



Calgary Assessment Review Board

DECISION WITH REASONS

In the matter of the complaints against the property assessments as provided by the *Municipal Government Act*, Chapter M-26, Section 460, Revised Statutes of Alberta 2000 (the Act).

between:

5760-9SSE PROPERTY LTD., (as represented by Colliers International Realty Advisors Inc.), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

***BOARD CHAIR, T. Hudson PRESIDING OFFICER
BOARD MEMBER, I. Fraser
BOARD MEMBER, G. Milne***

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

ROLL NUMBER: 100012301

LOCATION ADDRESS: 5760 9 ST SE

FILE NUMBERS: 76721

ASSESSMENTS: \$14,350,000

The complaint was heard on the 29th day of July, 2014 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Board room 10.

Appeared on behalf of the Complainant:

- *Mr. T. Howell, Agent, Colliers International Realty Advisors Inc.*

Appeared on behalf of the Respondent:

- *Mr. J. Ermube, Assessor, City of Calgary*

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

- [1] There were no procedural or jurisdictional matters in dispute between the Parties.

Property Description:

[2] The subject property is an 11.71 acre parcel of industrial land located at 5760 27 AV NE in the Burns Industrial community. In 1973, the property was improved with a "C" quality class multi-bay warehouse including assessable area of 180,626 square feet (sf.). Site coverage is 33.32% and office finish is 12%.

[3] The property is currently assessed based on the direct sales comparison approach at a unit rate of \$99.35 per square foot (psf.); discounted by 20% to \$79.48 psf. to recognize a negative topographical influence on the property. The total assessment is \$14,356,762 or \$14,350,000 (rounded).

Issue:

Assessment Amount

[4] The Complainant contends that the assessment exceeds market value, and should be reduced using a unit rate of \$65.00 psf.

Complainant Requested Value: \$11,740,000 (rounded)

Board's Decision:

- [5] **The assessment is confirmed at \$14,350,000.**

Legislative Authority, Requirements and Considerations:

[6] 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).

[7] 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.

[8] The Matters Relating to Assessment and Taxation Regulation (MRAT) is the regulation referred to in the Act section 293(1) (b). The CARB consideration will be guided by MRAT Part 1 Standards of Assessment, Mass appraisal section 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.

Position of the Parties

Complainant

[9] The Complainant initially submitted an analysis of five sales with a unit rate range of \$34.80 psf. to \$76.35 psf. with a mean of \$61.45 psf., in support of a requested unit rate of \$60.00 psf. for the subject property assessments, (Exhibit C1, page 24).

[10] The Complainant subsequently time adjusted four of the five sale prices based on the Respondent's methodology, and calculated a revised mean of \$61.44 psf., and a median of \$67.52, (Exhibit C2, page 5).

[11] The Complainant removed the fifth sale (i.e. the property located 7504 30 ST SE) from their analysis because it was not comparable to the subject property.

[12] The Complainant then revised the requested unit rate to \$65.00 psf., for the subject property assessment.

[13] The Complainant observed that all of the market sales submitted by the Respondent are smaller properties than the subject which results in higher prices psf.

[14] The Complainant also argued that one of the four market sales submitted by the Respondent was constructed 24 years after the subject, (i.e. 1997) and has much less assessable area than the subject, (i.e. 118,402 sf.).

Respondent

[15] The Respondent submitted an analysis of four sales with unit rate values ranging from \$72.01 psf., to \$119.33 psf., with a median of \$75.83, in support of the subject property assessed unit rate value of \$79.48 psf., (Exhibit R1, page 49).

[16] The Respondent noted that the Complainant's sale comparable located at 6810 40 ST SE, was, together with a property located at 4016 70 AV SE, included in a portfolio sale reported by Real Net, for one combined sale price, and therefore should be excluded, (Exhibit R1, pages 17-21).

[17] The Respondent also advised that this property was in need of significant capital improvement at the time of sale, which in their view contributed to the low sale price of \$32.65 psf., (Exhibit R1 pages 22-37).

[18] The Respondent supported the decision of the Complainant to remove the sale at 7504 30 ST SE, from their analysis because it is an outlier and not similar to the subject property.

[19] The Respondent argued that the property sale at 7803 35 ST SE, which is included in the sales analysis done by both Parties, is the most directly comparable to the subject property and sold for a time adjusted unit rate value of \$78.09 psf., which supports the current assessed unit rate of \$79.48 psf. for the subject property

Board's Reasons for Decision:

[20] The Board was not convinced by the Complainant that their evidence had produced an assessment estimate that reflects the 2014 market value of the subject property.

[21] The Board finds that for the most part, the market sales evidence of both Parties excluding the portfolio sale at 6810 40 ST SE, and the outlier at 7504 30 ST SE, support the current assessment of the subject property.

DATED AT THE CITY OF CALGARY THIS 21 DAY OF August 2014.



T. B. Hudson

Presiding Officer

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

NO.	ITEM
1. C1	Complainant Disclosure
2. C2	Complainant Rebuttal
3. 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.*

For MGB Administrative Use Only

<i>Decision No. 76721</i>			<i>Roll No. 100012301</i>	
<u><i>Subject</i></u>	<u><i>Type</i></u>	<u><i>Sub-Type</i></u>	<u><i>Issue</i></u>	<u><i>Sub-Issue</i></u>
CARB	Warehouse	IWM	Market Value	Sales Comps