



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:

***Calgary Industrial Properties Ltd.,
(represented by Altus Group), COMPLAINANT***

and

The City Of Calgary, RESPONDENT

before:

***M. CHILIBECK, PRESIDING OFFICER
G. MILNE, BOARD MEMBER
R. KODAK, 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: 033025305

LOCATION ADDRESS: 4624 – 11 ST NE

FILE NUMBER: 75619

ASSESSMENT: \$2,650,000.

This complaint was heard on 10th 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 of Altus Group*

Appeared on behalf of the Respondent:

- *M. Hartmann, Property Assessor of the City of Calgary*

Board's Decision in Respect of Procedural or Jurisdictional Matters:

[1] Neither party raised any objections to any member of the Board hearing the subject complaint

[2] Neither party raised any procedural or jurisdictional matters.

Preliminary Matter:

[3] Neither party raised any preliminary matter(s).

Property Description:

[4] The subject property is a developed parcel of industrial land with 1.32 acres, designated Industrial-General (I-G) improved with one multi-bay warehouse building with 11 units constructed in 1971. The assessed building area is 21,097 sq. ft. and has 24% finish. The building footprint area is 21,097 sq. ft. for site coverage at 36.61%.

[5] The subject is located on 11 ST in between 45 AV and 48 AV in McCall Industrial Park located in the northeast quadrant of the City of Calgary.

Issues:

[6] The Complainant identified the matter of the assessment amount under complaint on the complaint form and attached a schedule listing several reasons (grounds) for the complaint. At the outset of the hearing the Complainant identified the following issue:

- 1) The subject property is in excess of its market value for assessment purposes.
 - i. The aggregate assessment per sq. ft. of building area applied to the subject property does not reflect market value when using the direct sales comparison approach.

Complainant's Requested Value: \$2,070,000.

Board's Decision:

[7] Change the assessment to **\$2,300,000**.

Legislative Authority, Requirements and Considerations:

[8] 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).

[9] For purposes of the hearing, the CARB will consider section 293(1) of the Act:

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

[10] The Matters Relating to Assessment and Taxation Regulation (MRAT) is the regulation referred to in MGA section 293(1)(b). The CARB consideration will be guided by MRAT Part 1 Standards of Assessment, Mass Appraisal section 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

(c) must reflect typical market conditions for properties similar to that property

Assessment Background:

[11] The subject property is assessed using the direct sales comparison method at an aggregate rate of \$138.48 per sq. ft. of assessable building.

[12] The subject property has 1,920 sq. ft. of building area which is exempt from taxation. This area is assessed at \$138.48 per sq. ft. at an assessment of \$265,500.

[13] The taxable portion of 19,177 sq. ft. is assessed at \$138.48 per sq. ft. at an assessment of \$2,650,000, which is under complaint in this case.

Position of the Parties**Complainant's Position:**

[14] The Complainant provided three sale comparables, of which two are multi-tenant/bay properties and one is a single-tenant/bay property, in NE Calgary (C1P16) which have a TASP range from \$93.91 to \$115.08 per sq. ft. of building area in support of their claim the subject is assessed in excess of its market value.

[15] The comparables have an assessable building area from 19,129 to 39,600 sq. ft., AYO (actual year of construction) from 1958 to 1974, site coverage (SC) from 35 to 43% and finish from 8 to 29%.

[16] The Complainant placed no weight on the sale at 4826-11 ST with largest building area which is 87% larger than the subject and a single tenant property.

[17] The two sales, 4140-6 ST and 1314-44 AV, have a building area of 26,570 and 19,129 sq. ft., AYO of 1958 and 1974, SC of 35 and 43%, finish of 21 and 29% and TASP of \$101.62 and \$115.08 per sq. ft. respectively with an average/median of \$108.35 per sq. ft.

[18] The Complainant requested that the subject be assessed at \$108.35 per sq. ft. of building area.

[19] In rebuttal the Complainant re-capped the Respondent's eight sale comparables (C2P4), of which three are in common with the Complainant, and drew the Board's attention to three sales which are single-tenant properties, the median and average TASP of the eight comparables and the median and average TASP of the five multi-tenant comparables.

[20] The Complainant argued that the single-tenant properties should not be used as comparables to the subject because the Respondent values multi-tenant properties at a higher rate than single-tenant properties.

[21] The median TASP of the eight comparables is \$119.67 per sq. ft. and the average TASP is \$127.08 per sq. ft. of building area.

[22] The median TASP of the five multi-bay comparables is \$115.08 per sq. ft. and the average TASP is \$121.34 per sq. ft. of building area

[23] The Complainant asserted the multi-bay comparables support his request for a reduction of the subject's assessment because the assessed rate of the subject falls outside (above) the range of TASP's of the comparables.

