



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:

Markus Gruen and Erik Sonnemann, C/O Norcal Realty and Management, (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: 032034001

LOCATION ADDRESS: 4120 23 ST NE

FILE NUMBER: 73328

ASSESSMENT: \$3,180,000

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:

The Complainant advised that a preliminary issue of municipal non compliance with the Act Section 299 and/or 300 has been resolved. There were no other procedural or jurisdictional matters raised by the parties.

Property Description:

[1] The subject is an IWM type industrial property zoned I-G, and located at 4120 23 ST NE in Calgary. The site area is 1.38 acres, and the improvement is one building constructed in 1978. The building has a net rentable area of 25,776 square feet(sf.), with 27% office finish. Site coverage is 36.97%. The assessment was calculated based on the direct sales comparison approach to a total value of \$3,180,000(rounded), or \$123.64 per square foot (psf.).

Issue:

Is the current assessment in excess of market value?

Complainant's Requested Value: \$2,600,000(rounded) or \$101psf.

Board Decision on the Assessment: The assessment is confirmed at \$3,180,000(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 \$101psf., the Complainant submitted the sale of four comparable IWM type industrial properties,(Exhibit C1 page 13). Net rentable areas ranged from 19,129 to 49,703sf., office finish from 28 to 73%, parcel sizes from 1.0 to 3.1 acres, and site coverage from 34 to 46%. Year of construction ranged from 1974 to 1980, and sale prices at the time of sale from \$83 to \$126psf.

[6] The Complainant then applied the median of the range of sale values (i.e.\$101psf.),to arrive at the requested assessment of \$2,600,000 for the subject property

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

[8] According to the reports, and the sale evidence of the Respondent, four of the eight sales are IWS type industrial properties, and two of the remaining four are located in SE Calgary, in contrast to the subject's NE location and IWM classification.

[9] The report on the sale of 1415 28 ST NE(Exhibit C2 page 4) lists the size of the parcel at 7.91 acres versus the 4.43 acres in the Respondent's evidence.

[10] The report on the sale of 3900 12 ST NE includes an Affidavit of Transferee that provides an opinion of value of \$6,000,000 versus the sale price of \$4,200,000 in the Respondents's evidence.

[11] The Complainant argued that the Board should place little weight on the time adjustment factors applied by the Respondent, because the explanation of the chart in Exhibit R1 page 39, was weak at best.

Respondent's Position

[12] The Respondent submitted a sale comparables chart (Exhibit R1 page 24), listing eight industrial properties zoned I-G. Net rentable areas ranged from 20,010 to 36,954sf., parcel sizes from 1.03 to 4.43 acres and site coverage from 13.09 to 42.73%. Year of construction ranged from 1970 to 1986, and time adjusted sale prices from \$109.78 to \$192.35psf.

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

date.

[14] The Respondent identified the property sales at 2610 3 AV NE, and 2620 22ST NE with time adjusted sale prices of \$131.16 and \$128.81psf. as the best comparables to the subject property.

[15] 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.

[16] The Respondent indicated that two of the four property sales included in the evidence of the Complainant are not similar to the subject property. The property at 2835 23 ST NE, and the property at 1826 25 AV NE, both have more than one building on the parcel.

[17] The Respondent noted that the net rentable areas of the Complainant's two remaining sales at 2115 27 AV NE(i.e. 49,703sf.), and 1314 44 AV NE(i.e. 19,129sf.) are poor comparables to the subject at 25,778sf.

[18] The Respondent also submitted an assessment equity chart(Exhibit R1 page 26), listing the assessments of seven industrial properties in the NE region. The assessments ranged from \$115.08psf., to \$139.48psf. Year of construction, net rentable area, and site coverage, are the key assessment variables that are similar to those of the subject property, which is assessed at \$123.64psf.

Board Reasons for Decision:

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

[20] 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:**

NO.	ITEM
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. 73328P-2013</i>			<i>Roll No.032034001</i>	
<u>Subject</u>	<u>Type</u>	<u>Sub-Type</u>	<u>Issue</u>	<u>Sub-Issue</u>
CARB	Warehouse I-G	IWS	Market Value	Sale Comparables