



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:

***Dynasty Furniture Manufacturing Ltd. (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:	098003502
LOCATION ADDRESS:	3344 54 AV SE
FILE NUMBER:	74590
ASSESSMENT:	\$12,630,000

This complaint was heard on the 15th 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:

- J. Greer (City of Calgary)
- 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 not discussed the file.
- [4] There were no preliminary matters. The merit hearing proceeded.
- [5] The parties agreed that all evidence, argument and discussion from the Rebuttal (C-2) in Hearing number 73932 would be carried forward to this hearing.

Property Description:

- [6] The subject property is a 10.27 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 1969 and is classified as C- quality. The warehouse has an assessable area of 182,768 square feet (sf), 18.4% finish and site coverage of 36.41%.
- [7] The subject is assessed at a rate of \$69.00 per square foot (psf) using the Direct Sales Approach to value.

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 were two outstanding issues, namely; "the assessment of the subject property is in excess of its market value for assessment purposes" and "the assessment of the subject property is not fair and equitable considering the assessed value and assessment classification of comparable properties."

Complainant's Requested Value: \$11,367,000 (Complaint Form)
\$10,960,000 (Hearing)

CARB's Decision:

- [9] The 2014 assessment is reduced to \$10,960,000.

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 for assessment purposes?

Complainant's Position:

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

[11] The Complainant submitted the subject property is an older metal frame building with a slanted roof that would be considered inferior in the marketplace.

[12] The Complainant, on page 13, provided a table titled Sales Comparables. The table contains details of five sales of comparable properties that occurred in the period July 9, 2009, to June 6, 2013. The Complainant submitted that the best comparables were located at 3343 54 AV SE and 3916 72 AV SE. The time adjusted sale price per sf (TASP/SF) for those comparables was \$73.27 and \$61.46 respectively. The Complainant submitted that the subject is inferior in the marketplace and requested an assessment at the rate of \$60 psf.

Respondent's Position:

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

[14] The Respondent submitted that the Complainant's sale comparables located at 7120 Barlow TR SE and 6810 40 ST SE should not be used as comparables. The sale at 7120 Barlow TR SE was an offer to purchase negotiated in 2009 and the sale of 6810 40 ST SE was a sale of a property that required significant repairs and renovation and would not be considered typical. Eliminating those two comparables would leave the Complainant with three comparable sales with TASP/SF of \$61.46, \$73.27 and \$78.09, which support the assessment at the rate of \$69 psf.

[15] The Respondent, on page 21, provided a table titled 2014 Industrial Sales Chart. The table contains details of the sale of four comparable properties. The TASP/SF of those sales ranged from \$61.46 to \$131.37. The Respondent submitted the sale at 7504 30 ST SE should be removed as it was a leaseback and therefore considered invalid for sale comparison purposes. With the removal of that sale, the three remaining sale comparables are the same as the Complainant's sale comparables.

Complainant's Rebuttal Position:

[16] The Complainant's Rebuttal Disclosure is labelled C-2 (Hearing 73932).

[17] 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.

CARB's Findings:

[18] The CARB concurs with the parties 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 21 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.

Issue: Is the subject property inequitably assessed considering the assessed value and assessment classification of comparable properties?

Complainant's Position:

[19] The Complainant, on page 14, provided a table titled Equity Comparables. The table contains details of eight comparable properties with assessment per square foot (Asmt/sf) ranging from \$59.96 to \$61.56. With the exception of the property located at 7504 30 ST SE, the remainder are all assessed at the rate of \$60 psf. The Complainant noted that the subject is assessed at the rate of \$69.10 psf even though it is considered inferior in the marketplace. The Complainant requested the subject be equitably assessed at the rate of \$60 psf.

Respondent's Position:

[20] The Respondent, on page 22, provided a table titled 2014 Industrial Equity Chart. The table contains the Complainant's eight equity comparables. The Respondent noted that the site coverage of the subject (36.41%) is significantly lower than the site coverage of the Complainant's comparables which range from 45.86% to 62.07%. The subject has more unencumbered land and therefore has a higher rate of assessment than the comparables.

[21] The Respondent, on page 23, provided a table titled 2014 Industrial Equity Chart. The table contains details of six equity comparables with assessment per square foot (Asmt/sf) ranging from \$61.58 to \$101.84. The Respondent noted the subject is assessed at the rate of \$69.13 psf, near the bottom of the range. The Respondent noted the site coverage of the comparables ranged from 34.21% to 46.16%, while the subject site coverage was 36.41%.

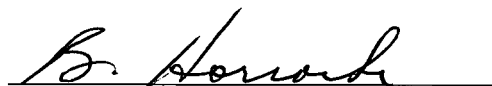
CARB Findings:

[22] The CARB finds that the Complainant's equity comparables range in size from 123,418 sf to 346,545 and they are all assessed at the rate of \$60.00psf. The subject property has an assessable building area of 182,768 sf, within the range of the comparables, and should be equitably assessed at the rate of \$60.00 psf.

CARB's Reasons for Decision:

[23] The sale comparables suggest the subject market value is approximately \$70 psf, but the subject is competing in a size range that are all assessed at \$60 psf. Assessing the subject property at the rate of \$60 psf would be fair and equitable with the assessment of similar and competing properties.

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 (Hearing 73932)	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
<i>Warehouse</i>	<i>Single Tenant</i>	<i>Market Value</i>	<i>Equity</i>