



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:

SREIT (Quest Foothills) Ltd. (as represented by Altus Group Limited), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

***B. Horrocks, PRESIDING OFFICER
J. Massey, BOARD MEMBER
J. Pratt, 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 2014 Assessment Roll as follows:

ROLL NUMBER:	098002306
LOCATION ADDRESS:	2624 54 AV SE
FILE NUMBER:	74603
ASSESSMENT:	\$11,020,000

This complaint was heard on the 15th day of July, 2014 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:

- J. Weber (Altus Group Limited)

Appeared on behalf of the Respondent:

- J. Greer (City of Calgary)

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

- [1] There were no concerns with the CARB as constituted.
- [2] The parties have visited the site.
- [3] The parties have not discussed the file.
- [4] There were no preliminary matters. The merit hearing proceeded.
- [5] The parties agreed that all evidence, argument and discussion in the Complainant's Rebuttal (C2) from Hearing 73932 would be carried forward to this Hearing.

Property Description:

[6] The subject property is a 6.37 acre parcel located in the Foothills Industrial community in SE Calgary. The site is improved with a 124,616 square foot (sf) multi tenanted industrial warehouse [IWM] that was constructed in 1975 and is classified as C quality. The warehouse contains 124,616 sf of assessable building area, has 5% finish and 44.91% site coverage.

[7] The subject is assessed at the rate of \$88.46 per square foot (psf) using the Sales Comparison Approach to value. The Assessment Explanation Detail records that an adjustment has been made but it is not apparent in the assessment.

Issues:

[8] An assessment amount was identified on the Assessment Review Board Complaint Form as the matter that applies to the complaint. At the outset of the hearing, the Complainant advised that there were two outstanding issues, namely: "the assessment of the subject property is in excess of its market value for assessment purposes" and "the assessment of the subject property is not fair and equitable considering the assessed value and assessment classification of comparable properties."

Complainant's Requested Value: \$9,477,200 (Complaint Form)
\$9,880,000 (Hearing)

CARB's Decision:

- [9] The 2014 assessment is reduced to \$9,880,000.

Legislative Authority, Requirements and Considerations:

The Composite Assessment Review Board (CARB) derives its authority from the Act, Section 460.1:

- (2) *Subject to section 460.1(1), 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).*

The Act requires that:

- 293(1) *In preparing an assessment, the assessor must, in a fair and equitable manner,*
(a) *apply the valuation and other standards set out in the regulations, and*
(b) *follow the procedures set out in the regulations.*

Matters Relating to Assessment and Taxation Regulation (MRAT) requires that:

- 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.*
- 4(1) *The valuation standard for a parcel of land is*
(a) *market value, or*
(b) *if the parcel is used for farming operations, agricultural use value*

CARB's Decision in Respect of Each Matter or Issue

Issue: What is the market value for assessment purposes?

Complainant's Position:

[10] The Complainant's Disclosure is labelled C-1.

[11] The Complainant submitted the subject property is an odd shaped parcel and that a large hill in the NW corner of the property restricts the use of a portion of the site.

[12] The Complainant, on page 14, provided a table titled Sales Comparables. The table contains sale details of four comparables that have time adjusted sale price per square foot (TASP/SF) ranging from \$43.99 to \$115.58, and a median TASP/SF of \$77.22 psf. The Complainant submitted that the best comparable is located at 7803 35 ST SE and it sold for a TASP/SF of \$78.09. The Complainant requested the subject property be assessed at the rate of \$79.00 psf.

Respondent's Position:

[13] The Respondent's Disclosure is labelled R-1.

[14] The Respondent, on page 25, provided a table titled 2014 Industrial Sales Chart. The table contains sale details of three comparables with TASP/SF ranging from \$73.57 to \$131.37. The Respondent submitted that if the sale of 7504 30 ST SE was determined to be invalid, as per the Complainant's Rebuttal request, the average TASP/SF of the two remaining sales comparables would be approximately \$75.

Complainant's Rebuttal Position:

[15] The Complainant's Rebuttal Disclosure is labelled C-2 (Hearing 73932).

[16] The Complainant, on page 3, provided a table titled Altus Response to City Sales. The Complainant submitted that:

the sale at 4545 54 AV SE should not be used as a comparable as it is not valid because it was part of a portfolio sale.

the sale at 7504 30 ST SE should not be used as a comparable as it is not valid because it was part of a portfolio sale.

the sale at 7403 30 ST SE should not be used as a comparable as it is not valid because it was a leaseback sale.

the indicated sale price of \$16,700,000 for the sale of 7120 Barlow TR SE cannot be relied on, as the purchaser indicated it was a non-arms length corporate transfer.

CARB's Findings:

[17] The CARB concurs with the Complainant that the sale of 7504 30 ST SE is invalid and should not be used as a comparable.

[18] The CARB finds the market value is in the range of \$75 to \$80 psf and the Respondent's two remaining sale comparables support the Complainant's requested assessment at the rate \$79.00 psf.

Issue: Is the subject property inequitably assessed considering the assessed value and assessment classification of comparable properties?

Complainant's Position:

[19] The Complainant, on page 15, provided a table titled Equity Comparables. The table contains assessment details of four comparables, all [IWM], and all in Foothills. The Complainant noted that the Assessment per square foot (Asmt/sf) ranged from \$76.55 to \$85.11, while its request is for an assessment at the rate of \$79 psf, within the range.

Respondent's Position:

[20] The Respondent, on page 27, provided a table titled 2014 Industrial Equity Chart. The table contains assessment details of five equity comparables, all [IWM], with Asmt/sf ranging from \$72.63 to \$95.15. The Respondent noted the subject is assessed at the rate of \$88.46 psf, within the range.

CARB's findings:

[21] The CARB finds the requested Asmt/sf is within the range of both parties equity comparables.

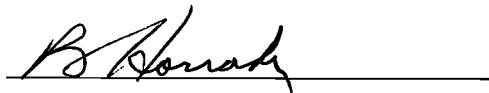
[22] The CARB finds that both parties use 6315 36 ST SE with an assessed rate per square foot of \$79.76 as an equity comparable. Further, the median Asmt/sf of the Complainant's equity comparables is \$79.34,

CARB's Reasons for Decision:

[23] The requested assessment rate of \$79.00 psf is supported by the Respondent's two remaining sale comparables.

[24] The \$79.00 requested assessment rate per sf is equitable to the similar and competing properties that were provided as equity comparables by both parties.

DATED AT THE CITY OF CALGARY THIS 7 DAY OF August 2014.



B. Horrocks

Presiding Officer

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

NO.	ITEM
1. C1	Complainant Disclosure
2. R1	Respondent Disclosure
3. C2 (Hearing 73932)	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 Administrative Use Only

Property Type	Property Sub-Type	Issue	Sub-Issue
<i>Warehouse</i>	<i>Multi Tenant</i>	<i>Market Value</i>	<i>Equity</i>