



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:

Rio Verde Properties Ltd. (as represented by MNP LLP), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

K. Thompson, PRESIDING OFFICER
A. Wong, BOARD MEMBER
G. Milne, BOARD MEMBER

This is a complaint to the Calgary Composite Assessment Review Board (the 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:	033044504
LOCATION ADDRESS:	4303 14 St NE
FILE NUMBER:	74383
ASSESSMENT:	\$2,050,000

This complaint was heard on 11th day of August, 2014 at the office of the Assessment Review Board located at Floor Number 3 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 8.

Appeared on behalf of the Complainant:

- Y. Lau *Agent, MNP LLP*
- J. Langelaar *Agent, MNP LLP*

Appeared on behalf of the Respondent:

- M. Hartmann *Assessor, City of Calgary*

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

[1] The Complainant and Respondent asked that the testimony, questions and summary on the five additional summary sheets be carried forward from file 74386. The Board continued with the merits of the complaint.

Property Description:

[2] The subject property is a multi bay, multi tenant industrial warehouse located at 4303 14 St NE in the McCall Industrial Park. This property has been classed as C and is assessed as having four units for a total of 9,645 square feet (sf) of building, constructed in 1979 on a 0.73 acre parcel.

[3] The subject property is assessed using the sales comparison approach and the property assessment indicates a rate of \$213.48 per square foot (psf).

Issues:

[4] The Complainant made two requests for this property's value, one based on sales and one based on equity. The value of the property would better reflect market if it were based on \$159.00 psf (from sales evidence) or \$191.00 psf (from equity evidence).

Complainant's Requested Value: \$1,530,000 based on sales evidence or \$1,884,000 based on equity comparables.

Board's Decision:

[5] The assessment is reduced to \$1,720,000.

Legislative Authority, Requirements and Considerations:

[6] Section 460.1(2) of the Act provides that, 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).

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

[7] The Complainant presented data on four comparable industrial property sales, all in northeast industrial parks [C1, pp.13-14]. The sales occurred from 2010 to 2013 and it was noted that their size range exceeded the subject property's, with one sale being very close in size. The Complainant stated that it had no issue with the Respondent's time adjustments for the sale properties and all sale comparables were selected from the list provided by the Respondent (referencing the list of valid sales used by the Respondent to develop the valuation model for this type of property). The time adjusted sale price psf ranged between \$138.00 psf and \$189.00 psf with a median of \$159.00 psf and a mean of \$162.00 psf. The Complainant concluded that this supports its request for the subject property to be valued at a rate of \$159.00 psf.

[8] The Complainant also noted that three of the sales comparables are assessed at a higher rate psf than the sale price psf, inferring that properties similar to the subject are over assessed.

[9] Supporting RealNet sale documents were included [C1, pp.26-46] along with the 2014 City's Assessment Information package [C1, pp.48-63].

[10] The Complainant submitted a chart with four equity comparables with a range of \$175.00 psf to \$198.00 psf and a median of \$191.00 psf and mean of \$189.00 psf. [C1, pp. 15-16] and concluded that similar properties were being assessed at a lower rate than the subject property and the equitable value for the subject property is \$191.00 psf or \$1,840,000.

[11] The Complainant included five additional Property Assessment Summary reports of sales used in City's analysis for the industrial model, however failed to provide any relation to the subject property or value conclusion.

Respondent's Position:

[12] The Respondent presented a 2014 Industrial Sales chart and reviewed the details on four sales comparables from northeast and southeast industrial parks, noting that one of these sales was also used by the Complainant [R1, p. 39]. The sales occurred from 2010-2011 and the time adjusted sale price ranged between \$138.00 psf to \$209.00 psf. The size range bracketed the subjects building and land area and the median rate was \$186.00 psf. The Respondent stated that the best comparables were 220 19 Av SE and 236 40 Av NE and these properties had rates of \$299.55 psf and \$198.99 respectively, which support the subject's \$213.48 psf rate.

[13] Supporting documents for the four sales were provided [R1, pp. 40-52].

[14] The Respondent also provided five equity comparables having a range in assessed

value of \$191.00 psf to \$224.55 psf [R1, p. 54].

[15] The Respondent provided data for the five additional properties in the Complainant's evidence, however was unclear of their purpose so made no further comments.

Complainant's Rebuttal

[16] The Complainant submitted a chart combining all seven of the comparable sales from both parties in order to compare the subject to the entire group [C2, pp. 4-5].

[17] The Complainant commented that three of the four sales used by the Respondent fell below the assessed value and were also inferior in comparability, particularly with regards to location. The sale at 220 19 St SE was noted to be a clear outlier when compared to the other six sales and was definitely undervalued with an assessment to sale ratio of 0.72%. The Complainant concluded that a review of all the comparables shows that the subject is over assessed.

[18] The Complainant also combined both parties' equity comparables and presented them on a chart to highlight the differences in certain characteristics [C2, p. 7].

Board's Reasons for Decision:

[19] The Board will limit its comments to the relevant facts pertaining to this case. The Board notes that while it is not bound by previous Board Orders, it did consider those that were submitted (for general principles); this decision is based on the evidence before this Board.

[20] The subject property seems to be a reasonable representation of assessment class and equitable to the surrounding properties. Nothing unique or underperforming was brought forward with regards to this particular property. This subject's placement in this zone was not challenged by the Complainant. Both the Complainant and the Respondent used the sales comparison approach to value this property and three sales were common to both analyses.

[21] In review the sales comparables from both parties, the Board find that the sale at 3516 26 St NE and 220 19 St SE appear to be dissimilar to the subject and the Board put little weight on them. The Board accepted the remaining sales as reasonable comparisons to the subject, having some similar characteristics to the subject however took direction from and placed the most weight on the two closest comparables at 1240 36 Av NE and 4413 11 St NE and finds the median rate of \$179.00 psf is the best indicator of value for the subject property.

[22] The subject property will be reduced to a rate of \$179.00 psf.

DATED AT THE CITY OF CALGARY THIS 15th DAY OF September 2014.


K. Thompson

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

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.*

Property Type	Property Sub-Type	Issue	Sub issue
office	High rise	Income Approach	Cap Rate