

## **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:

**CALGARY INDUSTRIAL PROPERTIES LTD., COMPLAINANT**  
**C/O DUNDEE REALTY MANAGEMENT CORP.**  
*(as represented by Colliers International Realty Advisors Inc.)*

and

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

before:

**BOARD CHAIR: P. COLGATE**  
**BOARD MEMBER: B. BICKFORD**  
**BOARD MEMBER: J. KERRISON**

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: 090066853**

**LOCATION ADDRESS: 4523 1 STREET SE**

**FILE NUMBER: 70926**

**ASSESSMENT: \$1,800,000.00**

This complaint was heard on 20th day of August 2013 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, in Boardroom 10.

Appeared on behalf of the Complainant:

- *Troy Howell, Colliers International Realty Advisors Inc.*

Appeared on behalf of the Respondent:

- *Raymond Luchak, City of Calgary*

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

[1] The Board derives its authority to make this decision under Part 11 of the Municipal Government Act (the "Act"). The parties had no objections to the panel representing the Board as constituted to hear the matter.

#### **Preliminary Matter:**

[2] No preliminary matter was raised by either party. The Board proceeded to the merit hearing.

#### **Property Description:**

[3] The subject property contains a multi-bay warehouse (IN0701) constructed in 1967. The structure, rated as 'C-' quality, is located at 4523 1 Street SE in the Manchester Industrial Area. The structure, situated on a 0.73-acre parcel, has an assessed area of 11,400 square feet, assessed at a rate of \$158.13 per square foot, using the Sales Comparison Approach. The property has a site coverage of 35.64% and an interior finish of 38%.

#### **Issues:**

The Complainant stated there was one issue in the complaint:

- Assessment rate for the subject property should be \$151.00 per square foot.

**Complainant's Requested Value: \$1,700,000.00**

#### **Board's Decision:**

[4] Based on the Board's decisions for the issue stated, the Board found insufficient evidence to support the changes requested by the Complainant.

[5] The Board confirms the assessment at **\$1,800,000.00**

#### **Legislative Authority, Requirements and Considerations:**

[6] In the interest of brevity, the Board will restrict its comments to those items the Board found relevant to the matters at hand. Furthermore, the Board's findings and decision reflect on the evidence presented and examined by the parties before the Board at the time of the hearing.

[7] Both the Complainant and the Respondent submitted background material in the form of aerial photographs, ground level photographs, site maps and City of Calgary Assessment Summary Reports and Income Approach Valuation Reports.

## Position of the Parties

### Issue 1: Assessment Rate

#### Complainant's Position:

[8] The Complainant argued the subject property should be assessed at a rate of \$151.00 per square foot, instead of the current assessment rate of \$158.13 per square foot.

[9] The Complainant submitted an analysis of three sales to support his requested assessment rate – 5520 4 Street SE, 1341 Hastings Crescent SE and 3611 9 Street SE. The Complainant's analysis indicated: (C1, Pg 18)

Address	Community	Sold Date	YOC	Building Type	Building Areas (sq. ft.)	Land Size (Acres)	Site Coverage	Sale Price (\$)	Time Adjusted Sale Price	\$/Sq. Ft.	Assessed Quality
5520 4 St. SE	Manchester	3/30/2010	1958	IW S	11,100	0.88	28.96%	\$1,475,000	\$1,643,973	\$148.00	D
1341 Hastings Cr. SE	Highfield	5/4/2011	1969	IW S	11,637	0.71	37.63%	\$1,600,000	\$1,760,000	\$151.24	C+
3611 9 Street SE	Highfield	3/2/2010	1960	IW S	13,680	1.28	24.54%	\$1,850,000	\$2,094,926	\$153.14	C-
									AVERAGE	\$150.79	
Subject - Current								Assessed Value			
4523 1 St. SE	Manchester		1967	IW M	11,400	0.73	35.85%	\$1,800,000		\$157.89	C-
Subject - Request								Requested Assessment			
4523 1 St. SE	Manchester		1967	IW M	11,400	0.73	35.85%	\$1,721,400 Truncated to \$1,700,000		\$151.00	C-

[10] The Complainant, through its analysis of the three sales established an average assessment rate of \$150.79 per square foot which was rounded up to a requested rate of \$151.00 per square foot.

[11] RealNet documents and City of Calgary "Property Assessment Summary Report" for each sale property supported the Complainant's sales. (C1, Pg. 9-17)

**Respondent's Position:**

[12] The Respondent, in response to the three sales submitted by the Complainant provided arguments for the lack of suitability for one of the sales as comparable to the subject property.

[13] The Respondent submitted documents from Corporate/Non-Profit Search of the Corporate Registration System and argued the sale for 1341 Hastings Crescent SE was not an arms-length transaction. The documents indicated there was a director in common for both the vendor and purchaser – Thomas MA – and a family relationship between directors in the parties – Holzapfel. (R1, Pg. 15-27)

[14] The Respondent noted in testimony for the Board, that there was a minor difference in the areas used by the Complainant and the Respondent. The Respondent stated the Complainant derived his area from the City of Calgary website which can vary from the areas used in the actual calculation of the assessment. The Respondent indicated the most common reason for the difference was in the mezzanine area. If the area is finished office area it is included in the assessable area, whereas mezzanine storage is excluded from the assessable area.

