



Calgary Assessment Review Board

DECISION WITH REASONS

In the matter of the complaint against the 2014 property assessment as provided by the *Municipal Government Act*, Chapter M-26, Section 460, Revised Statutes of Alberta 2000 (the Act).

between:

***Cardinal Coach Lines Limited, COMPLAINANT
(as represented by Altus Group)***

and

The City Of Calgary, RESPONDENT

before:

***I. Weleschuk, PRESIDING OFFICER
J Lam, BOARD MEMBER
J. Massey, 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:	033028309
LOCATION ADDRESS:	732 41 Av. NE
FILE NUMBER:	75459
ASSESSMENT:	\$2,010,000

This complaint was heard on 16th 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 – Altus Group*

Appeared on behalf of the Respondent:

- *N. Domenie, Assessor – City of Calgary*

Procedural or Jurisdictional Matters:

[1] The Board as constituted to hear and decide on this matter was acceptable to both parties.

Preliminary Matters:

[2] No preliminary matters were raised either at the commencement or during the hearing.

Property Description:

[3] The subject property is located at 732 41 St. NE, in the Greenview Industrial District of northeast Calgary. The site is 0.73 acres. An office/warehouses of 8,226 square feet (SF) used to service buses and a 1,960 SF outbuilding used for cold storage are located on the site. This results in site coverage of 25.89%. The office/warehouse was constructed in 1955, with the office portion attached to the southeast portion of the warehouse building. The warehouse portion has a number of larger, overhead door. The Assessment Explanation Summary indicates a percent finish of 48% for the warehouse. The outbuilding is a wood frame building used for cold storage and assessed at a rate of \$10/SF.

[4] 2014 property tax assessment is done using a Direct Sales Approach. This approach involves using all valid industrial sales inputted into the assessment model, which adjusts for a number of characteristics. The resulting assessment is \$2,010,000, based on a rate of \$242/SF for the office/warehouse and \$10/SF for the outbuilding.

Issues:

[5] The Complainant's position is that the 2014 Property Assessment value is greater than the market value of the subject, based on the Direct Sales Approach. The only issue before this Board is:

- Is the assessed value of the office/warehouse correct, and if not, what is the correct value for assessment purposes?

Complainant's Requested Value:

\$1,650,000

Board's Decision:

[6] The 2014 Property Assessment is reduced to \$1,747,000. Based on the comparable sales presented by both parties, the Board finds that the correct value of the office/warehouse portion is \$210/SF.

Legislative Authority, Requirements and Considerations:

[7] Section 4(1) of Matters Relating to Assessment and Taxation Regulation (MRAT) states that the valuation standard for a parcel of land is "market value". Section 1(1)(n) defines "market value" as "the amount that a property, as defined in Section 284(1)(r) of the Act, might be expected to realize if it is sold on the open market by a willing seller to a willing buyer." Section 467(3) of the Act states that "an assessment review board must not alter any assessment that is fair and equitable, taking into consideration (a) the valuation and other standards set out in the regulations". The issues raised in the Complaint may refer to various aspects of the assessment or calculation of the assessed value, and may be addressed by the Board. However, the ultimate test that the Board must apply is whether the assessed value reflects the market value of the assessed property.

[8] The Board notes that the words "fair" and "equitable" are not defined in the Act or its Regulations. Equitable is defined in Black's Law Dictionary (Seventh Edition, West Group, St. Paul, Minnesota, 1999) as "just, conformable to principles of justice and right". For the purpose of this decision, the Board considers an assessment that reflects market value to be "fair and equitable" as the taxpayer is being assessed in accordance with the assessment standard applied to all properties in that property category.

Issue 1: Is the assessed value of the office/ warehouse correct, and if not, what is the correct value for assessment purposes?

Complainant's Position:

[9] The Complainant's position is that the \$242/SF assessed rate for the office/warehouse is higher than the market value of the subject property. The Complainant stated that the market value of the subject property, based on Comparable Sales of similar properties is \$199/S. The \$10/SF rate for the outbuilding is not in dispute. This results in the requested assessment of \$1,650,000.

[10] In describing the subject property, the Complainant noted that the site coverage is high relative to other industrial properties, at 48%, which reduces the ability to manoeuvre buses on the site. Furthermore, the site is an irregular shape, with a small "panhandle" on the north end, and the south end coming to a point. This further reduces the effective area of the property. For these reasons, the property is inferior to typical industrial properties, that tend to have a lower site coverage and a rectangular configuration.

