



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:

KS 6810 - 40 Street 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:	116005406
LOCATION ADDRESS:	6810 40 ST SE
FILE NUMBER:	74475
ASSESSMENT:	\$8,690,000

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)

Observer:

- J. Ermube (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 discussed the file.
- [4] There were no preliminary matters. The merit hearing proceeded.

Property Description:

[5] The subject property is an 8.81 acre parcel located in the Foothills Industrial community in SE Calgary. The site is improved with a single tenanted warehouse [IWS] that was constructed in 1977 and is classified as C quality. The warehouse has an assessable area of 263,380 square feet (sf), 4% finish and site coverage of 67.18%.

[6] The subject is assessed at a rate of \$60.00 per square foot (psf) using the Direct Sales Approach to value.

Issues:

[7] 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: \$6,952,000 (Complaint Form)
\$7,300,000 (Hearing)

CARB's Decision:

- [8] The 2014 assessment is reduced to \$7,300,000.

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:

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

[10] The Complainant submitted that the subject improved parcel was sold along with a vacant neighbouring parcel on June 6, 2013, just prior to the evaluation date. The improved site was purchased for renovation and releasing. The Complainant requested the property be assessed at the sale price less the value of the vacant parcel.

[11] The Complainant, on page 8, provided a RealNet report which contained details of a sale of two properties located at 6810 40 St SE (the subject) and 4016 70 AV SE (the vacant parcel), for a sale price of \$8,600,000. The Complainant calculated the market value of the subject property to be \$7,300,000, by deducting the assessed value of the vacant parcel (\$1,300,000) from the total sale price.

[12] The Complainant, on page 25, provided the Property Assessment Summary Report for 4016 70 AV SE, noting the assessed value is \$1,300,000.

[13] The Complainant, on page 13, provided the rent roll for the subject, noting the new Net Rentable Area is 243,000 sf.

[14] The Complainant, on pages 23 and 24, provided a Building Permits Status Report from the City of Calgary noting that Permits had been issued for partial demolition, sprinkler system replacement and leasehold improvements in the fall of 2013, but the work had not been completed by December 31, 2013, the condition date.

[15] The Complainant, cited 697604 Alberta Ltd. V. Calgary (City Of), 2005 ABQB 512, wherein Justice L.D. Acton stated in [24] *"I think generally speaking the recent sales price, if available as it was in this case, is in law and, in common sense the most realistic and most reliable method of establishing market value"* in support of its request.

Respondent's Position:

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

[17] The Respondent submitted that the sale of the subject property should not be used to establish the value of the subject property because it was a part of a portfolio sale and there is no way to know for sure what value the purchaser placed on each property. Further, the subject property was described as needing several major repairs including the demolition of a portion of the improvement. The Respondent submitted the subject property was not in "typical" condition and the sale was not used in the modelling process for industrial properties.

[18] The Respondent, on page 12, provided a table titled Evaluation Breakdown. The Respondent submitted that if the sale were to be used, a more appropriate approach would be to add the value of all of the permits issued since the sale, to the sale price, and then deduct the value of the vacant parcel. The Respondent noted that using that method would yield a value of \$8,899,939 (\$8,890,000 rounded) as compared to the current assessment of \$8,690,000.

[19] The Respondent advised that the 2014 assessment was prepared using a negative adjustment of 45% from the 2013 assessment, for condition. The 45% reduction was based on the assessor's judgment.

[20] The Respondent, on page 39, provided a table titled 2014 Industrial Sales Chart. The chart contains details of three sales of comparables that occurred in the period July 27, 2011 to September 19, 2012. The Respondent noted the time adjusted sale price per square foot (TASP/SF) of those sales ranged from \$61.46 to \$78.09, while the subject is assessed at the rate of \$60.00 psf. The Respondent acknowledged that there are no industrial warehouse properties in Calgary that are assessed at a rate less than \$60.00 psf.

[21] The Respondent, on page 41, provided a table titled 2014 Industrial Equity Chart. The table contains details of six equity comparables with assessment rates ranging from \$58.63 to \$69.13 psf. The Respondent noted the comparables were older buildings with high site coverage, similar to the subject. The Respondent noted the best comparable is the property located at 5811 26 ST SE which is assessed at the rate of \$59.91 psf, while the subject is assessed at the rate of \$60.00 psf.

CARB's Findings:

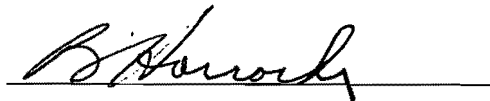
[22] The CARB finds the sale of the subject is a valid sale and is the best indicator of market value of the subject property.

[23] The CARB concurs with the Respondent that at the time of the sale, the subject property was in need of significant repairs/renovation and as a result it was not in "typical" condition and should not be used as a comparable for other industrial properties.

CARB's Reasons for Decision:

[24] The only work completed before the evaluation date was the demolition of a portion of the improvement which would not have added any value to the subject property.

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

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	Single tenant	Market value	