



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:

35th Street Properties Inc. (as represented by MNP LLP), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

W. Kipp, PRESIDING OFFICER

D. Steele, BOARD MEMBER

A. Wong, 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 2013 Assessment Roll as follows:

| | |
|--------------------------|----------------------------------------|
| ROLL NUMBER: | 115056608 |
| LOCATION ADDRESS: | 7803 – 35 Street SE, Calgary AB |
| FILE NUMBER: | 70603 |
| ASSESSMENT: | \$13,850,000 |

This complaint was heard on the 23rd day of July, 2013 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 10.

Appeared on behalf of the Complainant:

- *L. Langelaar & Y. Lau*

Appeared on behalf of the Respondent:

- *J. Greer*

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

- [1] There were no preliminary procedural or jurisdictional matters to be decided.

Property Description:

[2] The property that is the subject of this assessment complaint is a multi-tenant industrial property located in Foothills Industrial Park in southeast Calgary. The 179,418 square foot building is situated on a 10.81 acre industrial lot. The building, constructed in 1977, has 5.0 percent interior finish. The building footprint area of 178,362 square feet represents a 40.09 percent site coverage ratio. It is noted that the City of Calgary Property Assessment Detail Report which is available to taxpayers on the City's website indicates a total building area of 188,860 square feet.

[3] The 2013 assessment is based on the market value of the property as at July 1, 2012 and the property characteristics and condition as at December 31, 2012. Using a sales comparison approach, the assessment rate applied to the total assessable floor area of the building is \$77.24 per square foot.

Issues:

[4] In the Assessment Review Board Complaint form, filed March 1, 2013, Section 4 – Complaint Information had a check mark in the box for #3 "Assessment amount".

[5] In Section 5 – Reason(s) for Complaint, the Complainant stated that the assessment amount is incorrect. Several grounds for the complaint were set out.

[6] At the hearing, the Complainant pursued the following issues:

- a. Is a 17.5 percent increase in assessment from 2012 to 2013 too much of an increase?
- b. Should the assessed rate per square foot be reduced to \$67.25?
- c. Is the Respondent's time adjustment representative of market changes up to the July 1, 2012 valuation date?

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.*

For Internal Use

| Appeal Type | Property Type | Property Sub-Type | Issue | Sub-Issue |
|--------------------|----------------------|--------------------------|----------------|------------------|
| CARB | WAREHOUSE | MULTI-TENANT | SALES APPROACH | COMPARABLES |

Complainant's Requested Value: \$12,060,000

Board's Decision:

[7] The 2013 assessment is confirmed at \$13,850,000

Position of the Parties

Complainant's Position:

[8] Through the Property Assessment Detail Report (PADR) that is available to taxpayers on the City of Calgary website, the Complainant had determined that the assessable building floor area was 188,860 square feet. When the Respondent's disclosure brief was filed, the building area was shown at 179,418 square feet. In the Complainant's rebuttal disclosure, the lower of the area sizes was used in calculating the requested assessment.

[9] The Complainant noted that the 2013 assessment showed a 17.5 percent increase over the 2012 amount. No evidence was provided to indicate what the rate of increase should have been.

[10] In rebuttal, the Complainant made adjustments for market changes over time (time adjustment). The Respondent had developed a time adjustment trend line that segregated adjustments over four trend periods of time from July 2009 to July 2012. The fourth time period had a 0.0 percent adjustment in the Respondent's analysis. The Complainant observed a downward slope to the trend line for this period which it measured at - 0.5 percent per month. The Complainant accepted and adopted the Respondent's time adjustment rates for the other three time periods.

[11] There had been a sale of the subject property in July 2011. The sale price of \$12,750,000 had been time adjusted to \$13,567,777 by the Respondent but the Complainant's time adjusted price was \$13,095,719.

[12] The Complainant also provided data on two other sales and argued that these sales support a reduction in the assessed rate to \$67.25 per square foot of building area.

Respondent's Position:

[13] The Respondent stated that it is the building assessable area of 179,418 square feet shown on the Assessment Explanation Supplement (AES) that is taken to be the correct floor area. While the PADR for all properties is available to the public via the City of Calgary website, an AES can only be obtained for a taxpayer's property by the taxpayer or an authorized agent.

[14] Assessments change from year to year for a number of reasons so the year over year change will not be defended at a complaint hearing. It is the market value of the property for the year under review that is relevant.

[15] The time adjustment analysis undertaken by the Respondent covered the time period from July 2009 to June 2012. A trend line was developed from plotting the results from a multiple regression analysis of Sale to Assessment ratios based on the 2012 assessments of properties that been sold during the time period. The graphical presentation showed:

| | |
|---------------------------------------------|----------------------------|
| From July 2009 to May 2010 (11 months) | - 0.7912 percent per month |
| From June 2010 to March 2011 (10 months) | 0.0 percent per month |
| From April 2011 to November 2011 (8 months) | +1.5669 percent per month |
| From December 2011 to June 2012 (7 months) | 0.0 percent per month |

Only these results of the analysis were provided in evidence. Details were not provided.

[16] In its disclosure, the Complainant provided data on three other industrial properties but one of those was a *post facto* sale and therefore not relevant to the complaint for this year.

[17] The Respondent argued that the time adjusted price of the subject property along with other sales data supported the assessment.

Board's Reasons for Decision:

[18] The Board confirmed the assessment at \$13,850,000.

[19] The Board is concerned that the City of Calgary Assessment Business Unit continues to make its website compilation of Property Assessment Detail Reports available to taxpayers when it has been known for quite some time (years?) that many of those summary reports are inaccurate, particularly when it comes to building floor areas. Taxpayers will access that information and rely upon it thinking that the City would only publish correct data. Considerable Assessment Review Board hearing time could be saved if the City either corrected the data or removed it entirely until such time as only correct information can be made available.

[20] Having regard to the 17.5 percent year over year change in assessments, there was no market evidence to suggest what a proper rate of change should be. Nevertheless, the Board will not adjust assessments solely on the basis of year over year changes.

[21] The Respondent explained that the time adjustment was calculated by multiple regression analysis of sales to assessment ratios. While the outcome was presented to the Board, the Respondent would not reveal the complete analysis. The Board does not understand the significance of sales to assessment ratios in determining a time adjustment. Nor does it fully understand the Complainant's attempts to expand the adjustment to a negative factor during the fourth trend period. The Board did accept the Respondent's time adjustment because both parties relied upon the first three trend periods. The Board did not find market support for the Complainant's extension of the time adjustment factors for the fourth period.

[22] The subject property sale in July 2011 at \$12,750,000 (\$71.06 per square foot of building area) was time adjusted by the Respondent to \$13,567,777 (\$75.62 per square foot). This adjusted price supports the assessment rate of \$77.24 per square foot.

DATED AT THE CITY OF CALGARY THIS 29th DAY OF August 2013.


W. Kipp
Presiding Officer