[11] In Exhibit C1, the Complainant presents three Comparable Sales (summarized on page 17) with supporting documentation. The Sales are all taken from the City's Industrial Sales database provided to the Complainant, and the time adjusted sale prices (TASP) are taken from this same City database. Therefore, the three sales presented are considered valid sales because they are used by the City in preparing the assessment. Furthermore, there is no dispute as to the time adjustment, because the Complainant accepts the time adjustments used by the City.

[12] The three Comparable Sales presented have a time adjusted sale price of \$82/SF, \$193/SF and \$199/SF. The highest and lowest TASP represent properties located in the Greenvew Industrial District. The Complainant stated that the best comparable (with characteristics most similar to the subject property) is the comparable sale, located at 236 40 Av NE, which sold for a TASP of \$199/SF. The requested rate is based on this comparable sale.

[13] The Complainant stated that the three most important factors in the model (the three factors that have the greatest influence on the resulting value) are actual year of construction (AYOC), assessable building area and % site coverage. The basis of this statement is discussions with assessors and evidence presented by assessors in previous hearings over many years. The Complainant argued that the three Comparable Sales presented are all very similar to the subject on these three factors and therefore are a good indication of market value.

[14] In rebuttal (Exhibit C2), the Complainant argued that two of the Respondents comparable sales are much smaller buildings on much smaller lots, therefore not comparable. Furthermore, all of the comparable sales have rectangular lot configurations, resulting in more efficient use of the site.

Respondent's Position:

[15] The Respondent stated that the City uses all valid sales of industrial property in the municipality in its assessment model. The model analyses the sales and develops coefficients for the nine factors in the model, including AYOC, assessable building area and site coverage. But, all nine factors influence the model results. It is incorrect to say that one factor has a greater influence than another, because they are all important. The sales used exhibit a range of value. The model provides a value within an acceptable range of the market value. The City is required to use mass appraisal. As such, the resulting value is not an appraised value for each specific property.

[16] The Respondent argued that one comparable sale does not make a market, therefore the Complainant did not demonstrate that the 2014 Assessment is incorrect,

[17] The Respondent presented its analysis on page 14, Exhibit R1. The four comparable sales have a TASP ranging from \$199.99/SF to 299.55/SF. The Respondent argued that this supports the assessment of the office/warehouse at a rate of \$242/SF.

Findings of the Board:

[18] The Board notes that the 2014 Assessment Explanation Supplement presented on page 9, Exhibit C1 has an error in that it shows 3 units in the building. While this may have been the case at some time in the past, the entire property is occupied by the owner. Neither the Complainant or Respondent had been in the warehouse portion to speak to this matter. However, it was agreed that this was essentially a single tenant warehouse, as indicated on the 2014 Assessment Explanation Supplement.

[21] The Board concurs that one sale does not indicate a market value. The Board considered the four comparable sales presented by the Respondent, one of which is common to the Complainant's evidence. The property located at 220 19 St NE sold for the highest TASP of \$299.55/SF, but is not located in Greenview. The other three sales are located in Greenview and range from about \$200/SF to \$245/SF.

[19] The Board recognizes that the configuration of the subject property result in effectively less usable or functional area, therefore the value of this property should be at the lower end of the TASP range. The Board finds a rate of \$210/SF as the value of the office/warehouse portion of the subject property.

Board's Reasons for Decision:

The Board considered the evidence presented by both parties and finds that based on three comparable sales presented by the Respondent, one of which is common with the Complainant's evidence, that the value for the office/warehouse portion of the subject property is \$210/SF. The \$10/SF rate for the outbuilding was not in dispute. Applying these rates, the 2014 Assessment is reduced to \$1,747,000 (rounded).

DATED AT THE CITY OF CALGARY THIS 11 DAY OF July 2014.

A handwritten signature in black ink, appearing to read 'I. Weleschuk', written over a horizontal line.

I. Weleschuk

Presiding Officer

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

NO.	ITEM
1. C1	Complainant Disclosure
2. C2	Complainant Rebuttal
4. 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.*

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Subject	Type	Sub-Type	Issue	Sub-Issue
CARB	Commercial	Industrial	Sales Comparison	