



## **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 GRUENE, ERIK SONNEMANN,  
(represented by Altus Group), COMPLAINANT**

**and**

**The City Of Calgary, RESPONDENT**

**before:**

**M. CHILIBECK, PRESIDING OFFICER  
G. MILNE, BOARD MEMBER  
R. KODAK, 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: 032034001**

**LOCATION ADDRESS: 4120 – 23 ST NE**

**FILE NUMBER: 74650**

**ASSESSMENT: \$3,320,000.**

This complaint was heard on 12th day of June, 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:

- *M. Robinson, Agent of Altus Group*

Appeared on behalf of the Respondent:

- *N. Domenie, Property Assessor of the City of Calgary*
- *G. Foty, Property Assessor of the City of Calgary*

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

- [1] Neither party raised any objections to any member of the Board hearing the subject complaint
- [2] Neither party raised any procedural or jurisdictional matters.

**Preliminary Matter:**

- [3] Neither party raised any preliminary matter(s).

**Property Description:**

[4] The subject property is a developed parcel of industrial land with 1.38 acres, designated Industrial-General (I-G) and improved with one multi-bay (IWM) warehouse building with three units constructed in 1978. The assessed building area is 24,431 sq. ft. and has 28.6% finish. The building footprint area is 22,168 sq. ft. for site coverage of 36.97%.

[5] The building is constructed in two parts; the warehouse portion and the office portion which is similar to an urban office building.

[5] The subject is located on 23 ST and between 40 AV and 41 AV in North Airways Industrial Park (south of McKnight BLVD and west of Barlow Trail) located in the northeast quadrant of the City of Calgary.

**Issues:**

[6] The Complainant identified the matter of the assessment amount under complaint on the complaint form and attached a schedule listing several reasons (grounds) for the complaint. At the outset of the hearing the Complainant identified the following issue:

- 1) The subject property is in excess of its market value for assessment purposes.
  - i. The aggregate assessment per square foot of building area applied to the subject property does not reflect market value when using the direct sales comparison approach.

**Complainant's Requested Value:** \$2,630,000.

**Board's Decision:**

[7] Change the assessment to **\$3,050,000**.

**Legislative Authority, Requirements and Considerations:**

[8] The Composite Assessment Review Board (CARB) derives its authority from Part 11 of the Act:

*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).*

[9] For purposes of the hearing, the CARB will consider section 293(1):

*In preparing the 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*

[10] The Matters Relating to Assessment and Taxation Regulation (MRAT) is the regulation referred to in section 293(1)(b) of the Act. 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*

*(a) must be prepared using mass appraisal*

*(b) must be an estimate of the value of the fee simple estate in the property*

*(c) must reflect typical market conditions for properties similar to that property*

**Assessment Background:**

[11] The subject property is assessed by using the direct sales comparison method at a combined aggregate rate of \$136.21 per sq. ft. of assessable building area.

[12] The subject property has 24,431 sq. ft. of building area assessed at \$3,320,000.

**Position of the Parties**

**Complainant's Position:**

[13] The Complainant provided four sale comparables of multi-bay properties in NE Calgary (C1P15) which have a range of aggregate median time adjusted sale price (TASP) from \$84 to \$124 per sq. ft. of building area with a median of \$108 per sq. ft. in support of their position the subject is assessed in excess of its market value.

[14] The comparables range in assessable building area from 19,129 to 37,018 sq. ft., AYOC (actual year of construction) of 1958 to 1976, site coverage (SC) of 35 to 49% and finish from 11 to 29%.

[15] The Complainant argued that the comparables support their position that the subject's assessment should be reduced to \$108 per sq. ft.

[16] The Complainant drew the Boards attention to two comparables which could be considered not sufficiently similar to the subject for comparison.

[17] The comparable at 4140-6 ST is 20 years older than the subject (AYOC 1958) and is located in Greenview Industrial Park which is generally valued higher than the subject's area of North Airways.

[18] The comparable at 1314-45 AV has a building area 22% smaller than the subject and is similar in age, site coverage and finished area. However, the Complainant selected this comparable to be the most similar to the subject which has a TASP of \$115 per sq. ft..

[19] In rebuttal the Complainant recapped the Respondent's three sale comparables (C2P4), of which one is in common with the Complainant and drew the Board's attention to two comparables.

[20] The comparable at 2801-18 ST has 26% less building area, 13% less site coverage and 35% more finish than the subject and has the highest TASP of the three comparables at \$181 per sq. ft. The Complainant asserted this comparable is not sufficiently similar to the subject.

[21] The comparable at 2620-22 ST is a single-bay property and because single-bay properties normally trade at a lower value than multi-bay property, this property should not be used as a comparable.

#### **Respondent's Position:**

[22] The Respondent argued that the Complainant's median TASP for the four comparables should not be used because the property characteristics vary significantly from one comparable to another.

[23] The Respondent provided three sale comparables in NE Calgary (R1P13), one that is in common with the Complainant, which have a TASP range from \$115.08 to \$181.67 per sq. ft. of building area and an average TASP of \$144.54 per sq. ft. The Respondent asserted the comparables support the assessed rate of the subject at \$136.21 per sq. ft.

[24] The Respondent asserted that the sale of 2620-22 ST with a TASP of \$136.86 per sq. ft. is the best comparable and the sale of 1314-44 AV with a TASP of \$115.08 is a reasonable comparable to relate to the subject.

[25] The Respondent referenced Calgary CARB decision 73328P-2013 (R1P66) on the subject property wherein the Board confirmed the assessment on finding the subject's assessed rate was supported by the Respondent's sale comparables, which were used as comparables by the Respondent in this hearing.

[26] The Respondent asserted that in the subject case the subject's assessed rate falls within the range of TASP's and together with the average of the TASP's supports the subject's assessed rate.

**Board's Reasons for Decision**

[27] The Board reviewed the sales comparables from both parties and placed most weight on three sale comparables, one from the Complainant, one from the Respondent and one which is common to the Complainant and the Respondent.

[28] The Board placed little weight on two of the Complainant's comparables as follows.

- The comparable at 3651-21 ST has a building area 48% larger than the subject, 12% more site coverage and 19% less finish.
- The comparable at 4140-6 ST is 20 years older than the subject and is located in Green View Industrial Park which generally is valued higher than the subjects' area of North Airways.

[29] The Board finds the three remaining comparables to be sufficiently similar to the subject except for the building areas which differ from the subject by an average of 9%. The comparables have an average TASP of \$125 per sq. ft.

[30] Individually the comparables differ in area by 3% & 22% & 50% and the Board finds that by placing no weight on the comparable with 50% more building area, the average TASP is \$126 per sq. ft.

[31] The Board noted the average ASR of the two comparables is 1.11 which indicates the assessments are in excess of the sale prices.

[32] Based on the foregoing reasons, the Board's decision is to change the assessment to \$3,050,000 based on the average TASP of \$125 per sq. ft.

DATED AT THE CITY OF CALGARY THIS 23<sup>rd</sup> DAY OF JULY 2014.



**M. CHILIBECK**

**Presiding Officer**

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

<b>NO.</b>	<b>ITEM</b>
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.*

**CARB Identifier Codes**

<b>Decision No. 74650P-2014</b>			<b>Roll No. 032034001</b>	
<b><u>Complaint Type</u></b>	<b><u>Property Type</u></b>	<b><u>Property Sub-Type</u></b>	<b><u>Issue</u></b>	<b><u>Sub-Issue</u></b>
CARB	Industrial	Multi Tenant	Sales Approach	Market Rate

FOR MGB ADMINISTRATIVE USE ONLY