



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:	033002908
LOCATION ADDRESS:	4507 Pacific Road NE
FILE NUMBER:	75468
ASSESSMENT:	\$2,370,000

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 4507 Pacific Road NE, in the Greenview Industrial District of northeast Calgary. The site is 1.05 acres. A warehouses of 10,000 square feet (SF) used to service and wash buses is located on the site. This results in site coverage of 21.98%. The warehouse was constructed in 1980 and has no interior finish. The building is steel frame with metal exterior, and has a number of large overhead doors.

[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 \$2,370,000, based on a rate of \$237/SF for the warehouse.

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 correct, and if not, what is the correct value for assessment purposes?

Complainant's Requested Value:

\$1,810,000

Board's Decision:

[6] The 2014 Property Assessment is reduced to \$2,100,000. Based on the comparable sales presented by both parties, the Board finds that the correct value of the warehouse 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 correct, and if not, what is the correct value for assessment purposes?**Complainant's Position:**

[9] The Complainant's position is that the \$237/SF assessed rate for the 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 \$181/SF. This results in the requested assessment of \$1,810,000.

[10] In describing the subject property, the Complainant noted the property has an irregular shape, coming to a point on the south end of the property. This irregular shape results in an inefficient use of the property for parking and storing buses. The Complainant provided an aerial photograph on page 8, Exhibit C1 to demonstrate the difficulty in fully using the south end of the property for bus storage. As a result of the shape of the property, the Complainant argued that the subject property is inferior to typical industrial properties that have a rectangular shape. The Complainant also noted that the roads around the property are gravel, not pavement, and that there are not storm sewers that service the area. This is also an inferior characteristics of the property and not typical of industrial properties.

[11] In Exhibit C1, the Complainant presents six Comparable Sales (summarized on page 13) 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 six 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 six Comparable Sales presented have a time adjusted sale price ranging from 129/SF to \$300/SF, with a median of \$181/SF. These Comparable Sales are located across northeast Calgary, with no Comparable Sales from the Greenview District. The Complainant stated that the Comparable Sales all reflect similar characteristics to the subject property, and that the median TASP of \$181/SF is the best indication of the value of the subject property.

[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 Comparable Sales presented are all similar to the subject on these three factors and therefore a good indication of market value.

[14] In rebuttal (Exhibit C2), the Complainant argued that all seven of the Respondents Comparable Sales are rectangular-shaped lots, resulting in more efficient use of the site, and therefore, the value of the subject should be less than the indicated rate proposed.

[15] Also in rebuttal (page 4, Exhibit C2), the Complainant noted that four of the Comparable Sales presented have characteristics that are not similar to the subject. Specifically:

- The sale located at 236 40 Av NE has a site coverage of 38% compared to the subject with 21.95% site coverage.
- The sale located at 2235 20 Av NE has a year of construction of 1996 compared to the subject year of construction in 1980.
- The sale located at 520 35 Av NE has an assessable building area of 3,036 SF compared to the subject's 10,000 SF, and a site coverage of 35% compared to the subject's 21.95% site coverage.
- The sale located at 218 37 Av NE has an assessable building area of 3,000 SF compared to the subject's 10,000 SF, and a site coverage of 46% compared to the subject's 21.95% site coverage

Respondent's Position:

[16] 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.

[17] The Respondent presented its analysis on page 15, Exhibit R1, which included seven Comparable Sales, three of which are common to the Complainant's evidence and three of the four Comparable Sales that are not common with the Complainant's evidence are located in the Greenview District. The seven Comparable Sales have a TASP that ranges from \$189.39/SF to \$299.55/SF, with a median of \$240/SF. The Respondent argued that this supports the assessment of the subject warehouse at a rate of \$237/SF.

Findings of the Board:

[18] The Board was presented with a total of ten Comparable Sales by the two parties. None of these Comparable Sales include a property with a shape that is not rectangular. 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.

[19] The Board notes that there was considerable argument from both parties regarding the similarity of the various Comparable Sales, and qualitatively how adjustments should be applied, but no quantitative analysis or adjustments were presented by either party. The Board heard argument as to which characteristics have the most influence on sale price, but no evidence was provided to support those opinions.

[20] The TASP of the three Comparable Sales common to both parties is \$187/SF, \$193/SF and \$300/SF. None of these three sales is located in Greenview, but neither party presented any evidence that these are not comparable properties. The Board notes that the sale of the property at 220 19 St NE, at \$300/SF is much higher than the other nine Comparable Sales.

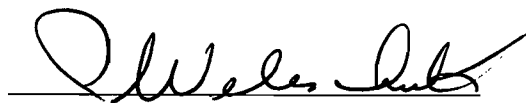
[21] The evidence before the Board is the TASP of the Comparable Sales. Each of the Comparable Sales has some characteristics quite similar to the subject and some characteristics quite different (relatively to the other Comparable Sales presented). The mean of the ten Comparable Sales present is \$207/SF, rounded to \$210/SF.

[22] Based on the mean of the ten Comparable Sales presented by both parties, the Board finds that the value of the subject property is \$210/SF, for an assessed value of \$2,100,000.

Board's Reasons for Decision:

The Board considered the evidence presented by both parties and finds that based on the ten comparable sales presented, the value for the subject property is \$210/SF. The value of the 2014 Assessment is reduced to \$2,100,000.

DATED AT THE CITY OF CALGARY THIS 14 DAY OF July 2014.



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	