



## **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:

<b>ROLL NUMBER:</b>	<b>033028408</b>
<b>LOCATION ADDRESS:</b>	<b>4836 6 St. NE</b>
<b>FILE NUMBER:</b>	<b>75469</b>
<b>ASSESSMENT:</b>	<b>\$4,300,000</b>

This complaint was heard on 16<sup>th</sup> 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 4836 6 St. NE, in the Greenview Industrial District of northeast Calgary. The site is 2.68 acres. Three buildings are located on the site. A cinder block building of 2,124 square feet (SF) constructed in 1960 is 100% finished and used as an office. A 5,304 SF cinder block building constructed in 1969 is used to service buses and has three larger and one smaller overhead door. There is essentially no finishing in this building. A steel frame shop of 9,412 SF constructed in 1974 is used to store vehicles and cold storage. There is not finish in this building. The property is occupied by the owner and used to store and service buses. The three buildings result in site coverage of 14.43%.

[4] 2014 property assessment is prepared 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 \$4,300,000 (\$256/SF).

**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:**

**\$3,430,000**

**Board's Decision:**

[6] The 2014 Property Assessment is reduced to \$3,870,000. The Board considered the Comparable Sales presented by both parties and concluded that the market value of the subject property is \$230/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 \$256/SF assessed value 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 \$204/SF, which results in the requested assessed value of \$3,430,000.

[10] In Exhibit C1, the Complainant presents seven Comparable Sales (summarized on page 24) 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 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.

[11] The seven Comparable Sales presented include a mix of multi and single tenant warehouse properties. The Complainant noted that the percent finish on page 24, Exhibit C1 should be 12.6% not the 33% as presented. The seven comparable sales range from a time adjusted sale price (TASP) of \$129/SF to \$300/SF, with all but one sale being more than \$193/SF. The indicated median is \$182/SF. Based on this evidence, the Complainant argued that a rate of \$204/SF best reflects the value of the subject property.

[12] 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), total 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 seven Comparable Sales presented are all very similar to the subject on these three factors and therefore are a good indication of market value.

[13] The Complainant argued that total assessable building area of the three buildings is a key characteristic. Multi building properties can be considered as one large building, and previous Board Decisions were presented to support this position.

[14] In rebuttal, the Complainant argued that bay size is not a factor considered in the assessment model, therefore is not a factor that should be considered in determining the comparability of properties. Assessable building area is a factor in the model and one of the key factors influencing value, based on discussions with various assessors.

[15] The Complainant summarized its position on the Respondent's comparable sales on page 4 of Exhibit C2. The comparable sales are presented by the Respondent on page 76, Exhibit R1). The Complainant argued that three of the four comparable sales are of very small buildings, ranging from 1,800 to 3,036 SF, while the subject's total assessable building area is 16,840 SF, therefore are not comparable sales. The largest comparable sale presented by the Respondent is 8,030 SF, with a TASP of \$198.99/SF, which supports the requested rate of \$204/SF.

**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 took the position that when the buildings are not similar, each building has to be considered separately, and the best indication of value is similarly sized single building properties or a multi building property with a similar mix of building size. The Respondent presented four single building properties with building sizes similar to the subject buildings, with TASP that ranged from \$343.61/SF to \$198.99/SF, with building size influencing the sale price (the larger the building, the less the sale price per square foot). The Respondent also presented two multi building properties with a TASP of \$230.90/SF and 228.61/SF (page 23, Exhibit R1).

[18] Regarding the Complainant's Comparable Sales, the Respondent argued that they all reflect the total assessable building area not the actual size of the three subject buildings and none of the comparable sales involved multi building properties, so none of these are very comparable.

**Findings of the Board:**

[19] The Complainant presented considerable argument related to the importance of % site coverage and how much influence this factor has in the calculation of a property's value. The "typical" site coverage used in the assessment model is 30%. Properties with a site coverage of less than 30% are considered superior, and apparently the value of these properties is higher than a similar property with a site coverage of more than 30%. The value of a property is apparently very sensitive to % site coverage. That said, the Complainant did not provide any quantification of this relationship. The Board was presented with the theory and asked to consider the site coverage of the various comparable sales with that of the subject. No evidence was presented related to the quantum of any possible adjustment. While the Board can accept that % site coverage is an important and influential factor in the valuation of a property and understand the direction of the adjustment based on the % site coverage of a given property, without some quantification of this influence, it is not possible to use this information to derive a specific value for the subject property. The Board considered this factor as one of the factors related to comparability, but is not able to apply the data directly to determine if the subject is incorrectly assessed.

[20] The Board notes that while the Complainant's comparable sales all have site coverage less than 30%, they are all much greater than the subject's 14.43%.

[21] Regarding the argument made by the Complainant that total assessable building area is a key characteristic and that multi building properties are comparable to single building properties with a similar total assessable area, the Board notes a number of previous Board decisions.

[22] Regarding the comparability of multi building properties and single building, the Board has discussed this issue at length in many previous decisions. For a more detailed discussion, the Board refers the reader to CARB 72998P/2013 or CARB 70547/P-2013. A multi building property can be considered comparable to a single building property if the buildings on the multi building property are identical or very similar, and function or are operated in an identical or very similar manner. In this case, the three buildings are very different from one another, therefore it is not appropriate to treat all three buildings as one larger building.

[23] The Board notes that the two larger buildings are rather modest warehouses, with no finish, and not even serviced with water and sewer. This would suggest that this property should be valued at the lower end of the range of sale prices. However, the Board finds that the requested rate of \$204/SF is not supported by the Complainant's analysis presented on page 24, Exhibit C1.

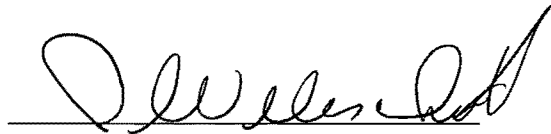
[24] The mix of buildings on this site is unique, being a single storey office building, a modest warehouse building and essentially a cold storage building. The comparable sales presented by the Respondent (page 23, Exhibit R1) do not support the assessed rate of \$255/SF. The four sales comparables of similar sized building presented by the Respondent are all on parcels that are much smaller than the subject. The Board finds these not comparable to the subject. The Respondent also presented two multi building properties. While the subject buildings are much older those on the two multi building comparable sale properties, the other characteristics are similar. The Board notes that the TASP of these two properties is \$230.90/SF and \$228,61/SF. Based on these two comparable sales, the Board finds the indicated value of the subject property is \$230/SF.

[25] The Board notes that equity was not raised as an issue by the Complainant. The Respondent presented a table to demonstrate that the subject property is equitably assessed, but as this was not an issue, the Board put no weight on this information.

**Board's Reasons for Decision:**

[26] The Board considered the comparable sales provided by both parties and finds the two multi building comparable sales presented by the Respondent as being the most comparable to the subject. Based on the time adjusted sale price of those two comparable sales, the indicated market value of the subject property is \$230/SF. Based on this per square foot rate, the 2014 Assessed value is reduced to \$3,870,000 (rounded).

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:**

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

**For MGB Administrative Use Only**

<b>Subject</b>	<b>Type</b>	<b>Sub-Type</b>	<b>Issue</b>	<b>Sub-Issue</b>
CARB	Commercial	Industrial	Sales Comparison	% site coverage Assessable building area Bay size