

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:

Pretec Energy Services Inc. (as represented by MNP LLP), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

K. Thompson, PRESIDING OFFICER
A. Wong, BOARD MEMBER
G. Milne, BOARD MEMBER

This is a complaint to the Calgary Composite Assessment Review Board (the Board) in respect of a property assessment prepared by the Assessor of The City of Calgary and entered in the 2014 Assessment Roll as follows:

ROLL NUMBER:	048047500
LOCATION ADDRESS:	1530 27 Av NE
FILE NUMBER:	74388
ASSESSMENT:	\$7,000,000

This complaint was heard on 12th day of August, 2014 at the office of the Assessment Review Board located at Floor Number 3 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 8.

Appeared on behalf of the Complainant:

- Y. Lau *Agent, MNP LLP*
- J. Langelaar *Agent, MNP LLP*

Appeared on behalf of the Respondent:

- M. Hartmann *Assessor, City of Calgary*

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

[1] No procedural or jurisdictional issues were brought forward. The Complainant and Respondent asked that the testimony, questions and summary with respect to the five additional assessment summary pages be carried over from file 74386. The Board continued with the merits of the complaint.

Property Description:

[2] The subject property is a multi bay, multi tenant industrial warehouse located at 1530 27 Av NE in South Airways Industrial Park. This property has been classed 'C+' and is assessed as having 11 units in a total of 55,781 square feet (sf) of building, constructed in 1980 on a 2.64 acre parcel.

[3] The subject property is assessed using the sales comparison approach to valuation and has a rate of \$125.49 per square foot (psf).

Issues:

[4] The value of the property would better reflect market if it were based on a rate psf of \$91.00 psf; this rate was revised at the hearing to \$94.00 psf.

Complainant's Requested Value: \$5,240,000.

Board's Decision:

[5] The assessment is reduced to \$5,240,000.

Legislative Authority, Requirements and Considerations:

[6] Section 460.1(2) of the Act provides that, subject to Section 460(11), a composite assessment review board has jurisdiction to hear complaints about any matter referred to in Section 460(5) that is shown on an assessment notice for property, other than property described in subsection (1)(a).

Position of the Parties**Complainant's Position:**

[7] The Complainant presented data on six comparable industrial property sales, all in northeast industrial parks [C1, pp.13-14]. The sales all occurred between 2011 and 2013 and their size range bracketed the subject property. The Complainant stated that there was no issue with the Respondent's time adjustments for the sale properties and all sales were selected from the list of sales provided to them by the Respondent (the list of sales used by the Respondent to develop the valuation model for this class of property). The time adjusted sale price psf ranged between \$77.00 psf and \$109.00 psf with a median of \$91.00 psf and a mean of \$93.00 psf. The Complainant stated that this supports its request for the subject property's value to be calculated at a rate of \$91.00 psf. In the rebuttal the Complainant added one more sales comparable to its analysis, 1423 45 Av NE, from the Respondent's list, changing the median to \$94.00 psf [C2, p.4].

[8] Supporting RealNet sale documents were included [C1, pp.24-39] along with the 2014 Assessment Information Package provided by the City [C1, pp.40-56].

[9] The Complainant included the 2013 CARB decision for the subject property; reducing the assessed value.

[10] The Complainant included five additional Property Assessment Summary reports of sales used in City's analysis for the industrial model, however failed to provide any relation to the subject property or value conclusion.

Respondent's Position:

[11] The Respondent presented a 2014 Industrial Sales Chart [R1, p. 47] and reviewed the details on eight sales comparables from northeast and southeast industrial parks noting that three of these sales were used by the Complainant. The sales occurred in 2010 to 2013 and the time adjusted sale price ranged between \$76.90 psf to \$148.24 psf. The size range bracketed the subject's building and land area and the median was \$111.29 psf. The Respondent stated that this supported the subject's \$125.49 psf rate and assessment.

[12] Supporting documents for the eight sales were provided [R1, pp. 49-128].

[13] The Complainant, in its rebuttal, stated that the sale at 3131 57 Av SE was a 2009 sale, and provided the sale documents to support this [C2, pp. 6-9]. The Complainant also stated that the Respondent's first sale comparable was a portfolio sale. The second comparable was located in Foothills Industrial Park in the SE, and two of the remaining sales had a year of construction of 1990 and 1998. The Complainant stated that none of these sales were comparable to the subject property. The Respondent replied that the portfolio sale has been allocated with a separate sale price on the Assessment Sales Questionnaire and was

researched and is valid to use.

[14] The Respondent stated that the number of units in these industrial properties was an important part of the value analysis and presented four paired sales analyses to show the value of the units [R1, p. 129].

[15] The Respondent also provided five equity comparables having a range in assessed values of \$121.13 psf to \$130.55 psf to further support the assessed value [R1, p. 131].

[16] The Respondent provided data for the five additional properties in the Complainant's evidence, however was unclear of their purpose so made no further comments.

Board's Reasons for Decision:

[17] The Board will limit its comments to the relevant facts pertaining to this case.

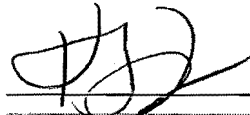
[18] The subject property seems to be a reasonable representation of assessment class and equitable to the surrounding properties. Nothing unique or underperforming was brought forward with regards to this particular property. This subject's placement in this zone was not challenged by the Complainant. Both the Complainant and the Respondent used the sales comparison approach to value this property and three sales were common to both analyses.

[19] In reviewing the sales comparables from both parties, the Board agreed that the Respondent's comparable sale at 3131 57 Av SE should be removed as it appears to be a dated transaction. The Board also removed the Respondent's two sales from the SE and the sale with the 1998 year of construction, all as being too dissimilar to the subject. The Board accepted the portfolio sale, the sale at 6835 8 St NE, and the three common sales as reasonable comparisons to the subject, having some similar characteristics to the subject and finds the median of these sales (\$94.00 psf) the best indicator of value for the subject property.

[20] The Board notes that while it is not bound by previous Board Orders, it did consider those that were submitted (for general principles); this decision is based on the evidence before this Board.

[21] The subject property's rate will be reduced to \$94.00 psf.

DATED AT THE CITY OF CALGARY THIS 16th DAY OF September 2014.



K. Thompson

Presiding Officer

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.*

Property Type	Property Sub-Type	Issue	Sub issue
office	High rise	Income Approach	Cap Rate