



## 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:

*The Western Canadian District of the Christian and Missionary Alliance  
(as represented by AEC Property Tax Solutions), COMPLAINANT*

and

*The City of Calgary, RESPONDENT*

before:

*H. Kim, PRESIDING OFFICER  
R. Roy, BOARD MEMBER  
D. Steele, BOARD MEMBER*

This is a complaint to the Calgary 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:

<b>ROLL NUMBER:</b>	<b>027120401</b>
<b>LOCATION ADDRESS:</b>	<b>3851 54 Ave NE</b>
<b>FILE NUMBER:</b>	<b>75265</b>
<b>ASSESSMENT:</b>	<b>\$3,780,000</b>

This complaint was heard on the 26<sup>th</sup> day of August, 2014 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 1.

Appeared on behalf of the Complainant:

- *J. Smiley, Agent, AEC Property Tax Solutions*
- *M. Kudrycki, Agent, AEC Property Tax Solutions*

Appeared on behalf of the Respondent:

- *I. McDermott, Assessor, the City of Calgary*

**Property Description:**

[1] The subject property consists of two buildings: 10,250 square foot (sf) 2-unit and 8,475 sf 4-unit industrial warehouses built in 2002 and 2003 respectively, on a 1.45573 acre parcel zoned DC (pre-1P2007) in the Westwinds Business Park in northeast (NE) Calgary. They are assessed as IW S (Industrial warehouse 2 or less units) and IW M (Industrial warehouse 3 or more units) respectively, with building footprints of 7,718 and 6,215 for total site coverage of 21.97%.

[2] The building is assessed using the direct sales comparable approach at \$231.19/sf and \$228.31/sf respectively for a calculated value of \$4,304,639. A portion of the value (\$515,500) is related to an exempt tenant and is deducted. The resulting amount of \$3,789,139 is truncated to arrive at the assessment under complaint.

**Issues:**

[3] The Complaint form listed a number of issues under Reason(s) for Complaint, but at the hearing the only issue argued was whether the assessment should be based on the industrial sales valuation model or adjusted to reflect the sale price of the subject property.

**Complainant's Requested Value: \$2,940,000**

**Board's Decision:**

[4] The assessment is reduced to \$2,940,000

**Legislative Authority, Requirements and Considerations:**

[5] The composite assessment review board (CARB) derives its authority from Part 11 of the Act:

*Section 460.1(2): 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).*

[6] For purposes of the hearing, the CARB will consider the Act Section 293(1):

*In preparing the 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.*

[7] The regulation referred to in the Act section 293(1)(b) is Alberta Regulation 220/2004, Matters Relating to Assessment and Taxation Regulation (MRAT). Part 1 sets out the Standards of Assessment - section 4 specifies the valuation standard and section 2 describes the requirement for 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.

4(1) The valuation standard for a parcel of land is

- a) market value, ...

### Complainant's Position:

[8] The subject property transferred on February 7, 2013 for \$3,348,000. The Complainant presented the RealNet sale record listing Goldbar Mechanical Co. Ltd. as the vendor and the current owner as the purchaser. The sale was between unrelated parties and the current owner is not the exempt tenant, although they have applied for an exemption related to the larger of the two buildings, which they intend to occupy.

[9] The subject transaction is listed in the Respondent's list of industrial sales July 2010 – June 2013 showing a time-adjusted sale price of \$3,348,000 (i.e. no change in market value between the sale and valuation dates). This is the list of sales on which the Respondent relies to develop the industrial sales valuation model, and the inclusion of this sale shows that the Respondent concurs that it is a valid sale and indicative of a market value transaction.

[10] The Complainant presented the decision of Madam Justice L. D. Acton in *697604 Alberta Ltd. v. Calgary (City of)*, 2005 ABQB 512 (Acton Decision) in support of the position that an arms-length sale of a property, from a willing seller to a willing buyer, where there have been no changes in the market nor to the property in the intervening time, is the best indicator of the market value of that property. The 2014 assessment of the subject should reflect the sale price and be reduced to \$3,348,000 less the exempt portion. The value of the exempt portion represents 11.975% of the total assessment and the assessment under complaint should be reduced to \$2,947,700 truncated to \$2,970,000.

