

**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:

Boundary Investments Ltd. (as represented by Cushman & Wakefield Property Tax Services), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

***K. D. Kelly, PRESIDING OFFICER
J. Joseph, MEMBER
R. Cochrane, 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 2012 Assessment Roll as follows:

ROLL NUMBER:	200461614
LOCATION ADDRESS:	25 Freeport PL NE
HEARING NUMBER:	66517
ASSESSMENT:	\$1,360,000

This complaint was heard on 12th day of July, 2012 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:

- *Mr. J. Goresht – Cushman & Wakefield Property Tax Services*
Ms. S. Ubana – Cushman & Wakefield Property Tax Services

Appeared on behalf of the Respondent:

- *Ms. K. Cody - Assessor – City of Calgary*

REGARDING BREVITY:

[1] The Composite Assessment Review Board (CARB) reviewed all the evidence submitted by both parties. The extensive nature of the submissions dictated that in some instances certain evidence was found to be more relevant than others. The CARB will restrict its comments to the items it found to be most relevant.

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

[2] None.

Property Description:

[3] The subject is a 1.71 acre (Ac.) vacant industrial flat land parcel located just south of Country Hills BV NE and north of Calgary International Airport. It is situated on Freeport PL NE in the new Freeport Industrial campus located in the new Stoney 2 Industrial area. The site is essentially a rectangular corner lot and is zoned generally for industrial uses under Direct Control Bylaw DC (pre 1P2007) which allows for I-G (industrial General) developments. The site is assessed at \$1,360,000 at \$800,000 per Ac. or \$18.37 per SF.

[4] **Issues:**

1. The subject is assessed in excess of market which is therefore inequitable.

[5] **Complainant's Requested Value:** \$1,022,067.09.

Board's Decision in Respect of Each Matter or Issue:

Issue #1

[6] The Complainant presented his Brief C-1 and provided maps and property outline sketches of the subject and its location in the new Freeport industrial park. He presented a chart containing the assessments and related details, for twelve other land parcels in the Freeport development. One of the twelve parcels at 19 Freeport DR NE had sold on October 24, 2011 and therefore the chart contained both the assessed and selling values. The Complainant provided the RealNet sheets for the sale.

[7] The Complainant argued that his “best” assessment equity property comparable was a 1.82 Ac. site at 28 Freeport LD NE which was assessed at \$13.72 per SF or \$1,090,000. He clarified that while this site exhibited certain “shape” issues, he considered this property, located on a nearby cul-de-sac, to be “superior” and an excellent example of property values for the development and the subject. He argued that the subject was essentially comparable to 28 Freeport LD NE.

[8] The Complainant clarified therefore that he calculated his requested assessment value reduction for the subject’s 1.71 Ac. (74,489 SF) on the basis of the 28 Freeport LD NE \$13.72 per SF assessed value (i.e. $74,489 \times \$13.72 = \$1,022,067$) for equitable purposes. The Complainant provided a rebuttal document C-2 wherein he re-iterated his valuation methodology and provided additional property diagrams for both the subject and his property comparable at 28 Freeport LD NE.

[9] The Complainant requested that the assessment be reduced to \$1,022,067.09.

[10] The Respondent provided her Brief R-1 and clarified in a detailed matrix that the City’s market research shows that I-G properties in northeast Calgary have an apparent market value of \$800,000 per Ac. She provided three time-adjusted “in time” (i.e. 2010 and 2011) market sales of vacant land in the Freeport industrial park, noting that the average value of the three transactions was \$830,412 per Ac. and the median value was \$848,000 per Ac. She noted that all three parcels were 1.69 Ac.; 2.48 Ac., and 2.50 Ac. respectively, which are similar in size to the subject’s 1.71 Ac. She clarified that \$800,000 per Ac. was the value used to assess the subject.

[11] The Respondent noted that the subject sold *Post Facto* on October 24, 2011 for \$815,000 per Ac. according to the RealNet sheets which she provided. She argued that while this sale is outside the City’s analysis period which ended June 30, 2011, it still supports the assessment.

[12] The Respondent reiterated that unlike the Complainant, she had not used *Post Facto* market sales. She noted that the one sale comparable used by the Complainant had transacted on October 24, 2011 and was at least 4 months *Post Facto*. However, she also argued that notwithstanding the Complainant’s sale is *Post Facto*, it still supports the assessment

[13] The Respondent also provided an additional chart illustrating the various site “Influences”, and the adjustments – both positive and negative – that the City applies to properties affected by these influences. She noted in particular that properties identified by the City as having a “shape” influence receive a negative 25% adjustment in the City’s assessment Model under the Mass Appraisal process. She reiterated that the subject does not suffer from a “shape” influence as alleged by the Complainant because it is predominantly rectangular in shape.

[14] The Respondent argued that the Complainant has merely taken the smallest per square foot value in his matrix of comparable properties, one that is significantly irregular, and without regard for its negative “shape” factor site influence, simply applied its \$13.72 per SF value to the subject, which is erroneous methodology. She provided a matrix of nine property comparables under 4 Ac. in size, and one property over 4 Ac. in size – all in the Freeport development, and most also used by the Complainant, to document certain site influences applied to four properties in the list.

[15] The Respondent identified two properties as having a "corner lot" influence and explained that these two sites have been assessed a positive 5% influence factor. These properties were located at 10 Freeport DR NE, and 20 Freeport DR NE. She identified 28 Freeport LD NE as having the aforementioned "shape" factor, and 19 Freeport DR NE as having a "diminishing returns" factor. The Respondent also provided calculations identifying the assessments per acre of all 13 properties in her chart, including the subject, with and without the site influences. She argued that the \$800,000 per Ac. assessed value applied to all of these parcels is equitable and supported by market data.

[16] The Respondent requested that the assessment be confirmed at \$1,360,000.

Board Findings re Issue #1

[17] The Board finds that the Respondent's time-adjusted market and equity data – all of which is derived from "in time" market sales within the Freeport industrial park, supports the assessment

[18] The Board finds that while the Complainant's one market sale from within the Freeport industrial area is some four months *Post Facto*, in terms of a range of values for the area, it too supports the assessment.

[19] The Board finds that while the sale of the subject occurred some four months *Post Facto*, it supports the assessment.

[20] The Board finds that the shape of the subject is rectangular and does not warrant a 25% reduction, contrary to the assertions of the Complainant.

[21] The Board finds that the property at 28 Freeport LD NE suffers from a "shape" factor and has appropriately been provided a 25% reduction. It is not comparable to the subject and its value is not applicable to the subject, contrary to the assertions of the Complainant.

Board's Decision:

[20] The assessment is confirmed at \$1,360,000.

DATED AT THE CITY OF CALGARY THIS 30 DAY OF July 2012.



K. D. Kelly
Presiding Officer

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

NO.	ITEM
1. C-1	Complainant Disclosure
2. C-2	Complainant Disclosure – Rebuttal
3. R-1	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.*

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Appeal Type	Property Type	Property Sub-type	Issue	Sub-Issue
CARB	industrial land	Vacant land parcel	Market value	equity