tenant industrial properties in the south east region of Calgary constructed between 1997 and 2012, which produced unadjusted median/mean sale prices of \$185/\$186 psf respectively, and time adjusted sale prices of \$192/\$194 psf respectively.

[10] The Complainant also included in this table, the City's assessments for the same eight properties showing median/mean assessed values of \$203 and \$197 psf respectively, and median/mean assessment-to-sales ratio (ASR) values of 1.05 and 1.02 respectively.

[11] The Complainant further provided RealNet and Commercial Edge transaction reports for each of the comparables used in this sales table (Exhibit C1, pp.16-31), as well as a number of recent CARB decisions which reviewed several of the same comparables as the Complainant's.

[12] In reviewing this sales table, the Complainant identified four of the eight sales as being most similar to the subject property in terms of size, land area, year of construction, site coverage, and property finish. The Complainant also identified a fifth comparable as being very similar to the subject property, but noted that this transaction occurred post facto the July 1, 2012 valuation date, having sold on August 30, 2012.

[13] The Complainant stated that the time adjusted sales values in his sales table were taken directly from the City's sales data, but further argued that no time adjustments need be applied to these eight sales, since they were all relatively valid stand-alone sales, and since the Complainant challenged the validity of the City's time adjustment methodology.

[14] In rebuttal, the Complainant challenged the reliability of several of the Respondent's sales comparables for numerous reasons, including: two sales were for multi-tenanted properties, and several sales were described as "outliers" for factors relating to location or building size.

[15] In further rebuttal, the Complainant also referred the Board to a number of CARB decisions which accepted post facto sales as relevant, as well as decisions which addressed the validity and reliability of the City's time adjustment methodology.

[16] In summary, the Complainant concluded that his four best comparables were most similar to the subject relative to the factors noted in paragraph 12 above, and that these four best produced a tight range of unadjusted sale price values (between \$171 and \$187 psf), with a median value of \$177 psf.

[17] The Complainant concluded by stating that his requested valuation is based on an unadjusted median value of \$185 psf for all eight sales in his study, rather than the \$192 psf time adjusted median value for the same eight sales (given the Complainant's challenge of the City's time adjustment model), but that he would accept the \$192 base rate in the alternative.

Respondent's Position:

[18] The Respondent submitted the City's sales comparison table (Exhibit R1, p.19), listing seven industrial transactions, three of which were common to both parties' analyses. The Respondent objected to five of the Complainant's sales, arguing that the respective properties were not similar enough to the subject to be reliable comparables.

[19] The Respondent also argued that the City's sales analysis was more comparable to the subject than the Complainant's study, and further identified for the Board the three City sales which the Respondent considered to be most similar to the subject.

[20] The Respondent also submitted an equity chart comprised of eight, single tenant industrial properties in the immediate Dufferin district, with years of construction dates ranging from 2003 to 2011 (subject built in 2011) and similar site coverage ratios. The assessed values of the six comparables ranged from \$196 to \$212 psf, with median/mean values of \$204 and \$204 psf respectively.

[21] The Respondent additionally defended the City's time adjustment model, noting in oral testimony that it is based on the plotting of sales-to-assessment ratios (SARs) of all relevant industrial transactions, which are then entered into the City's regression analysis model – producing for the subject assessment year four distinct trending periods, each with its own applied adjustment factor.

[22] The Respondent argued that the Complainant's requested valuation is based upon his unadjusted sales data, which ought not to be relied upon by the Board. In summary, the Respondent noted that the CARB decisions submitted by the Complainant all accepted the City's time adjusted values in their conclusions, notwithstanding respective challenges to the City's time adjustment methodology in each decision.

[23] The Respondent concluded by noting that the Complainant offered no alternative to the City's time adjustment methodology, and that to accept the Complainant's requested valuation based on his unadjusted sale values produces an unreliable outcome, not reflective of the subject's typical market value.

Board's Findings and Reasons for Decision:

[24] Having considered all evidence and arguments submitted at the hearing, the Board is persuaded that the best indicator of market value for the subject property is derived by carefully analysing the sales data of both parties.

[25] The Board summarily rejects the Complainant's assertion that no time adjustment is needed for his sales comparables, noting that three of these eight occurred in 2010, one as far back as January 2010. Notwithstanding challenges raised by the Complainant to the Respondent's time adjustment model, the Complainant failed to submit *anything in the alternative* to time adjust his sales, and leaves the Board no choice but to rely upon the City's time adjustment factors for all sales proffered by both parties.

[26] In total, both parties submitted fifteen sales comparables, three of which were common to both studies. The Board finds that no one sale merited outright exclusion, notwithstanding the identified weaknesses and dissimilarities of some of the sales. Thus, the Board conducted various analyses of the twelve distinct sales, in order to determine how much weight to place on each individual transaction, as follows:

- 1) Examining all twelve sales results in a value range between \$180 and \$244, with a median value of \$187 psf, time adjusted.
- 2) The median of the Complainant's eight time adjusted sales is \$192 psf; the median of the Complainant's best five time adjusted sales is \$187 psf.
- 3) The median of the Respondent's seven time adjusted sales is \$202 psf; the median of the Respondent's best three time adjusted sales is \$202 psf.
- 4) The median of the Complainant's best five combined with the Respondent's best three (Complainant's: \$187, \$192, \$180, \$183, \$205 and Respondent's: \$244, \$202, \$189) is \$191 psf.
- 5) The Board noted that three properties sold in the Dufferin economic zone nearby the subject (having sold in May 2010, December 2011, and September 2012 for time adjusted values of \$192, \$183, and \$180 psf respectively) with a median price of \$180 psf. The Board further notes that the most recent sale presented in evidence (for a property located in Dufferin close to the subject) transacted in September 2012 for \$180 psf (albeit post facto the valuation date of July 1, 2012).

[27] The Board further examined the equity evidence proffered by the Respondent, and finds that while the subject was equitably assessed relative to other similar properties in Dufferin, the evidence suggests that those properties in that zone may also have been over-assessed in 2012, based on the sales data submitted by both parties.

[28] The Board also gave its mind to the two post facto sales submitted by the Complainant, objected to by the Respondent, and finds that they are valid, relevant comparables, since they are both similar in nature to the subject property, and both sold in the current assessment year within seven weeks of the valuation date (August 30 and September 18 of 2012).


[29] Considering all the evidence advanced by both parties as summarized above, the Board notes that the Complainant's time adjusted median value of all eight sales comparables in his study (\$192 psf) is nearly identical to the median value of the ten best sales of the Complainant and Respondent combined (\$191 psf).

[30] Given the three similarly situated properties in the nearby Dufferin zone, which sold for time adjusted values of \$192, \$183, and \$180 psf, the Board is satisfied that the best indicator of value for the subject is derived by applying the Complainant's overall time adjusted median value of \$192 psf, which results in an assessed valuation for the subject of \$3,252,288 or \$3,250,000 truncated.

Board's Decision:

[31] For the reasons outlined herein, the Board reduces the current assessment of the subject property from \$3,410,000 down to **\$3,250,000**.

DATED AT THE CITY OF CALGARY THIS 30th DAY OF October 2013.



V. Higham, 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
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.*

For Administrative Use Only – Roll Number 200921278

Municipal Government Board use only: Decision Identifier Codes				
Municipality/Appeal Type	Property Type	Property Sub-Type	Issue	Sub-Issue
Calgary CARB	Warehouse	Warehouse Single Tenant	Cost/Sales Approach	Land & Improvement Comparables Equity Comparables