[24] Also in rebuttal, the Complainant made reference to five Calgary CARB decisions which were rendered from 2011 to 2013 in support of the claim that it is reasonable to use one sale comparable to place a value on a subject property.

Respondent's Position:

[25] The Respondent provided eight sale comparables from NE Calgary (R1P24), three of which are in common with the Complainant. These comparables are single-unit/bay properties.

[26] The eight comparables have an assessable building area range from 15,018 to 39,600 sq. ft., AYO (actual year of construction) range from 1958 to 1983, site coverage (SC) range from 31.55 to 49.41%, finish range from 3 to 36% and number of units range from 2 or less units (single-tenant) to 13 units (more than two units are considered multi-tenant).

[27] The TASP's range from \$84.06 to \$181.67 per sq. ft. of building area with an average of \$127 per sq. ft.

[28] An assessment equity chart (R1P26) was provided of five properties, one of which was the subject property that the Respondent requested be struck from the chart.

[29] The four remaining comparables are very similar to the subject and the assessment rate per sq. ft. ranges from \$130.56 to \$143.72 per sq. ft. of building area; the Respondent asserted this supports the subject assessment of \$138.48 per sq. ft.

[30] In summary the Respondent asserted that the subject assessment rate falls within the range of TASP's and the range of equitable assessment rates and referenced several Board decisions regarding "acceptable range of value". Most of the decisions are MGB (Municipal Government Board) decisions or Edmonton CARB decisions. One Calgary LARB decision is in regards to a residential assessment.

Board's Reasons for Decision:

[31] The Board reviewed the sale comparables from both parties and placed most weight on the five multi-unit/bay properties.

[32] The Board understands from questioning both parties that multi-tenant/bay properties are valued higher than single-tenant/bay properties. The Board also heard that the values of multi-bay/unit and single-bay/unit properties which have less than 90,000 sq. ft. of building area are valued at similar values.

[33] The five comparables range in building area from 18,024 to 37,018 sq. ft., AYOC from 1958 to 1980, SC from 24 to 49%, finish 11 to 64% and TASP from \$84.06 to \$181.67 per sq. ft. of building area.

[34] The Board placed most weight on the three of the seven characteristics which significantly influence value, that being building area, AYOC and SC which is agreed to by both parties.

[35] The Board finds two comparables, 1423-45 AV and 1314-44 AV, similar to the subject, except 1423 is larger than the subject by 75%. These comparables have a TASP of \$124.26 and \$115.08 per sq. ft. of building area. The Board decided to use the midpoint between the two TASP's to value the subject.

[36] The Board agrees that the value of property should be within a reasonable range of comparable values. However the Board was provided no insight by either party as to what should or could be considered reasonable and the Board decisions referenced by the Respondent provided no guidance in this regard.

[37] In this case, the range in equitable assessed rates is from \$130.56 to \$143.72 per sq. ft. of building area, a spread of 10%. The range in TASP's is from \$84.06 to \$181.67 per sq. ft., a spread of 116%.

[38] The Board would consider the spread in equitable assessed rates to be reasonable. This follows the Quality Standards in MRAT where the median assessment ratio falls within a 10% spread.

[39] However, the Board noted that the assessment to sale ratios (ASR's) of the Respondent's sale comparables range from .903 to 1.325, a spread of 46.7%. Of the eight ASR's, five are above the 10% spread (.95 to 1.05), two are below the 10% spread and one falls within the 10% spread.

[40] The Board finds the ASR's show that the assessments are generally in excess of the sale prices and indicates that an adjustment may be necessary.

[41] The Board would consider the spread of 116% in TASP's not reasonable. It is obvious to the Board that the property characteristics of those properties at the low end of the TASP's are notably different than for the properties at the high end of the TASP's, thus not sufficiently similar to be considered reasonable comparables to the subject..

[42] The Board's decision is to change the assessment to \$2,300,000 based on 19,177 sq. ft. of assessable area at \$120 per sq. ft.

DATED AT THE CITY OF CALGARY THIS 16th DAY OF JULY 2014.

A handwritten signature in black ink, appearing to read "M. Chilibeck", is written over a horizontal line.

M. CHILIBECK

Presiding Officer

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

NO.	ITEM
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.*

CARB Identifier Codes

Decision No. 75619P-2014			Roll No. 033025305	
<u>Complaint Type</u>	<u>Property Type</u>	<u>Property Sub-Type</u>	<u>Issue</u>	<u>Sub-Issue</u>
CARB	Industrial	Multi Tenant	Sales Approach	Market Rate

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