



## **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:**

**748423 ALBERTA LTD.**

**(as represented by AVISON YOUNG PROPERTY TAX SERVICES), COMPLAINANT**

**and**

**The City Of Calgary, RESPONDENT**

**before:**

**E. K. Williams, PRESIDING OFFICER**

**I. Fraser, BOARD MEMBER**

**J. Kerrison, 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: 048048300**

**LOCATION ADDRESS: 2827 18 ST NE**

**FILE NUMBER: 76769**

**ASSESSMENT: \$3,790,000 (\$134.46 per square foot)**

This complaint was heard on 16<sup>th</sup> day of July, 2014 in Boardroom 6 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE Calgary, Alberta.

Appeared on behalf of the Complainant:

- C Hartley                      Agent, Avison Young Property Tax Services
- B. Peacock                      Agent, Avison Young Property Tax Services

Appeared on behalf of the Respondent:

- N. Domenie                      Assessor, The City of Calgary

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

- [1]      No Procedural or Jurisdictional Matters were raised by the parties.

**Property Description:**

[2]      The subject property at 2827 18 ST NE is a 28,187 square foot (SF) multi tenant industrial warehouse building on 1.31 acres of land with a 1981 year of construction (YOC) in the community of South Airways. The subject is assigned a quality classification of C+, an Industrial-General land use designation, a Property Use: Industrial and Subproperty Use: IN0701 Warehouse with 3 or more units (IW M).

- [3]      The assessment was prepared on the Sales Comparison Approach.

**Issues:**

- [4]      The assessed value of the subject property is not reflective of market value.

**Complainant's Requested Value: \$3,495,188 [\$124.00 square foot (psf)]**

**Board's Decision:**

- [5]      The assessment is confirmed as \$3,790,000 (\$134.46psf).

**Legislative Authority, Requirements and Considerations:**

- [6] The Act Section 248 Interpretation provisions for Parts 9 to 12 defines
- (1)(r) *"property" means*
    - (i) *a parcel of land*
    - (ii) *an improvement, or*
    - (iii) *a parcel of land and the improvements on it:*
- [7] The Act Section 293 Duties of Assessors 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 regulation.*
- [8] The Act Section 467 Decisions of assessment review board requires that:
- An assessment review board must not alter any assessment that is fair and equitable taking into consideration*
- (a) *The valuation and standards set out in the regulations,*
  - (b) *the procedures set out in the regulations, and*
  - (c) *the assessments of similar property or businesses in the same municipality*
- [9] *Matters Relating to Assessment and Taxation Regulation (MRAT) Part 1 Standards of Assessment Section 2 Mass Appraisal requires that:*
- 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.*
- and Section 4 Valuation standards for a parcel of land requires
- 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.*
    - (d) *must reflect typical market conditions for properties similar to that property.*

**Position of the Parties**

[10] The Complainant and Respondent presented a wide range of evidence consisting of relevant and less relevant evidence. In the interests of brevity, the Board will restrict its comments to those items the Board found relevant to the matters at hand. Furthermore, the Board's findings and decision reflect on the evidence presented and examined by the parties before the Board at the time of the hearing.

[11] The Complainant's evidence package included a Summary of Testimonial Evidence, aerial photographs identifying the location of the property, photographs of the subject property, the City of Calgary 2014 Property Assessment Summary Report, Comparable Market

Transactions including supporting documentation for each comparable.

[12] The Respondent's evidence package included a Summary of Testimonial Evidence, photographs of the exterior of the subject property, the 2014 Assessment Explanation Supplement Industrial, Comparable Market Transactions with supporting documentation for each comparable including the RealNet Industrial Transaction Summary and Calgary Assessment Review Board decisions.

[13] Both parties placed technical, professional and academic excerpts before the Board in support of their position. This Board finds that any specific passage or quote (i.e. excerpt) from a larger document may not capture the true intent of the document and is, therefore, seen by the Board as incomplete material and may be given limited weight.

[14] The Respondent presented two Assessment Review Board decisions in support of their position. These decisions were made in respect of issues and evidence that may however be dissimilar to that before this Board.

### **Complainant's Position:**

[15] The Complainant presents the details on three sale comparables. Two with the IW M building type and one IW S (Warehouse with 2 or less units) building type. Supporting documentation for the comparables including the RealNet Industrial Transaction Summary was presented on pages 15 to 25 of Exhibit C1. The following table compares the subject and the sales comparables on five characteristics that affect value.

Municipal Address	Building Area SF	Type	YOC	% Finished	Site Coverage	Sale date (mm/yyyy)	Unadjusted Sale Price	SP psf*
1423 45 AV NE	37,018	IW M	1973	24.0	39.2	09/2012	\$4,600,000	\$124.26
4826 11 ST NE	40,150	IW S	1972	7.2	40.7	12/2011	\$3,500,000	\$87.71
1826 25 AV NE	35,130	IW M	1980	23.5	46.7	05/2011	\$4,439,000	\$126.36
<b>Subject</b>								
2827 18 ST NE	28,187	IW M	1981	36.0	40.91	Assessment	\$3,790,000	\$134.46

\*The unadjusted Sale Price (SP).

