



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: 032029001

LOCATION ADDRESS: 4001 – 23 ST NE

FILE NUMBER: 75639

ASSESSMENT: \$2,430,000.

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 1.33 acres, designated Industrial-General (I-G) and improved with one multi-bay warehouse building (6 units) constructed in 1976. The assessed building area is 15,840 sq. ft. and has 15.8% finish. The building footprint area is 15,840 sq. ft. for site coverage of 27.3%.

[5] The subject is located at the northwest corner of 23 ST and 39 AV in the North Airways area 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 square foot applied to the subject property does not reflect market value when using the direct sales comparison approach.

Complainant's Requested Value: \$2,210,000.

Board's Decision:

[7] Confirm the assessment at **\$2,430,000**.

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 section 293(1)(b) of the Act. 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 by using the direct sales comparison method at an aggregate rate of \$153.51 per sq. ft. of assessable building area.

[12] The subject property has 15,840 sq. ft. of building area assessed at \$2,430,000.

Position of the Parties

Complainant's Position:

[13] The Complainant provided three sale comparables in NE Calgary (C1P16) which have an aggregate median time adjusted sale price of \$140 per sq. ft. of building area in support of their claim the subject is assessed in excess of its market value.

[14] The comparables have a time adjusted sale price (TASP) range from \$129 to \$193 per sq. ft., assessable building area from 12,872 to 14,535 sq. ft., AYOC (actual year of construction) of 1965 to 1979, site coverage (SC) of 26 to 27% and finish from 14 to 29%.

[15] The Complainant placed most weight on the median TASP of \$140 per sq. ft. and selected the best comparable to be 3516-26 ST with a TASP of \$140 per sq. ft. and requested that the subject assessment be reduced accordingly to \$2,210,000.

[16] In rebuttal, the Complainant re-capped the Respondent's four sale comparables (C2P4), two of which are in common with the Complainant. The Complainant argued that no weight should be placed on the comparable at 4413 – 11 ST because the sale included a 5-ton crane and 15-foot bridge height and no weight should be placed on comparable at 2801 – 18 ST because it has a high amount of finish at 64% versus the subject at 16%.

[17] In Summary, the Complainant referenced four Calgary CARB decisions regarding the use of one sale comparable to infer a value on a subject property.

Respondent's Position:

[18] The Respondent provided four sale comparables in NE Calgary (R1P18), two of which are in common with the Complainant and argued that the TASP's, which range from \$139.66 to \$193.24 per sq. ft., bracket the assessed rate of \$153.31 per sq. ft. for the subject.

[19] The Respondent argued that the range of TASP's support the assessed rate of the subject.

[20] Calgary CARB decision 1423/2012-P, for the subject property, was referenced by the Respondent wherein the Board 'agrees that the best indicator of market value is sales value.'

[21] In summary, the Respondent 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.

[22] Also in summary, The Respondent requested that the Board not place any weight on the issue of single-tenant versus multi-tenant building in the valuation of property in this case.

Board's Reasons for Decision:

[23] The Board reviewed the sales from both parties and finds that the sale of 2801-18 ST and 610 Moraine RD are the most dissimilar of the five comparables provided by both parties.

[24] The property at 2801-18 ST is notably larger than the subject, has significantly more finish and a high TASP of \$181.61 per sq. ft.

[25] The property at 610-Moraine RD is notably smaller than the subject and has the lowest TASP of \$129 per sq. ft.

[26] The three remaining sales, 4413-11 ST, 3516-26 ST and 5535-11ST, have TASP's of \$179.19, \$139.66 and \$193.24 respectively for an average TASP of \$160.66. These comparables have similar areas, age and site coverage.

[27] Regarding the sale at 4413-11 St which included a 5-ton crane, the Complainant did not provide any evidence to support what portion of the sale price, if any, could be attributed to the crane. Therefore the Board placed more weight on the two other sales at 3516-26 ST and 5535-11ST which have an average TASP of \$166.45 per sq. ft.

[28] The Board is not convinced to place most weight on the one sale, 3516-26 ST, as suggested by the Complainant. The Board finds that the other two sales have similar degrees of similarity to the subject when most weight is placed on the three of the seven characteristics which significantly influence value, that being building area, AYOOC and SC. No explanation was provided by either party as to why the TASP for this sale was significantly less than the other two similar comparables.

[29] The Board understands that multi-tenant property is valued higher than single-tenant property and this premise is agreed to by both parties.

[30] However, the Board understands from the arguments presented by both parties that single tenant or multi tenant properties with less than 90,000 sq. ft. of building area sell at a similar value, all other characteristics being similar. Therefore the Board gave this characteristic very little weight.

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

[32] In this case, the Board finds that the three sales with an average TASP of \$160.66 per sq. ft. and the two sales with an average of \$166.45 per sq. ft. do not support a change to the assessment.

[33] The Board's decision is to confirm the assessment at \$2,430,000.

DATED AT THE CITY OF CALGARY THIS 23rd DAY OF JULY 2014.



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. 75639P-2014			Roll No. 032029001	
<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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