

**CALGARY
ASSESSMENT REVIEW BOARD
DECISION WITH REASONS**

In the matter of the complaint against the Property/Business assessment as provided by the *Municipal Government Act*, Chapter M-26.1, Section 460(4).

between:

Assessment Advisory Group, COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

H. Kim, PRESIDING OFFICER

D. Pollard, MEMBER

T. Usselman, MEMBER

This is a complaint to the Calgary Assessment Review Board in respect of three Property assessments prepared by the Assessor of The City of Calgary and entered in the 2010 Assessment Roll as follows:

| | | | |
|----------------------------|----------------------|----------------------|----------------------|
| ROLL NUMBERS: | 119011203 | 201027869 | 119010304 |
| LOCATION ADDRESSES: | 8916 40 St SE | 8512 48 St SE | 8515 44 St SE |
| HEARING NUMBERS: | 58539 | 58444 | 58577 |
| ASSESSMENTS: | 2,170,000 | 1,980,000 | 2,170,000 |

This complaint was heard on the 17 day of June, 2010 at the office of the Assessment Review Board located at Floor Number Four, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 6.

Appeared on behalf of the Complainant:

- *Yuan Tao*
- *Troy Howell*

Appeared on behalf of the Respondent:

- *Ian McDermott*

Property Description:

The subject complaint is of three vacant industrial properties located in the South Foothills Industrial area in south east Calgary. The parcels have the same characteristics and are located in close proximity to each other. The issues in each case are the same, so the three complaints were heard together as one hearing. The parcels vary in size from 4.12 to 4.76 acres and all are zoned Industrial General (I-G).

Issues:

The Complainant identified two issues on the Complaint form:

1. The assessed value is not reflective of the property's market value.
2. The assessed value is inequitable with comparable property assessments.

Complainant's Requested Values:

| Roll number | Assessment |
|-------------|-------------|
| 119011203 | \$1,660,000 |
| 201027869 | \$1,500,000 |
| 119010304 | \$1,660,000 |

Board's Decision in Respect of Each Matter or Issue:

There were no sales of vacant land in the South Foothills area, therefore the presentation focused on equity with similar properties, specifically whether the subject properties should be receiving an allowance for partial services.

Complainant's position:

The Complainant stated that the South Foothills area had originally been zoned I-4 Limited-serviced Industrial District under the previous City of Calgary Land Use Bylaw 2P80. Typical uses permitted under I-4 were those that required limited services such as the storage uses of the subject parcels. Over the years services have been installed, such as road paving, water and storm sewer. The area still does not have sanitary sewer services. Unlike typical industrial areas where the services are already installed, South Foothills has a local improvement levy to pay for the services. The Complainant presented a number of tax notices to demonstrate the local improvement levies, which were substantial, in some cases totalling \$11,900 in addition to property taxes.

The tax notices presented in the Complainant's package had levies and expiry dates for:

| | |
|----------------------------------|------|
| Asphalt paving – Commercial Road | 2012 |
| Watermain | 2021 |
| Storm Sewer System | 2021 |

The new Calgary Land Use Bylaw 1P2007 was adopted June 1, 2008 and the South Foothills area was rezoned to I-G, the same zoning as most of the other industrial areas in Calgary. The assessments of land in the South Foothills area was changed to the same rate as the rest of the Central and Southeast industrial regions, at \$1.05 million for the first acre and \$300,000 per acre for additional acre for parcels up to ten acres. The Complainant stated that this was inequitable, as the other parcels have full servicing and are not subject to a local improvement levy. There is a high level of dissatisfaction among the landowners in the area: of approximately 100 properties, 40 have been appealed by the present complainant alone.

The City applies various influences to the vacant land rate, including 50% for no services and 25% for partial services. The Complainant's position is that the vacant parcels should receive an allowance for partial services.

Respondent's position:

The Respondent stated that the parcels were serviced. He submitted maps of the area showing water and storm sewer to most of the properties and sanitary sewer to some. The Respondent stated that everyone has to pay for services, whether the developer pays for it at time of development or the landowner does through a local improvement levy.

