



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:

DUNDEE INDUSTRIAL TWOFER (GP) INC.,
(as represented by Altus Group),
COMPLAINANT

and

The City Of Calgary,
RESPONDENT

before:

R. Glenn, PRESIDING OFFICER
B. Bickford, BOARD MEMBER
Y. Nesry, 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: 112135702
LOCATION ADDRESS: 611 71 AVE SE
FILE NUMBER: 75566
ASSESSMENT: \$23,040,000

This complaint was heard on Tuesday and Wednesday, the 29th and 30th days of July, 2014 at the offices of the Assessment Review Board located at Floor Number 4, at 1212 – 31 Avenue NE, Calgary, Alberta, in Boardroom 4.

Appeared on behalf of the Complainant:

- D. Mewha, Agent, Altus Group

Appeared on behalf of the Respondent:

- T. Luchak, Assessor, The City of Calgary

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

[1] There were no questions or issues of Jurisdiction or Procedure raised prior to, or during the hearing. There were no objections voiced to the composition of the Board as it was then constituted. The parties asked to have the argument and discussion from CARB 74627P-2014 apply to this matter. The Board so ordered.

Property Description:

[2] The subject property is a 8.73 acre parcel of land with a two warehouse building development, IWM/Multi Bay (class C quality), demised into 47 units, providing a total assessable building area of 221,741 sf, built in 1978, with a 24% finish in one building and 60% finish in the other, and a site coverage of 47.59%, a Land Use Designation(LUD) of I-G, located in the community of Fairview Industrial.

Issue(s) as stated by the parties:

- [3] Whether or not:
- (a) the subject property has been properly assessed according to the market value;
 - (b) the subject property has been equitably assessed.

Complainant's Requested Value: \$18,620,000

Board's Decision:

[4] The Board reduced the subject assessment to the amount of \$18,620,000.

Complainant's Position:

[5] The Complainant began their presentation by noting that the subject assessment had increased from \$17,480,000 in 2013 up to \$23,040,000 in 2014 and they said there was no proper justification for the subject increase because there had been no relevant change in the property details.

[6] The Complainant presented tables of five sales comparables and eight equity comparables. Dealing first with the sales comparables, the land area of the subject was 8.73 acres, and the median land area of the comparables was 9.31 acres, with the average being 8.67 acres. The subject total assessable building area was 221,741 sf, whereas the median assessable building area was 166,993 sf with the average area being 184,627 sf. The median AYOOC was close to the subject.

[7] The subject site coverage was 48%, while the median site coverage was 51%, and the average was 49%. The subject finish was 42% while both the median and average comparable finish was just 7%. The subject's 2014 assessment was \$104/sf whereas both the median and average 2014 assessment of the comparables was \$64/sf.

[8] The eight equity comparables listed four properties that were very close to the subject parameters. All of the equity comparables were multi tenant. The equity comparables had a median land area of 7.15 acres with an average of 8.20 acres compared to the subject at 8.73 acres. The equity comparables had a median Net Rentable Area (NRA) of 146,217 sf, with an average NRA of 151,487 sf, where the subject had an NRA of 221,741 sf. The AYOOC of the comparables was close to that of the subject.

[9] The subject had a 24% finish while the equity comparables had a median finish of 21% and an average of 30%. The comparables had a median site coverage of 45.46%, where the subject had 47.59%. The Complainant argued that the subject was at the lower end of the spectrum of the comparables.

[10] The Complainant went on to argue that the subject was assessed in 2014 at \$104/sf, but the median of the comparables' 2014 assessment was \$78/sf, with an average of \$81/sf.

[11] The main thrust of the Complaint's argument was that the 2014 assessment of the subject increased by 32% from 2013, keeping in mind that the property did not undergo any changes in the interim. The median assessment of the comparables for 2014 year over year, actually decreased by 12%.

[12] In their summary, the Complainant relied on: **Mountain View County v. Alberta (Municipal Government Board), 2000 ABQB 594** where it states at paragraph 21:

The principles which underlie the assessment process dictated by the Act are threefold. They require that assessments of property be based on market value, that they not be in excess of that which is fair and equitable having regard to assessments of similar property in the same municipality, and that they are prepared using mass appraisal. The requirements imposed by these three principles may be in conflict. If they are, the conflict should be resolved. In my opinion this should be done on the basis that if an assessment is higher than market value, it should be reduced. If the result of the reduction is that the assessments are lower than those of other properties, the latter should on revision of the rolls in future years be corrected by reduction to a level equitable with the assessment of other properties. The answer should not be to maintain (in conflict with the Regulation) the assessment at a level higher than market value.

Respondent's Position:

[13] The Respondent presented a table of sales comparables, all of which were in the South East Quadrant, but in the Central region. The Respondent did not provide any equity comparables, nor did they really respond directly to the equity based argument that was raised by the Complainant.

[14] The Respondent also argued that in the interim between 2013 and 2014, the City changed the model that they rely on for mass appraisal. They also raised the argument that there is a big difference between a 100,000 sf building with 2 bays, and a 100,000 sf building with 10 or more bays, and that is reflected in the subject assessment. Of course, the subject has a total of 47 bays or units.

[15] The Respondent went on to argue that there is little comparability between the subject and all (both sales and equity) of the Complainant's comparables. This was made as a general assertion, and was not backed up by a direct reference to specific facts. They continued to argue that the subject assessment was reasonable, and the reason for the difference in the subject assessments year over year, is "economies of scale based on building size", though the logic behind that argument is not entirely clear to the Board.

[16] There was some discussion of the property located at 6810-40 St SE being a comparable, but the Respondent rightly argued that the property was in poor condition, needed repair, and should not be relied on as comparable. There was some considerable discussion regarding the additional comparables set out in the Complainant's Rebuttal Brief.

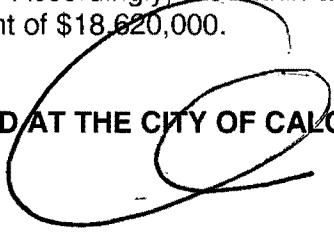
[17] In their summary, the Respondent reiterated their argument that none of the Complainant's sales comparables were any good, although their equity comparables were a little better. They also stated that their comparables demonstrated a proper range of values as opposed to a specific value.

Reasons for the Board's Decision:

[18] The Board carefully considered all of the argument and evidence that was placed before it at the hearing. After due deliberation, the Board found that the Respondent had not responded to the equity argument and comparables presented by the Complainant. In addition, the Board rejected the Respondent's argument and evidence and agreed with the Complainant about their reasonable range of values that compared favourably with the subject. The Complainant's argument was much more on point, and the Board accepted their position, also noting that a reduction was indicated

[19] Accordingly, the within assessment is herewith reduced to the Complainant's requested amount of \$18,620,000.

DATED AT THE CITY OF CALGARY THIS 9th DAY OF September 2014



R. Glenn
Presiding Officer

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

NO.	ITEM
1. C1	Complainant Disclosure
2. C2	Additional Complainant Disclosure
3. R1	Respondent Disclosure
4. C3	Complainant Rebuttal 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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Appeal Type	Property Type	Property Sub-type	Issue	Sub-issue
CARB	Industrial Warehouses	I-G Multi tenants	Market Value	Equity