For the sample of three comparables the mean SP is \$113 psf and the median SP is \$124 psf. The Complainant testified that the calculation of a Time Adjusted Sale Price (TASP) is not required for the comparables. The comparable at 1826 25 Av NE was considered by the Complainant to be the most similar to the subject and the SP of \$126 psf supports the requested assessment. It was noted on page 11 of Exhibit C1 that the transaction of 1826 25 AV NE included two buildings on the site but was included in their analysis due to the lack of other sales.

[16] In summary the Complainant argued the analysis of sales comparables and the value determined by the Income Approach support the requested assessment.

### **Respondent's Position:**

[17] Respondent reviewed the table titled 2014 Industrial Sales Chart (page 13 Exhibit R1) which presented particulars on four properties considered to be comparable to the subject property. The following table compares the subject and the sales comparables on five characteristics that affect value.

Municipal Address	Building Area SF	Type	YOC	% Finished	% Site Coverage	Sale date (mm/yyyy)	TASP*	TASP psf
1423 45 AV NE	37,018	IW M	1973	24.0	39.2	09/2012	\$4,600,000	\$124.26
4826 11 ST NE	40,150	IW S	1972	7.2	40.7	12/2011	\$3,718,750	\$93.91
6835 8 ST NE	38,577	IW S	1990	18.0	29.21	10/2010	\$5,718,630	\$142.24
2620 22 ST NE	23,678	IW S	1981	36.0	31.55	12/2011	3,240,625	\$136.86
<b>Subject</b>								
2827 18 ST NE	28,187	IW M	1981	37.0	40.91	Assessment	\$3,790,000	\$134.46

\*The TASP based on the City of Calgary Assessment Department Time Adjustment monthly factor

The Respondent testified that changes in the market required the calculation of a TASP for the 2010 and 2011 comparables.

[18] The Respondent noted that the property 2620 22 ST NE is the best comparable to subject property in terms of building area, YOC, and % finished. The TASP for this comparable is \$136.86 psf.

[19] In summary the analysis of the four sale comparables which included the best comparable to the profile of the subject support the assessment of \$134.61 psf.

#### Board's Reasons for Decision:

[20] Both parties argued in support of their best comparable. The following table presents a comparison of their best comparable to the subject on five characteristics that affect value. Where required the TASP is used in the analysis.

Municipal Address	Building Area SF	Type	YOC	% Finished	% Site Coverage	Sale date (mm/yyyy)	TASP*	TASP psf
<b>Complainant</b>								
1826 25 AV NE	35,130	IW M	1980	23.5	46.7	05/2011	\$4,944,158	\$140.46
<b>Respondent</b>								
2620 22 ST NE	23,678	IW S	1981	36.0	31.55	12/2011	\$3,240,625	\$136.86
<b>Subject</b>								
2827 18 ST NE	28,187	IW M	1981	37.0	40.91	Assessment	\$3,790,000	\$134.46

\*The TASP based on the City of Calgary Assessment Department Time Adjustment monthly factor

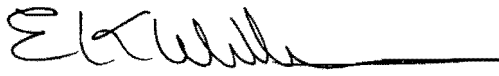
The Board finds that the "best" sales identified by the Parties support the assessment. It must be noted that the Complainant acknowledged that their best comparable was a transaction that involved two buildings on the site which will have an impact on the sale price.

[21] In respect of the TASP, the Complainant argued that a time adjustment was not required for the sale comparables used in their analysis. However, no evidence was presented as to support this position. This is contrary to the position of the Respondent who applied time adjustments to their comparables where required. The use of the TASP as presented in paragraph [20] increased the sale price for the Complainant's best comparable from \$126.36 psf to \$140.46 psf. Representing an 11.2% increase for the 26 month period May 2011 to July 2013.

[22] In summary the Respondent's best comparable is a stronger comparable to the subject property on the five characteristics that affect value than the Complainant's best comparable as well the Complainant's best comparable had two buildings on the site which has the potential of impacting on the sale price. Further the calculation of the TASP for the Respondent's comparable supports the assessment of \$134.60 psf.

[23] Based on the evidence presented the Board confirms the assessment.

DATED AT THE CITY OF CALGARY THIS 20<sup>th</sup> DAY OF August 2014.



**E. K. Williams**

**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
2. 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.*

**ADMINISTRATIVE USE**

<b>Appeal Type</b>	<b>Property Type</b>	<b>Property Sub-Type</b>	<b>Issue</b>	<b>Sub-Issue</b>
CARB	Warehouse	Multi Tenant	Sales Approach	Comparables