



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:

1755148 Alberta Ltd., (as represented by K. King), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

***R. Fegan, PRESIDING OFFICER
Y. Nesry, BOARD MEMBER
J. Rankin, 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:	091097907
LOCATION ADDRESS:	18 Highfield Cl. SE.
FILE NUMBER:	77304
ASSESSMENT:	\$3,050,000

This complaint was heard on the 14th day of July, 2014 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 9.

Appeared on behalf of the Complainant:

- K. King

Appeared on behalf of the Respondent:

- R. Luchak, (Assessor, City of Calgary)

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

- [1] No procedural or jurisdictional matters were raised.

Legislative Authority, Requirements and Considerations:

- [2] 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.

Matters Relating to Assessment and Taxation Regulation (MRAT) states:

Mass Appraisal

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.

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.

Property Description:

- [3] The subject of this complaint is an industrial property on 1.16 acres of land. There is an escarpment at the rear of the property and the assessed land area has been adjusted to .9 of an acre to compensate for the escarpment. There are two buildings on the site. One built in 2001 which is 5,820 square feet comprised mainly of warehouse space with a small retail area. The second building is located at the rear of the property it was built in 2011 and has 5,625 square

feet of warehouse with a single washroom (building sizes taken from exhibit R-1 page 8).

Issues:

[4] The 2014 assessment is 41.9% higher than the assessment set by the Composite Assessment Review Board in 2013.

[5] Industrial sales of similar properties in the southeast quadrant of the City indicate the market value of the subject is lower than the assessed value.

[6] The subject property assessment is not equitable when compared to similar properties.

Complainant's Requested Value: \$2,300,000.

Board's Decision: The Complaint is allowed in part and the assessment is set at \$2,580,000.

Position of the Parties

Complainant's Position:

[7] The Complainant provided a sales analysis with thirteen sales located in various locations throughout the south east quadrant. The Complainant's sales analysis in exhibit C-1, had been amended by the removal of one condominium sale and the inclusion of the sale of 1312 42nd AV SE. The revised document was contained on page 4 of exhibit C-2. The average sale price per square foot of these sales was \$234.99 and the median was \$235.00. The average assessed value per square foot of these sales was \$218.49 and the median was \$216.67.

[8] The Complainant provided a copy of the 2013 CARB decision for the subject property (CARB 70314/2013-P). The assessed value in that case was \$3,080,000. The assessed value before this Board is \$3,050,000. In that case the Board reviewed the evidence provided by both parties including an appraisal report of the subject property. In that case the Board found that a reduction in the assessed value was warranted.

[9] In this case no appraisal was in evidence but the covering letter which accompanied the appraisal that was before the Board last year was in evidence. That letter was from Colliers International and stated that the appraised value was \$2,150,000.

[10] The Complainant provided an equity chart with properties in the immediate vicinity of the subject property (Burnswest Industrial Park). From that chart the Complainant referred to # 46 Highfield Circle which had an assessed value that was almost identical to the subject property. (46 Highfield Circle @ \$3,040,000 and 18 Highfield Circle @ \$3,050,000. The Complainant argued that this was inequitable because the property at 46 Highfield is significantly larger than the subject buildings with 16,894 square feet in one building versus the subject's 11,445 square feet in two buildings.

Respondent's Position:

[11] The Respondent explained that the assessment of the subject property was arrived at using a multiple regression analysis based on variables such as location, land size, site coverage, year of construction, building size, and building finish. The Respondent identified two reasons for the differences between the value estimates arrived by the parties.

[12] The Respondent argued that due to "economies of scale" smaller buildings should not be compared to larger buildings using the sale price per square foot or the assessment per square foot as a unit of comparison.

[13] The Respondent also argued that a geographic area of "Central" existed within the south east quadrant of the City and that industrial properties within this "Central" district were more valuable than properties in the south east quadrant, but not in the "Central" district.

[14] The Respondent provided a number of sales charts to demonstrate the effect of "Economies of Scale" and also to demonstrate the impact of being located in the "Central" district.

[15] The Respondent also provided a cost analysis using Cost Data by Marshall & Swift. This analysis indicated that it would cost more to construct two buildings of the same total area than it would to construct a single building of the same size.

[16] The Respondent provided a multi-building sale comparable on page 50 of exhibit R-1. That sale involved two older buildings on a smaller parcel of land that sold for a time adjusted sale price of \$200.50 per square foot. The Respondent suggested that the value of the subject property must be higher than \$200.50 because of the larger parcel size and the newer buildings.

Board's Reasons for Decision:

[17] The Board found that the Respondent's sales chart comparing single and multi buildings on pages 37 and 38 of exhibit R-1 was not helpful in determining the impact that multi-building properties had on sale price. The analysis failed to isolate the variable of "multi-buildings". For example there were differences in year of construction, parcel size, site coverage, total building area etc.

[18] The Board found that the Respondent's sales chart demonstrating the impact that building size had on sale price per square foot did indicate that the rate per square foot increased as the size decreased, however the analysis did not deal with the issue of whether or not the building area was contained in one building or in multiple buildings.

[19] The Board noted that the Respondent's sales analysis on pages 41 and 51 of exhibit R-1, had not adjusted the 2012 or the 2013 sales to the effective date of assessment (with the exception of 5905, 11 ST SE). The Respondent testified that a time adjustment was not required for that time period.

[20] In rebuttal the Complainant provided information and pictures of the sale at 1312 42 AV SE. It was his opinion that this was the best comparable. It was reasonably close to the location of subject property and was built by the same building contractor as the newer building on the subject site using similar materials and design.

[21] The Board agreed with the Complainant that this sale was the best comparable to the subject property and based the revised assessment on that sale price per square foot (\$226.00 per square foot).

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

R. Fegan

R. Fegan

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.		Roll No.		
<u>Complaint Type</u>	<u>Property Type</u>	<u>Property Sub-Type</u>	<u>Issue</u>	<u>Sub-Issue</u>
CARB				

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