### Respondent's Position:

[11] The Respondent stated that the purpose of property assessments is not to reflect one sale price, but to assess all similar property at a similar value so that taxation is fairly and uniformly distributed among all taxable property. Therefore the assessor must look at sales of similar property and not just the subject sale.

[12] The Respondent presented sales of three two-building industrial properties, including the subject, and two sets of paired single building properties that sold in the valuation period:

Address		Parcel (ac)	Bldg Area	AYOC	NRZ	Sale date	Sale Price	TASP	TASP/sf
428 Moraine Rd NE	IW S	1.10	5,498	1970	ME1	31/08/2011	1,950,000	2,128,425	230.90
428 Moraine Rd NE	IW S		3,720	1976					
3851 54 Ave NE	IW S	1.48	10,250	2002	WD1	07/02/2013	3,348,000	3,348,000	178.80
3851 54 Ave NE	IW S		8,475	2003					
4500 8A St NE	IW S	3.42	13,936	1980	GV3	03/04/2013	1,950,000	2,128,425	98.30
4500 8A St NE	IW S		7,717	1971					
220 19 St SE	IW S	0.90	10,641	1965	MY1	05/12/2011	3,000,000	3,187,500	299.55
1240 36 Ave NE	IW S	1.05	9,900	1973	MC3	13/06/2011	1,875,000	1,875,000	189.39
2711 5 Ave NE	IW S	0.99	10,184	1969	ME1	24/06/2011	1,600,000	1,770,080	173.81
2325 20 Ave NE	IW S	0.98	7,842	1996	SA3	12/06/2012	1,990,000	2,030,596	258.94

[13] The subject property sold at the lower end of the scale but the assessment is within the range of similar properties. The Respondent also presented four comparable industrial

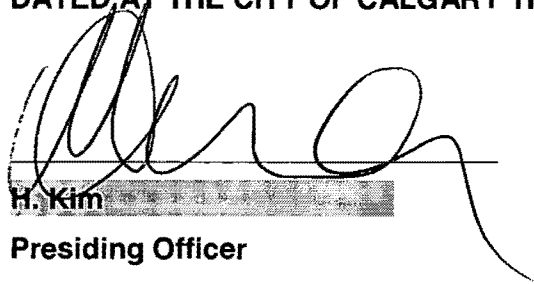
properties, of similar building area and site coverage to each of the subject buildings, with AYOC of 1980 to 1995. The assessments range from \$213.51/sf to \$263.77/sf and demonstrate that the subject buildings at \$231.19/sf and 228.31/sf are assessed equitably with similar properties.

**Board's Reasons for Decision:**

[14] The Board agrees that in property assessment, similar property should be assessed at a similar value so that taxation is fairly and uniformly distributed. The determination of similar property and similar value is based on the valuation model, in which various characteristics of dissimilar properties which sold are analysed statistically to estimate the market value of a property that did not sell. The subject property did sell, for a value substantially less than what the valuation model predicted, with no unusual circumstances to suggest that the sale was not at market value. Under such circumstances, the Board considers the sale price to be a more reliable indicator of the market value of the subject than the value generated by the Respondent's statistical model.

[15] Accordingly, the Board finds that the sale price of the subject, very close to the valuation date and not time-adjusted by the Respondent for the valuation model, provides the best indication of market value of the subject for the 2014 assessment. The Board determined that the assessment should be reduced to the sale price less the percentage attributable to the exempt tenant.

DATED AT THE CITY OF CALGARY THIS 23<sup>rd</sup> DAY OF September 2014.

  
H. Kim  
Presiding Officer

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

<b>NO.</b>	<b>ITEM</b>
1. C1	Complainant Disclosure
2. R1	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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Property Type	Property Sub-Type	Issue	Sub-Issues
(4) Warehouse	Single/Multi Tenant	Sales Approach	Comparables