[15] The Respondent submitted a 'correction' of the Complainant's two sales comparables, removing the sale at 1341 Hastings Crescent SE as it was a non-arms length sale. Based upon the corrected information the time adjusted sales prices per square foot were \$163.51 and \$156.34. The Respondent indicated more weight should be placed on the sale at 5520 Avenue SE. (R1, Pg.28)

Address	Building Type	Parcel Size (Acres)	LUD	Building Areas (sq. ft.)	AYOC	Region	NRZ	Finish (%)	Site Coverage (%)	Sale Date	Sale Price	TASP	TASP/ Sq. Ft.
5520 4 St SE	IW S	0.88	I-G	10,054	1958	Central	SM3	22	23.22	03/30/ 2010	\$1,475,000	\$1,643,973	\$163.51
3611 9 St. SE	IW S	1.28	I-G	13,400	1960	Central	HF1	18	23.99	07/07/ 2010	\$1,850,000	\$2,094,926	\$156.34

[16] The Respondent, at the hearing withdrew one of its comparable sales and submitted one sales comparable in support of the assessment on the subject property. The comparable indicated a rate of \$157.03, slightly less than the subject property assessment rate at \$158.13. (R1, Pg. 32)

Address	Building Type	Parcel Size (Acres)	LUD	Building Areas (sq. ft.)	AYOC	Region	NRZ	Finish (%)	Site Coverage (%)	Sale Date	Sale Price	TASP	TASP/ Sq. Ft.
419 34 Ave SE	IW M	2.31	I-G	29,931	1955	Central	NM3	13	31.12	11/25/ 2011	\$4,700,000	\$4,700,000	\$157.03
Subject												Ass't	Rate / Sq. Ft.
4523 1 St SE	IW M	0.73	I-G	11,400	1967	Central	NM5	38	35.64			\$1,802,664	\$58.13

**Board's Reasons for Decision:**

[17] The Board found the Complainant's argument failed due to circumstances partially beyond its control. The Complainant had relied on misinformation provided on the City of Calgary website. Correction of the assessable areas produced higher assessment rates per square foot than those determined and submitted by the Complainant. These 'corrected' rates support the assessment rate applied to the subject property.

[18] The Board notes in the presentation by the Respondent that the assessable area for a number of properties was set when mezzanine square footage was excluded. The Respondent stated the City of Calgary was unable to determine a value for the space so removed it from consideration in the determination of the assessment. The Board in deliberation was of the opinion that mezzanine storage area would have value in the market place for a purchaser. The Board recommends the City of Calgary research this aspect of the assessment for future assessment years in hopes of setting a value, rather than the current policy of ignoring its existence.


[19] In its deliberation, the Board was presented with a total of three acceptable sales, two from the Complainant and one from the Respondent, with an average assessment rate of \$158.96 per square foot, supportive of the assessment rate applied to the subject property. The subject property fell within the range of assessment rates for the three sales, \$156.34 to \$163.51. The Board noted it was presented with only three sales on which to base its decision.

[20] From the limited sales presented the Board found insufficient evidence to justify a change to the current assessment.

[21] The Board noted the continuing problem the City of Calgary has in its published information with respect to the details attributed to the properties in its inventory. The Board found the City of Calgary website's "Property Assessment Detail Report" and the Assessment Business Unit's "Assessment Explanation Supplement" showed a difference in building areas. The result of this discrepancy created requests made by the Complainant based upon faulty information provided by the City of Calgary. Because of this misinformation, complaints have been filed which may not have been submitted if Complainants could rely on the City of Calgary information. The resulting defence of assessments through "ambush" of the Complainants with the correct information serves to delay the complaint process. The Board strongly encourages the City of Calgary to resolve this on-going problem, which has existed for a number of years.

[22] For the reasons cited, the Decision of the Board was to confirm the assessment at **\$1,800,000.00**

DATED AT THE CITY OF CALGARY THIS 20<sup>th</sup> DAY OF September 2013.

  
PHILIP COLGATE  
Presiding Officer

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

<b>NO.</b>	<b>ITEM</b>
1. C1	Complainant Submission
2. R1	Respondent Submission

*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 ADMINISTRATIVE USE**

Subject	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	Warehouse	Warehouse – Multi Tenant	Sales Approach	Land & Improvement Comparables

**LEGISLATIVE REQUIREMENTS****MUNICIPAL GOVERNMENT ACT****Chapter M-26**

1(1)(n) "market value" means the amount that a property, as defined in section 284(1)(r), might be expected to realize if it is sold on the open market by a willing seller to a willing buyer;

**Division 1****Preparation of Assessments****Preparing annual assessments**

**285** Each municipality must prepare annually an assessment for each property in the municipality, except linear property and the property listed in section 298. RSA 2000 cM-26 s285;2002 c19 s2

**289(2)** Each assessment must reflect (a) the characteristics and physical condition of the property on December 31 of the year prior to the year in which a tax is imposed under Part 10 in respect of the property,

**ALBERTA REGULATION 220/2004****Municipal Government Act****MATTERS RELATING TO ASSESSMENT AND TAXATION REGULATION**

1(f) "assessment year" means the year prior to the taxation year;

**Part 1****Standards of Assessment****Mass appraisal**

**2** 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.

**Valuation date**

**3** Any assessment prepared in accordance with the Act must be an estimate of the value of a property on July 1 of the assessment year.