



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:

Pockar Management Inc.
(represented by Altus Group), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

Ms. V. Higham, PRESIDING OFFICER
Mr. R. Cochrane, BOARD MEMBER
Mr. P. Cross, BOARD MEMBER

This is a complaint to the Calgary Assessment Review Board (the Board) in respect of a property assessment prepared by the Assessor of The City of Calgary (the City) and entered in the 2014 Assessment Roll as follows:

ROLL NUMBER:	034191502
LOCATION ADDRESS:	4639 6 Street NE Calgary, Alberta
FILE NUMBER:	75054
ASSESSMENT:	\$3,320,000

This complaint was heard on the 21st day of July, 2014 at the office of the Calgary Assessment Review Board located at 1212 – 31 Avenue NE, Calgary, Alberta, Fourth Floor, Boardroom 4.

Appeared on behalf of the Complainant:

- **Mr. M. Robinson** **Agent, Altus Group**

Appeared on behalf of the Respondent:

- **Ms. M. Hartmann** **Assessor, City of Calgary**

Procedural or Jurisdictional Matters:

- [1] Neither party objected to the composition of the Board as introduced at the hearing.
- [2] The Board notes an executed Agent Authorization Form present in the file.
- [3] All disclosure materials were received in a timely fashion.
- [4] No preliminary issues were raised by either party.
- [5] Upon request, the Board agreed to carry forward evidence and arguments of both parties from "lead file" #75083 (respecting the Complainant's single best comparable argument), heard by this panel the same week.

Property Description:

- [6] The subject is assessed as a multi-tenant industrial warehouse property (IWM), located at 4639 6 Street NE on 1.38 acres of land. With 41% site coverage, the parcel is improved by one building constructed in 1979, comprising 24,400 square feet (sf) of space, assessed at \$136 per square foot (psf), using the direct sales comparison approach to value.

Issues:

- [7] The Complainant identified one matter on the Complaint Form as under complaint, being the assessment amount. The Complainant requested a different valuation (\$2,630,000) than originally noted on the Complaint Form (\$2,040,000), and raised the following issue for the Board's consideration:

- 1) What is the correct psf value to apply to the subject property: the assessed \$136 or the requested \$108?

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

Board's Decision: The Board varies the subject assessment from \$3,320,000 down to a truncated value of **\$2,630,000**.

Legislative Authority, Requirements and Considerations:

[8] A Composite Assessment Review Board (CARB) derives its authority from the *Act*, section 460.1, which reads as follows:

- (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).

Section 293 of the *Act* requires that:

- (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.

Sections 2 and 4 of the *Matters Relating to Assessment and Taxation Regulations* (the *MRAT*) state:

- (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.

Position of the Parties

Issue: What is the correct psf value to apply to the subject property: the assessed \$127 or the requested \$102?

Complainant's Position:

[9] The Complainant submitted a table of four comparable sales (all IWM properties), with a median time adjusted sale price (TASP) of \$108 psf, the requested valuation rate.

[10] The Complainant also submitted third party reports supporting each sale, and argued that all but one of these comparables (comps) were "over-assessed" with assessment-to-sale ratios (ASRs) of 1.31, 1.14, and 1.33 for his first, second, and fourth comps respectively.

[11] In carry over rebuttal arguments, the Complainant also referenced CARB decisions 72276P-2013, 72366P-2013, 1426/2011-P, 0751/2012-P, and 72102/2013-P to support his contention that the Board is free to derive an assessment valuation for the subject based on a single best comp.

Respondent's Position:

[12] The Respondent submitted the City's sales table analysing three comps (all common to the Complainant), yielding median/mean TASP rates of \$115 and \$114 psf respectively.

[13] The Respondent asked the Board to exclude the Complainant's one unique sale (3651 21 Street NE) because of its higher site coverage (49% compared to the subject's 41%).

[14] The Respondent also included an equity table analysing seven comparable properties in the north east, with assessed rates ranging from \$131 to \$149 psf.

BOARD'S REASONS FOR DECISION:

[15] The Board finds that the appropriate value to apply to the subject is the \$108 psf, based on the mean of the four most comparable sales submitted by both parties.

[16] In analysing these sales, the Board acknowledges that all property characteristics influence the City's regression model in some manner, but some factors influence value more than others.

[17] Since no evidence was submitted by either party relative to how the Board might quantify the various factor adjustments needed to make the respective sales more reliably comparable to the subject, the Board focused on three key factors: *building size, year of construction, and site coverage* as most relevant to its analysis.

[18] All three of the Respondent's comps are common to the Complainant and were accepted by the Board. The Complainant's remaining unique comp (3651 21 Street NE) was not convincingly refuted by the Respondent.

[19] The Board notes in this case that the Respondent's own evidence fails to support the subject assessment with median/mean rates of \$102 and \$114 psf respectively – bearing little resemblance to the subject's assessed rate of \$136 psf.

[20] Thus, the Board accepted the Complainant's four sales (three common to the City), resulting in median/mean rates of \$108 and \$106 psf respectively.

[21] While the Board consistently applied a mean rate to other similar complaints heard by this panel that week, in this instance, the mean rate is *lower* than the requested \$108 psf, so the Board accepts the Complainant's requested rate.

[22] The Board notes as an aside, that the subject's neighbouring site (4539 6 Street NE), being *virtually identical* to the subject in every property characteristic, was also under complaint and heard by this panel on the same day as the subject hearing. The Board in that complaint applied an assessed rate of \$117 psf, because the Respondent submitted different sale comps into evidence for that hearing. One sale in particular (655 42 Avenue NE), included in the neighbouring complaint but omitted for the subject hearing, affected the median/mean outcomes dramatically with its TASP of \$160 psf.

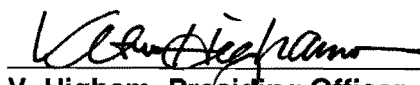
[23] Notwithstanding the Board's knowledge of this other higher sale, the Board is bound by legislation to adjudicate an outcome for each complaint based *solely* on the evidence proffered during that hearing.

[24] Thus, on the evidence of this case, the Board finds that the best indicator of market value for the subject is derived by applying the requested rate of \$108 psf to the subject's assessed area of 24,400 sf, resulting in a truncated value of \$2,630,000.

Board's Decision:

[25] For reasons outlined herein, the Board varies the subject assessment from \$3,320,000 down to a truncated value of **\$2,630,000**.

DATED AT THE CITY OF CALGARY THIS 22 DAY OF AUGUST 2014.


V. Higham, Presiding Officer

APPENDIX "A"

**DOCUMENTS PRESENTED AT THE HEARING
AND CONSIDERED BY THE BOARD:**

NO.	ITEM
1. C1	Complainant's Disclosure
2. R1	Respondent's 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 – Roll Number 034191502

Municipal Government Board Use Only: Decision Identifier Codes				
Municipality/Appeal Type	Property Type	Property Sub-Type	Issue	Sub-Issue
Calgary CARB	Warehouse	Warehouse-Multi	Sales Approach	Land & Improvement Comparables