



**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:**

**Ms. V. Higham, PRESIDING OFFICER  
Mr. R. Cochrane, BOARD MEMBER  
Mr. P. Cross, 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 (the City) and entered in the 2014 Assessment Roll as follows:

<b>ROLL NUMBER:</b>	<b>033041005</b>
<b>LOCATION ADDRESS:</b>	<b>1139 40 Avenue NE Calgary, Alberta</b>
<b>FILE NUMBER:</b>	<b>75626</b>
<b>ASSESSMENT:</b>	<b>\$5,770,000 (net of exempt assessment)</b>

This complaint was heard on the 23<sup>rd</sup> day of July, 2014 at the office of the Calgary Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 4.

Appeared on behalf of the Complainant:

- **Mr. M. Robinson**                      **Agent, Altus Group**

Appeared on behalf of the Respondent:

- **Mr. F. Taciune**                      **Assessor, City of Calgary**

**Procedural or Jurisdictional Matters:**

- [1] Neither party objected to the composition of the Board as introduced at the hearing.
- [2] The Board notes an executed Agent Authorization Form present in the file.
- [3] All disclosure materials were received in a timely fashion.
- [4] No preliminary issues were raised by either party.
- [5] Upon request, the Board agreed to carry forward evidence, arguments, and questioning for both parties from "lead file" #76055 respecting the "single best comparable" argument heard by this panel the same week.

**Property Description:**

- [6] The subject is assessed as a multi-tenant industrial warehouse property (IWM), located at 1139 40 Avenue NE on 2.89 acres of land, with 46% site coverage. The parcel is improved by one building constructed in 1974, comprising 60,849 square feet (sf) of space (4,096 sf of which is exempt and not under complaint). The subject is assessed at \$102 per square foot (psf), using the direct sales comparison approach to value.

**Issues:**

- [7] The Complainant identified one matter on the Complaint Form as under complaint, being the assessment amount. The Complainant requested a different valuation (\$5,330,000) than originally noted on the Complaint Form (\$5,260,000), and raised the following issue for the Board's consideration:

- a) What is the correct psf value to apply to the subject property: the assessed \$102 or the requested \$94?

**Complainant's Requested Value: \$5,330,000**

**Board's Decision:** The Board confirms the subject assessment at **\$5,770,000 (net of exempt assessment)**.

**Legislative Authority, Requirements and Considerations:**

[8] A Composite Assessment Review Board (CARB) derives its authority from the *Act*, section 460.1, which reads as follows:

- (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).

Section 293 of the *Act* requires that:

- (1) In preparing an 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.

Sections 2 and 4 of the *Matters Relating to Assessment and Taxation Regulations* (the *MRAT*) state:

- (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.
- 4(1) The valuation standard for a parcel of land is
  - (a) market value, or
  - (b) if the parcel is used for farming operations, agricultural use value.

**Position of the Parties**

**Issue: What is the correct psf value to apply to the subject property: the assessed \$102 or the requested \$94?**

**Complainant's Position:**

[9] The Complainant submitted a table of seven comparable sales, with a median time adjusted sale price (TASP) of \$94 psf, the requested valuation rate. The Complainant also submitted third party reports supporting each sale, and argued that all but two of these comparables (comps) were "over-assessed" with assessment-to-sale ratios (ASRs) ranging from 1.10 to 1.31.

[10] In rebuttal, the Complainant also submitted CARB decisions 72276P-2013, 72366P-2013, 1426/2011-P, 0751/2012-P, and 72102/2013-P to support his argument that the Board is free to derive an assessment valuation for the subject based on a single best comp – in this case, his first comp at 2835 23 Street NE.

[11] Also in rebuttal, the Complainant submitted evidence and CARB 1771-2011-P to support a diminishing returns argument in respect of the Respondent's sixth sale (1314 44 Avenue NE), which the Complainant argued is too small in building size to be comparable to the subject.

**Respondent's Position:**

[12] The Respondent submitted the City's sales table analysing six comps (all common to the Complainant except the City's 1314 44 Avenue NE), yielding median/mean TASP rates of \$101 and \$100 psf respectively.

[13] The Respondent argued that the City's sales table provides a range of value from \$84 to \$115 psf, within which the subject squarely falls at \$102 psf. The Respondent also submitted an Assessment Request for Information (ARFI), noting a completed market value appraisal dated July 2012 valuing the subject at \$6,350,000. Additionally, the Respondent submitted pictorial evidence, sales ARFIs, and third party reports for all the City's comps.

