



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:

2137569 Ontario Inc. (as represented by Altus Group Limited), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

B. Horrocks, PRESIDING OFFICER

J. Massey, BOARD MEMBER

J. Pratt, 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 2014 Assessment Roll as follows:

ROLL NUMBER:	097006191
LOCATION ADDRESS:	7120 BARLOW TR SE
FILE NUMBER:	73932
ASSESSMENT:	\$16,760,000

This complaint was heard on the 14th day of July, 2014 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:

- J. Weber (Altus Group Limited)

Appeared on behalf of the Respondent:

- I. McDermott (City of Calgary)
- J. Greer (City of Calgary)

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

- [1] There were no concerns with the CARB as constituted.
- [2] The parties have visited the site.
- [3] The parties have not discussed the file.
- [4] There were no preliminary matters. The merit hearing proceeded.
- [5] The parties requested that all evidence, argument and comments with respect to the sale of 6810 40 ST SE from Hearing Number 74475 be carried forward to this hearing.

Property Description:

[6] The subject property is a 10.11 acre parcel located in the Foothills Industrial community in SE Calgary. The site is improved with: one large multi tenanted warehouse [IWM] with 222,570 square feet (sf) of assessable area, 0% finish and 52.98% site coverage, one small single tenanted warehouse [IWS] with 5,400 sf of assessable area, 12% finish and 52.98% site coverage and one additional small [IWM] with 5,400 sf of assessable area, 47% finish and 52.98% site coverage. The improvements were all constructed in 1978 and are classified as C quality.

[7] The subject property is assessed using the Sales Comparison Approach to value. The subject assessment receives a negative "multi building" adjustment.

Issues:

[8] An assessment amount was identified on the Assessment Review Board Complaint Form as the matter that applies to the complaint. At the outset of the hearing, the Complainant advised that there was one outstanding issue, namely "The assessment of the subject property is in excess of its market value for assessment purposes."

Complainant's Requested Value: \$10,150,000 (Complaint Form)
\$10,310,000 (Hearing)

CARB's Decision:

- [9] The 2014 assessment is confirmed at \$16,760,000.

Legislative Authority, Requirements and Considerations:

The Composite Assessment Review Board (CARB) derives its authority from the Act, Section 460.1:

- (2) *Subject to section 460.1(1), 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).*

The Act requires that:

- 293(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.*

Matters Relating to Assessment and Taxation Regulation (MRAT) requires that:

- 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*

CARB's Decision in Respect of Each Matter or Issue

Issue: What is the market value of the subject property, for assessment purposes?

Complainant's Position:

[10] The Complainant's Disclosure is labelled C-1.

[11] The Complainant submitted that the time adjusted sale price on the subject property is the best indicator of market value. The Complainant, on page 15, provided the calculations used to adjust the sale price of \$10,150,000 from July 2009 to June 30, 2013. The time adjusted sale price was \$10,310,417. The Complainant requested an assessment of \$10,310,000.

[12] The Complainant, on page 19, provided the 2014 Assessment Request for Information (ARFI) noting a sale of the subject property was registered on December 4, 2012, but the sale price of \$10,150,000 had actually been agreed to on July 21, 2009 as part of an Option to Purchase Agreement.

[13] The Complainant, on page 22, provided a copy of the title page of the Offer to Purchase 7110 and 7220 Barlow TR SE for the sum of \$10,150,000.

Respondent's Position:

[14] The Respondent's Disclosure is labelled R-1.

[15] The Respondent, on page 24, provided a table titled 2014 Industrial Sales Chart. The table contains details of the sales of four comparable industrial properties in Foothills of greater than 100,000 sf. The time adjusted sale prices per square foot (TASP/SF) ranged from \$61.46 to \$131.37, with a median TASP/SF of \$75.83. The Respondent noted the large improvement on the subject property is assessed at the rate of \$66.47 psf, near the bottom of the range.

[16] The Respondent, on page 25, provided a table titled 2014 Industrial Sales Chart. The table contains details of the sales of three comparable IWS single building properties in Foothills of approximately 5,400 sf. The TASP/SF ranged from \$131.94 to \$293.74, with a median of \$292.49. The Respondent noted the subject smaller IWS improvement is assessed at the rate of \$196.82 psf, within the range.

