

**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:**

***Kane Investment Corp. (as represented by Altus Group Limited), COMPLAINANT***

**and**

***The City Of Calgary, RESPONDENT***

**before:**

***K. D. Kelly, PRESIDING OFFICER  
J. Massey, MEMBER  
E. Bruton, 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:

<b>ROLL NUMBER:</b>	<b>054012505</b>
<b>LOCATION ADDRESS:</b>	<b>2916 – 5 AV NE</b>
<b>HEARING NUMBER:</b>	<b>68215</b>
<b>ASSESSMENT:</b>	<b>\$5,950,000</b>

This complaint was heard on 12th day of October, 2012 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Board 6.

Appeared on behalf of the Complainant:

- *Ms. C. Van Staden – Altus Group Limited*

Appeared on behalf of the Respondent:

- *Ms. – K. Cody - Assessor – City of Calgary*
- *Ms. – M. Hartmann – 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] The following appeals were heard by the Board during the week of October 9 to 12, 2012 inclusive:

File No.	Decision No.	Roll No.	Address
68379	2063-2012-P	024008302	5225 – 8 ST NE
67719	2064-2012-P	054003991	2855T – 10 AV NE
66891	2065-2012-P	054006200	2820 – Centre AV NE
66893	2066-2012-P	054006606	404 Meridian RD NE
66896	2067-2012-P	054006754	315 Moraine RD NE
68215	2068-2012-P	054012505	2916 – 5 AV NE
66897	2069-2012-P	054012604	640 – 28 ST NE
67720	2070-2012-P	054013008	2915 – 10 AV NE
68038	2071-2012-P	054013107	3202 – 12 AV NE
68195	2085-2012-P	054014691	420 – 28 ST NE
68266	2086-2012-P	055124903	2020 Centre AV NE
66899	2087-2012-P	055162200	1880 Centre AV NE
68271	2088-2012-P	070033006	219 – 18 ST SE
68272	2089-2012-P	071043905	115 – 28 ST SE
66651	2090-2012-P	201311156	2820 – Centre AV NE

[3] **Common Issues:** All of the Board members named above attended all of the foregoing hearings throughout the week, and the Parties appearing before the Board during that time were represented by the same individuals noted above. Many of the issues, arguments, questions and responses were common throughout. At the request of the Parties and with the concurrence of the Board, those commonalities were carried forward from the hearing where they were first raised, to subsequent hearings without being restated in full in each hearing or in each written decision. The Parties selected file 68379 to be the “master” file upon which all common evidence and argument would be based and henceforth carried forward to subsequent files in turn.

[4] **S. 299. MGA:** In each of the complaints, the Complainant referenced information related to s. 299 of the Act. In each case – except one (file 66896) – the Complainant confirmed that there was no claim that the Respondent failed to produce the requested disclosures.

**Property Description:**

[5] The subject is a 1979 single-building multi-tenant (IWM) industrial warehouse on 4.59 acres (Ac.) in the Franklin industrial area. The site is zoned I-G in the City's Land Use Bylaw. The building contains 67,080 square feet (SF) of assessable space; has 69% finish; 33.58% site coverage, and is assessed using the Sales Comparison Approach to Value at \$100.16 per SF. The property also contains two exempt spaces – one of 4,770 SF and another of 2,800 SF (total 7,570 SF). The total assessment is \$5,950,000.

**Issue:**

[6] What is the correct assessment for the subject when its 2012 assessed value is tested against selected valuation approaches and/or techniques?

**Complainant's Requested Value:**

[7] The Complainant requested the assessment be reduced to \$5,100,000 (exempted portion removed) based on the Sales Comparison Approach to Value.

**Board's Decision in Respect of Each Matter or Issue:****1. Equity Approach:**

[8] The Complainant provided eight assessment equity comparable properties and compared their individual characteristics to the subject. She noted that two of the comparables at 1616 Meridian RD NE and 1939 Centre AV SE are multi-building properties, unlike the subject which is a single-building property. The Complainant argued that she had made several land area, site cover, and age, and assessment "adjustments" to the eight comparables and provided the Board and Respondent with verbal explanations but no written details of those calculations.

[9] The Complainant argued that she had conducted a "paired assessment analysis" of the eight equity comparables. She also clarified that using a "building residual" technique, she had "backed out" and later "added back in" the land portion of the properties to help refine her calculations. She clarified that she preferred this approach, to one using a site cover ratio. The Complainant argued that based on her analysis, an equitable value for the subject is \$6,306,839 or \$6,300,000 rounded.

[10] The Respondent provided six assessment equity comparables for comparison to the subject. All six equity comparables were selected on the basis of land area; assessable building area; age; site coverage; and assessed rate per SF. She argued that the characteristics of these six properties closely match the subject and support the assessment. She also argued that the Complainant's analysis of the Complainant's eight equity comparables is flawed since the Complainant has not provided written documentation of how she adjusted her comparables.