There were no sales of vacant land in the analysis period to compare relative land values, however sales of improved properties show that there is no difference between sale prices in Foothills (FH1) that have sanitary sewer servicing and South Foothills (FO1 and 2) that have private septic fields:

| Address | NRZ | Sale Date | Parcel Size | AYOC | Rentable area | finish % | Sale Price | TASP | TASP/sf |
|---------------|-----|-----------|----------------|------|---------------|-------------|------------|------------|---------|
| 6410 90 Av SE | FO1 | 31-Jan-08 | 4.87 | 1995 | 19,800 | 29 | 3,500,000 | 3,295,680 | 196 |
| 7725 48 St SE | FH1 | 10-Oct-06 | 4.17 | 1981 | 14,920 | 17 | 2,350,000 | 2,749,157 | 184 |
| 5300 86 Av SE | FO1 | 26-Aug-08 | 14.01 | 1998 | 167,560 | 5 | 20,000,000 | 19,022,203 | 114 |
| 9615 52 St SE | FO2 | 20-Jun-07 | 4.22 | 1976 | 12,689 | 42 | 2,850,000 | 2,683,625 | 211 |
| 8816 40 St SE | FO2 | 25-Jul-07 | 9.51 | 1988 | 19,247 | 31 | 4,700,000 | 4,425,627 | 230 |
| 9415 48 St SE | FO2 | 19-Jun-09 | 4.70 | 1992 | 27,604 | 25 | 3,900,000 | 3,900,000 | 141 |
| 4930 74 Av SE | FH1 | 23-Jun-07 | 2.30 | 1982 | 24,140 | 32 | 3,600,000 | 3,389,842 | 140 |
| 8619 52 St SE | FO2 | 23-May-07 | 4.62 | 1976 | 32,480 | 5 | 3,925,000 | 3,797,506 | 117 |
| 9416 40 St SE | FO2 | 08-Nov-07 | 8.91 | 1978 | 634,130 | 19 | 4,000,000 | 3,766,491 | 110 |
| 8515 48 St SE | FO2 | 20-Apr-07 | 4.76 | 1980 | 39,868 | 27 | 3,640,000 | 4,612,736 | 116 |
| 3514 73 Av SE | FH1 | 12-Oct-06 | 2.62 | 1976 | 43,200 | 10 | 4,050,000 | 4,737,908 | 110 |

The Respondent stated that the sales show that improved properties in the two areas sell for about the same per square foot values, therefore the market does not differentiate between partially serviced and fully serviced improvements. The Respondent submits it is reasonable to conclude that vacant land values should likewise not differ.

Decision and Reasons:

The Board finds that the subject parcels are partially serviced and the assessment is inequitable with other, fully serviced properties in the neighbouring industrial zones. The Board is of the opinion that the City's standard 25% allowance for partial services should be applied.

The Board does not agree with Respondent's position that the sales show no difference between sale prices in Foothills and South Foothills. An analysis of the evidence shows that sales 6 and 7 are similar properties that sold for similar amounts, however the site area of the South Foothills property is double. Similarly, the last two sales also demonstrate the disparity in parcel sizes for similar properties with similar sale prices.

Further, even if the selling prices of improved properties were demonstrating no difference, the Board does not agree that this logically extends to vacant land values also having no difference. Once an improvement has been constructed with a private septic system, it is fully serviced in the purchaser's eyes. A vacant parcel would incur the additional expense of a septic system should the purchaser intend to build, and would be viewed as an additional cost of development.

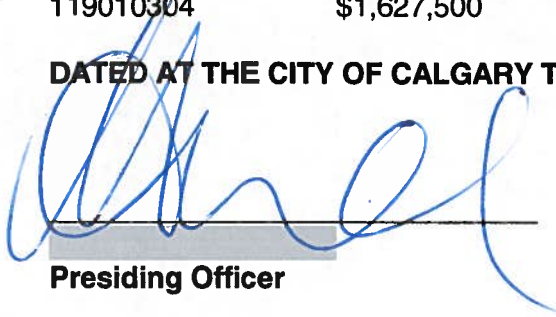
Finally, the Board does not agree that there is no difference between a parcel where the developer has already paid for the services and one where some of the services are installed and paid for by the landowner as a local improvement. It is inconceivable that a purchaser would not factor in such additional costs in determining how much to offer for a parcel of land.

Board's Decision:

The complaint is allowed and the assessments are reduced as follows:

| Roll number | Assessment |
|-------------|-------------|
| 119011203 | \$1,620,000 |
| 201027869 | \$1,480,000 |
| 119010304 | \$1,627,500 |

DATED AT THE CITY OF CALGARY THIS 2nd DAY OF July 2010.



Presiding Officer

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.*