[17] The Respondent, on page 26, provided a table titled 2014 Industrial Sales chart. The table contains details of the sales of eleven comparable IWS single building properties throughout the City of approximately 5,400 sf. The TASP/SF ranged from 131.94 to \$296.50 psf with a median of \$191.18 psf. The Respondent noted the subject IWS building is assessed at the rate of \$196.82 psf, in the range.

[18] The Respondent, on page 27, provided a table titled 2014 Industrial Sales Chart. The table contains details of four comparable IWM single building properties from throughout the city of approximately 5,400 sf. The TASP/SF ranged from \$130.55 to \$241.21 psf with a median of \$176.86 psf. The Respondent noted the subject IWM building is assessed at the rate of \$167.06 psf, within the range.

[19] The Respondent submitted that the offer to purchase value for 7120 Barlow TR SE was negotiated in July, 2009, four years prior to the current valuation date, which is beyond the time frame the City uses for sales in the industrial multiple regression model. Further, the longer the time frame between any individual sale and the valuation date the greater inaccuracy in the adjustment.

[20] The Respondent, on page 38, provided a copy of the Transfer of Land dated April 8, 2014 wherein the solicitor for the agent of the transferee identified the present value of the land (subject property) in its opinion was \$16,700,000. The Respondent noted the subject is assessed at \$16,760,000 and the transfer is a further indicator of the market value.

Complainant's Rebuttal Position:

[21] The Complainant's Rebuttal Disclosure is labelled C-2.

[22] The Complainant, on page 3, provided a table titled Altus Response to City Sales. The Complainant submitted that:

the sale at 4545 54 AV SE should not be used as a comparable as it is not valid because it was part of a portfolio sale.

the sale at 7504 30 ST SE should not be used as a comparable as it is not valid because it was part of a portfolio sale.

the sale at 7403 30 ST SE should not be used as a comparable as it is not valid because it was a leaseback sale.

the indicated sale price of \$16,700,000 for the sale of 7120 Barlow TR SE cannot be relied on, as the purchaser indicated it was a non-arms length corporate transfer.

[23] The Complainant, on pages 35 and 36, reviewed the time adjusted assessment to sale ratio (TASR) of the comparable sales for the assessment of 3225 54 AV SE noting the large variance. The Complainant concluded it had no confidence in the Respondent's multi building adjustment.

[24] The Complainant, on pages 37 and 38, reviewed the TASR of the comparable sales for the assessment of 7120 Barlow TR SE (the subject property) again noting the large variance and concluding it had no confidence in the Respondent's multi building adjustment.

[25] The Complainant, on pages 39 through 45, provided all of the sale comparables that were used in the valuation model. The sales occurred in the period July 2, 2010 to June 13, 2013.

CARB's Findings:

[26] The CARB concurs with the Complainant that the sale of 4545 54 AV SE is invalid and should not be used as a comparable. The CARB notes the sale was not used by the Respondent in 2014.

[27] The CARB concurs with the Complainant that the sale of 7504 30 ST SE is invalid and should not be used as a comparable. The CARB notes the removal of the sale from the table on page 24 of R-1 does not impact the result, as the subject assessment is still in the revised TASP/SF range of \$61.46 to \$78.09 psf.

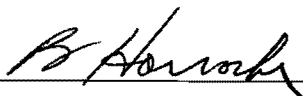
[28] The CARB concurs with the Complainant that the sale of 7403 30 ST SE is invalid and should not be used as a comparable. The CARB notes the sale is one of 182 sales used by the Respondent in the model and its removal would not materially impact the results provided by the model.

[29] The CARB concurs with the Complainant that the indicated sale price of \$16,700,000 for 7120 Barlow TR SE cannot be relied on.

CARB's Reasons for Decision:

[30] The Respondent's sale comparables are more compelling evidence than the Complainant's time adjusted sale price of the subject property sale that occurred in 2009.

DATED AT THE CITY OF CALGARY THIS 7 DAY OF August 2014.



B. Horrocks

Presiding Officer

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

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

Property Type	Property Sub-Type	Issue	Sub-Issue
Warehouse	Multi improved	Market value	