[11] In addition the Respondent argued that the Complainant's technique of "backing out" the land value is not an acceptable practice under the legislated Mass Appraisal process used by the City to value properties for assessment purposes. The Respondent also argued that the Complainant is combining all of the separate assessable areas of her two multi-building equity comparables, and comparing them to the total floor area of the subject, as well as to other single-building properties. She argued that this is flawed methodology under Mass Appraisal.

[12] In reviewing the issue of equity, the Board found that the Complainant had not provided documented information to either the Board or the Respondent as to the former's adjustments, which, in concert with an unsupported land value calculation, meant that the Board placed little weight on the

Complainant's calculations of value using this methodology. The Board also noted that the Respondent's per square foot equity values created ranges of values that supported the assessment. In addition the Board noted that the Complainant combined all of the assessable floor space in both of her multi-building comparables and compared them to single-building sites. This is flawed and unreliable methodology.

## **2. Sales Comparison Approach:**

[13] The Complainant provided four sales comparables, two of which are located at 1616 Meridian NE and 1939 Centre AV NE respectively. They were identified as multi-building sites and receive multi-building discounts unlike the subject, which is a single-building site. The Complainant's "best" sale is at 700 – 33 ST NE. The time-adjusted sales price for this comparable is \$97 per SF, and it is assessed at \$91 per SF as compared to the subject assessed at \$100 per SF. She argued that this evidence supports a reduction to the subject's assessment

[14] The Complainant argued that she had made several "adjustments" to the four sales, and provided the Board and Respondent with verbal explanations but no written details of those calculations. She clarified that she had "backed out" and later "added back in" the land portion of the properties to help refine her calculations since "land value is the biggest factor in overall value". She argued that by adjusting the "key factors" for each of her four market sales comparables, and based on a median value of the sales, an indicated value of \$4,680,000 (rounded) is warranted for the subject.

[15] The Respondent provided three market sales comparables, each of which generally matched the subject's individual site characteristics of assessable building area; age; and site coverage. These time-adjusted sales, one of which at 700 – 33 ST NE was also used by the Complainant, demonstrated a value range that supported the assessment of the subject. The Respondent argued that the Complainant's two sales at 1616 Meridian NE and 1939 Centre AV NE are not comparable to the subject because they are not industrial warehouse properties like the subject. Therefore the inclusion of these two properties in the Complainant's analysis, skews the results of the latter's value conclusions such that it is unreliable as an indicator of value. She argued that the Complainant is combining all of the separate assessable areas of her multi-building sales comparables, and comparing the results to the combined floor area of the subject, as well as to other single-building properties. She argued that this is flawed methodology under Mass Appraisal.

[16] The Respondent also argued that the Complainant's first two sales at 1616 Meridian RD NE and 1939 Centre AV NE are not warehouse properties like the subject, and are therefore not comparable to the subject. The Respondent argued that the Complainant's "paired assessment analysis" is not a valid valuation methodology under Mass Appraisal, and represents a questionable methodology which has not been explained to either the Respondent or the Board. The Respondent also argued that when carefully examined, the Complainant's sales data creates a range of values which supports the assessment.

[17] In its review of this issue, the Board found that the Complainant had not informed either the Board or the Respondent as to the details of the former's market sales adjustments which left the Board with little clarification regarding this methodology. In addition the Complainant is combining the assessable areas of multi-building sites and comparing them to single building sites and this is flawed methodology. This meant in totality that the Board placed little weight on the Complainant's conclusions of value using this methodology.

## **Board's Findings with Reasons:**

[18] The Board finds that with respect to equity, the Complainant was unable to document and support the several adjustments made to her comparable properties which raised considerable doubt as to their comparability to the subject. The Respondent's equity comparables each displayed individual characteristics which when compared to the subject, support the assessment.

[19] The Board finds with respect to sales comparison, the Complainant's adjustments to her property comparables were not documented, which raised doubt about their comparability to the subject. In addition, the Complainant's "building residual" technique and the Complainant's "paired assessment analysis" technique, were not well documented, and therefore cast considerable doubt regarding the valuation conclusions they generated.

[20] The Board found that the individual characteristics of the Respondent's sales evidence when compared to those of the subject, and in concert with the relevant sales values, supported the assessment.

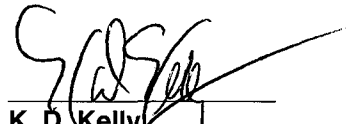
[21] The Board found that the Complainant combined the separate and distinct assessable areas in individual buildings on multi-building properties, all of which received multi-building discounts, and compared the combined floor areas to other single building properties which is a flawed valuation methodology. Therefore the Board placed little weight on the comparative valuation results advanced by the Complainant using this methodology.

[22] The Board found that the assessment of the subject is fair, correct, and equitable.

**Board's Decision:**

[23] The assessment is confirmed at \$5,950,000.

DATED AT THE CITY OF CALGARY THIS 13<sup>th</sup> DAY OF November 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. C-3	Complainant Disclosure - Rebuttal
4. 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-Issues
CARB	industrial	Multi-tenant warehouse	Market value	Equity; sales;