[14] The Respondent further argued that the Board should exclude the Complainant's three single tenant warehouse (IWS) sales, owing to the fact that IWS properties transact in a different market than do the multi-tenant warehouse (IWM) properties.

[15] With respect to the Complainant's third comp (4826 11 Street NE), the Respondent noted that this property has been vacant for the past five years under protracted renovation and significant disrepair, with a TASP of \$94 psf. The Respondent argued that it cannot be fair and equitable to value the subject (requested rate \$94 psf) at the same value as this vacant, problematic, atypical parcel, given the extensive deficiencies on the site.

[16] The Respondent also included an equity table analysing four comparable properties in the north east, with assessed rates ranging from \$106 to \$115 psf.

[17] In summary, the Respondent argued that mass appraisal assessment is about establishing a range of typical market values best applicable to the subject – noting that the Complainant's own sales data establishes a range between \$77 and \$124 psf, within which the subject squarely falls at \$102 psf.

#### **BOARD'S REASONS FOR DECISION:**

[18] The Board finds that the appropriate value to apply to the subject is \$97 psf, based on the mean of the four most comparable sales submitted by both parties.

[19] In analysing the sales evidence submitted, the Board acknowledges that all property characteristics influence the City's regression model in some manner, but some factors influence value more than others.

[20] Since no evidence was submitted by either party relative to how the Board might quantify the various factor adjustments needed to make the respective sales more reliably comparable to the subject, the Board focused on three key factors: *building size*, *year of construction*, and *site coverage* as most relevant to its analysis.

#### **IWS versus IWM Argument:**

[21] The Board finds that IWS properties transact in a different market than do IWM properties, owing in part to the difference in operations required by prospective purchasers for each property type. Single tenant investors, for example, typically focus on the potential rent each unit might garner, rather than the general investment potential of the entire parcel.

[22] Thus, the Board excluded all IWS sales, being the Complainant's second, third, and sixth comps (3650 12 Street NE, 4826 11 Street NE, and 3651 36 Avenue NE respectively).

#### **Conclusion:**

[23] The Board gave no weight to the Respondent's equity table (since equity was not raised by the Complainant), and gave no weight to the subject appraisal referenced by the Respondent, as a copy of the appraisal was not submitted into evidence for the Board's review.

[24] The Board also excluded the Respondent's last sale (1314 44 Avenue NE), since the subject is more than three times the building size of this comp.

[25] The Board accepted the four remaining sales, all common to both parties (2835 23 Street NE, 3651 21 Street NE, 1423 45 Avenue NE, and 1324 36 Avenue NE), resulting in median/mean rates of \$93 and \$97 psf respectively.

[26] The Board concludes that while *median* rates perhaps better represent typical value in larger studies, given the relatively small sample size in this case, applying a *mean* rate would better reflect market conditions.

[27] Applying the mean rate of \$97 psf to the subject's taxable area of 56,753 sf (60,849 sf total minus the exempt 4,096 sf), results in a truncated value of \$5,500,000, which is within 4% of the current subject assessment.

[28] The Board reviewed section 467(3) of the *Act*, which reads:

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,

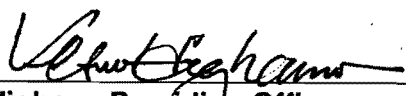
[29] The Board also reviewed section 10(3) of the *MRAT*, which identifies an acceptable "quality standard range" within which the preparation of assessments ought to fall (a range of  $\pm 5\%$  applies to the subject).

[30] The Board concludes that *absent more compelling evidence* to justify altering the assessment, the subject's current assessment reasonably reflects typical market value on the facts of this case.

#### Board's Decision:

[31] For reasons outlined herein, the Board confirms the subject assessment at **\$5,770,000 (net of exempt assessment)**.

DATED AT THE CITY OF CALGARY THIS 05 DAY OF AUGUST 2014.

  
V. Higham, Presiding Officer

## APPENDIX "A"

**DOCUMENTS PRESENTED AT THE HEARING  
AND CONSIDERED BY THE BOARD:**

<b>NO.</b>	<b>ITEM</b>
1. C1	Complainant's Disclosure
2. R1	Respondent's Disclosure
3. C2	Complainant's 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.*

**For Administrative Use Only – Roll Number 033041005**

<b>Municipal Government Board Use Only: Decision Identifier Codes</b>				
<b>Municipality/Appeal Type</b>	<b>Property Type</b>	<b>Property Sub-Type</b>	<b>Issue</b>	<b>Sub-Issue</b>
Calgary CARB	Warehouse	Warehouse-Multi	Sales Approach	Land & Improvement Comparables