

**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:

The Standard Life Insurance Company of Canada (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:	031020100
LOCATION ADDRESS:	3500 – 25 ST NE
HEARING NUMBER:	66088
ASSESSMENT:	\$5,860,000

This complaint was heard on 13th 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 1982 (Year of Construction – YOC) 57,574 square foot (SF) multi-tenant industrial warehouse property in the northeast Horizon industrial area. It is on 3.55 acres (Ac), has 90% office finish, 37.21% site coverage, and is assessed at \$5,860,000 based on \$101.86 per SF.

[4] Issues:

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

[5] **Complainant's Requested Value:** \$4,100,000.

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

Issue #1

[6] Using the City's 2012 Property Assessment Detail Report for the subject in his Brief C-1, the Complainant identified the key characteristics of the site and its location in the Horizon industrial area. In particular he noted that the subject has been classified as a C+ quality building which, he argued, is a significant factor in property assessment.

[7] The Complainant also introduced a chart containing three property comparables – also from the Horizon industrial area, and compared their several characteristics with each other and the subject, as well as their respective assessments. He identified that the assessed values for the three comparables ranged from \$71.20 per SF to \$98.19 per SF whereas the subject is assessed at \$101.78 per SF. He argued that this is inequitable.

[8] The Complainant provided four 2011 market sales, properties he considered displayed characteristics comparable to the subject. All four sales occurred in 2011 – two in December 2011; one in June 2011; and another in early July 2011. He noted that the market values for these properties ranged from \$72.10 per SF to \$86.77 per SF. He provided copies of the RealNet reports clarifying the selling details for each of his four property sales, as well as the City Property Assessment Detail Reports for all four property sales.

[9] The Complainant noted that his three equity comparables and his four market sale comparables were all multi-bay warehouses like the subject. He also argued that the gross building areas and parcel areas of his comparables were similar to those of the subject which are 57,574 SF and 3.55 Ac respectively. He reiterated that this data demonstrates that the subject is over-assessed.

[10] The Complainant questioned several aspects of the market sales and assessment equity data provided by the Respondent. In particular he questioned the significance of certain comparative factors for property such as per cent of finish and site coverage. He argued that while three of his market sales occurred post June 30, 2011, they were nevertheless indicative of market value for 2011 and certainly comparable to the subject.

[11] The Complainant requested that the assessment be reduced to \$4,100,000.

[12] The Respondent argued that the Complainant is relying almost exclusively on his market sales and equity chart which is lacking important comparative data. She noted that there is no information about the percent of office finish or site coverage for any of the properties on the chart, including the subject. She argued that in the City's assessment Model, these are two of several "statistically significant" comparative site characteristics which "drive" assessed value and allow for informed comparison. When these characteristics are considered, the Complainant's property comparables are not comparable to each other or to the subject.

[13] The Respondent confirmed that the subject has 90% assessable internal finish and 37.21% site coverage – both of which indicate higher value, yet nothing is known about these variables in the Complainant's market/equity comparables from the data he has provided. She reiterated that the Complainant has looked at property variables in isolation, but in Mass Appraisal they must be examined in totality (e.g. age; site coverage; finish; land area, etc.) in order to properly compare them.

[14] The Respondent clarified using the Property Assessment Summary Reports in the Complainant's Brief C-1 that while the quality of the subject is "C+", the quality rating of four of the Complainant's comparable properties is a lesser "C". She suggested that the subject's 90% internal finish undoubtedly accounts for the subject's increased quality rating over the four comparables.

[15] The Respondent argued that three of the four market sales relied on by the Complainant are Post Facto the 2012 assessment cycle which ended June 30, 2011, two sales having occurred in December 2011, and a third in July 2011. These sales would not have been part of the City's market analysis for 2012. In addition she argued that the four sales are not in the Horizon industrial area like the subject. She argued that these four sales are not relevant to the current assessment cycle during which the subject was assessed, and should be ignored.

[16] The Respondent identified several factual errors in the Complainant's sales and equity chart. In particular she noted that the Hopewell Place site is assessed at \$125.69 per SF and not \$98.19 per SF for a value of \$9,177,755 and not \$7,170,000 as shown on the Complainant's chart. In addition she noted that the Complainant's sale at 2835 – 23 ST NE transacted at \$74.64 per SF and not \$72.10 per SF which is confirmed in the RealNet sheets he provided in his brief C-1. She argued that when these errors are corrected in the Complainant's data, the new values support the assessment of the subject.

[17] The Respondent argued that when the Assessment To Sale Ratios (ASR's) are considered for the Complainant's four market sales, the values at 1.03; 1.02; .91; and 1.03 confirm that the \$74.49 to \$86.77 per square foot range of values used to assess those properties are correct. She reiterated that they are not therefore comparable to the subject which is assessed at \$101.78 per SF.

[18] Ultimately the Respondent argued that the Complainant is relying on market and equity data that is seriously flawed and unreliable. Therefore the Board should not rely on the value conclusions the Complainant has derived from them.

[19] The Respondent provided her Brief R-1 and referenced a chart containing four time-adjusted market sales for industrial properties in NE Calgary. She noted that the time-adjusted sales values produced a range of per SF values which support the assessment. The values ranged from \$96.95 to \$128.18 per SF and the subject is assessed at \$101.86 per SF. Using several important individual elements, she also reviewed the various property characteristics of the four sales and compared them to the subject.

[20] The Respondent provided a chart containing six assessment equity comparables whose various individual characteristics she argued compared very favourable to each other and to the subject, and therefore supported its assessment. She clarified that the chart was largely, but not completely, based on factors such as building footprint; assessable building area; percent finish; and percent site coverage. She argued that because the properties display many similar characteristics, their assessments, both in total and per SF values, are highly similar.

[21] The Respondent requested that the assessment be confirmed.

Board Findings

[22] The Board finds that the Complainant's property comparables sales/equity chart contains several factual errors and is unreliable as an indicator of value.

[23] The Board finds that when the factual errors are corrected in the Complainant's chart of comparable properties, the new values support the assessment.

[24] The Board finds that the Complainant has provided insufficient factual information regarding the individual characteristics of each of his property comparables such that they cannot reliably be compared to each other or to the subject.

[25] The Board finds that the quality rating of the Complainant's property comparables is different from the subject and therefore they are not comparable to it.

[26] The Board finds that the Respondent's two charts of sales and equity property comparables contains data that is sufficiently detailed such that reasonable and informed comparison of them to each other and to the subject can be made.

[27] The Board finds that the Respondent's market sales are all "in time" within the current assessment cycle and have been time-adjusted as per industry practice. These sales support the assessment.

[28] The Board finds that the Complainant provided insufficient information to persuade the Board that the assessment is incorrect.

Board's Decision:

[29] The assessment is confirmed at \$5,860,000.

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	Multi-bay warehouse and offices	Market value	equity