



## **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:**

***GPM Real Property (10) Ltd. GPM (10) GP Inc.  
(as represented by AEC Property Tax Solutions), COMPLAINANT***

**and**

***The City of Calgary, RESPONDENT***

**before:**

***H. Kim, PRESIDING OFFICER  
R. Roy, BOARD MEMBER  
D. Steele, 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 and entered in the 2014 Assessment Roll as follows:

<b>ROLL NUMBER:</b>	<b>200477016</b>
<b>LOCATION ADDRESS:</b>	<b>7910 51 St SE</b>
<b>FILE NUMBER:</b>	<b>75308</b>
<b>ASSESSMENT:</b>	<b>\$5,530,000</b>

This complaint was heard on the 27<sup>th</sup> day of August, 2014 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 1.

Appeared on behalf of the Complainant:

- J. Smiley, Agent, AEC Property Tax Solutions
- M. Kudrycki, Agent, AEC Property Tax Solutions

Appeared on behalf of the Respondent:

- T. Nguyen, Assessor, the City of Calgary

#### **Property Description:**

[1] The subject property is a 49,300 square foot (sf) industrial warehouse built in 1998 on a 2.2 acre parcel zoned Industrial General (I-G) in the Foothills (FH1) district of southeast (SE) Calgary. The building footprint is also 49,300 for site coverage of 51.46%.

[2] The building is assessed using the direct sales comparable approach as IW S (Industrial warehouse 2 or less units) at \$112.28/sf for a calculated value of \$5,535,381 which is truncated to arrive at the assessment under complaint.

#### **Issues:**

[3] The Complaint form listed a number of issues under Reason(s) for Complaint, but at the hearing the only issue argued was whether the assessment to sale ratio of comparable properties indicated the subject property was inequitably assessed.

**Complainant's Requested Value: \$5,120,000**

#### **Board's Decision:**

[4] The assessment is confirmed.

#### **Legislative Authority, Requirements and Considerations:**

[5] 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).*

[6] For purposes of the hearing, the CARB will consider the Act 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.*

[7] The regulation referred to in the Act section 293(1)(b) is Alberta Regulation 220/2004, Matters Relating to Assessment and Taxation Regulation (MRAT). Part 1 sets out the Standards of Assessment - section 4 specifies the valuation standard and section 2 describes the requirement for mass appraisal:

- 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.*
- 3 *Any assessment prepared in accordance with the Act must be an estimate of the value of a*

property on July 1 of the assessment year.

4(1) The valuation standard for a parcel of land is

a) market value, ...

### Complainant's Position:

[8] The 2013 assessment of the subject property was reduced on complaint. In CARB 71187P-2013, the Board hearing the complaint stated:

[30] During the Board's review of the evidence submitted it found the analysis of the ASR's for the sales submitted by both parties showed a constant pattern of falling outside the quality standard range of 0.95 to 1.05 for median assessment ratio. The Board found of the twelve sales reviewed from the evidence that every ASR fell outside the legislated range. The median of the sales was determined to be 1.15, indicating sales were over assessed, as represented by the submitted sample of comparable properties. The Board applied a 10% reduction based upon the displayed over assessment.

The issues raised in that hearing are still problematic for the 2014 assessment. The Complainant presented a list of comparable sales:

Address	Bldg Area	Site Cov	Sale date	TASP	TASP /sf	2014 Assmt	Assmt /sf	ASR	District	Lot Size	AYOC
12012 44 St SE	64,350	34%	01/03/2013	9,400,000	146	8,190,000	127	0.87	East Shepard	3.90	2003
7100 112 Ave SE	35,087	35%	03/07/2012	7,285,250	208	5,660,000	161	0.78	East Shepard	1.77	2007
10860 46 St SE	47,860	32%	13/03/2012	9,891,400	207	7,330,000	153	0.74	East Shepard	3.34	2009
4390 106 Ave SE	46,560	28%	31/01/2012	7,070,510	152	7,050,000	151	1.00	East Shepard	3.58	2006
4410 46 Ave SE	60,700	49%	28/07/2011	7,054,938	116	6,540,000	108	0.93	Eastridge	2.63	1999
2259 29 St NE	42,504	49%	29/06/2011	5,863,390	138	5,460,000	128	0.93	Sunridge	1.79	1998
6835 8 St NE	38,577	29%	29/10/2010	5,718,630	148	5,600,000	145	0.98	Deerfoot	3.03	1990
				Median			145	0.93			
Subject											
7910 51 St SE	49,300	51%				5,530,000	112		Foothills	2.20	1998

All of the comparables have lower site coverage than the subject and are generally newer. The median ASR of the comparable sales is 0.93 again falling outside the range.

[9] In response to questioning, the Complainant stated that the comparable sales were identified by selecting sales within a range of the building size, lot coverage and age of the subject. The Complainant considers these characteristics to be the primary drivers of value in industrial properties. The properties presented in the chart were all of the sales of properties that fell within the parameters.

[10] The Complainant is of the opinion that the 2014 assessment is a reasonable estimate of the market value of the subject; however the ASR of the comparable sales show that it is not assessed equitably with similar properties. Therefore the subject assessment should be reduced by the 0.927 median ASR to \$5,127,111 at a rate of \$104/sf

### Respondent's Position:

[11] The Respondent disputed the relevance of sales in the Northeast region, and presented 15 additional sales. They were selected by extracting all sales during the analysis period of IW S buildings in the SE region between 20,000 and 70,000 sf. A chart showing all 22 sales results

in a median ASR of 1.0 and demonstrates that the subject property is not inequitably assessed.

**Complainant's Rebuttal:**

[12] The Complainant stated that of the 15 sales presented by the Respondent, all but one were not comparable. Fourteen of the sales were of property that were too old, too small, or with too low site coverage to be considered comparable. The Complainant could not explain why the one sale was missed, stating that it should have been. Nevertheless, a revised chart including the Respondent's comparable sale, which had an ASR of 1.14 shows that the median ASR remained at 0.93 with the additional sale.

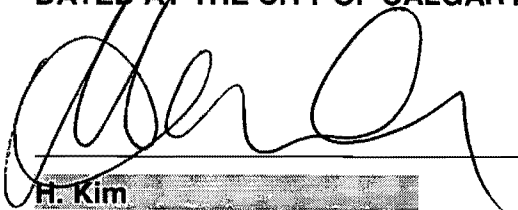
**The Board Board's Reasons for Decision:**

[13] The Board agrees that the basic principle of assessment requires property to be valued equitably to fairly distribute the cost of municipal government among all taxable property, and therefore equity must be maintained even in cases where the assessment is a reasonable estimate of the market value of a property.

[14] In the subject case, the Board finds that the number of sales presented is not sufficient to demonstrate that the subject assessment is inequitable with similar properties. The Board is of the opinion that differences in location do not impact whether a property is similar for equity purposes, as they are within the same municipality and subject to the same tax. However, in view of the total number of sales in the analysis period, the Board finds it doubtful that every sale of every building within a reasonable range of the subject had an ASR of less than 1. The sale presented by the Respondent that fit squarely within the Complainant's selected parameters suggested that the ASR chart presented did not include all of the sales, and raised questions as to the statistical validity of the sample used in the analysis.

[15] Accordingly, the Board finds insufficient evidence to vary the subject 2014 assessment.

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



H. Kim

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.*

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Property Type	Property Sub-Type	Issue	Sub-Issues
(4) Warehouse	Single Tenant	Sales Approach	Equity Comparables