

**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(4).

between:

LadCorp Inc., COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

***W. Kipp, Presiding Officer
A. Wong, Board Member
D. Morice, Board Member***

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

ROLL NUMBER: 112507629

LOCATION ADDRESS: 9 343 Forge Road SE, Calgary AB

HEARING NUMBER: 57012

ASSESSMENT: \$731,000

This complaint was heard on the 22nd day of July, 2010 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 2.

Appeared on behalf of the Complainant:

- David Spackman

Appeared on behalf of the Respondent:

- Robert Ford

Property Description:

An industrial condominium unit in a nine unit building in Fairview Industrial. Built in 1980, this end unit contains an assessed area of 3,358 square feet which is the floor area shown on the registered condominium plan. The Assessment Summary Report provided to the owner by The City of Calgary shows an area of 4,046 square feet, however, the assessment appears to have been based on a more accurate area of 3,358 square feet. The unit contains 2,190 square feet of office development and 1,168 square feet of warehouse. The condominium building occupies a 1.28 acre lot on Forge Road SE.

Issues:

The Complainant raised the following matters in section 4 of the complaint form:

Assessment amount

The Complainant also raised the following specific issues in section 5 of the Complaint form:

Recent sales and comparisons to assessments of comparable properties in the same area do not support the assessment.

During the hearing, the Complainant stated that the preferred valuation method for an income producing property such as this is the income approach which reflects value based on the revenue the property can generate. It was not, however, made an issue in this complaint.

At the hearing, the Complainant did not pursue the market value issue. The only sales data provided was historical in nature and was not useful. The CARB therefore did not consider this to be an issue any longer.

Issue 1: Equity

Complainant's Requested Value:

\$616,000

Board's Decision in Respect of Each Matter or Issue:**Issue 1: Equity**

The Complainant provided assessment summaries on all of the units in the subject building, stating that all assessments were too high. For comparison, assessments and descriptions of units in two nearby condominiums were presented.

A newer condominium building (by Remington Development) at 67 Avenue and Fairmount Drive SE contains 19 units. Built in 2004, this building has a 24 foot ceiling height which allows for full second floor development. Assessments for several units in this building ranged from \$162 to \$208 per square foot and averaged \$199, according to the Complainant.

At 7060/7070 Farrell Road SE, condominium units, built in 1968, were assessed at rates from \$143 to \$161 per square foot and averaged \$149. These two buildings were similar to the subject with ceiling height of 16 feet which precluded any significant second level development.

The Complainant questioned the assessment increase from 2009 (\$616,000) to 2010 (\$731,000). As an active participant in the industrial market in Calgary, the Complainant was of the opinion that market values had declined between the effective valuation dates of July 1, 2008 and July 1, 2009.

The only equity evidence from the Respondent was data on the assessments of two other units in the subject building. These units were assessed at similar rates of \$212 and \$213 per square foot. The subject, an end unit in the building, was assessed at \$218 per square foot.

Findings

In view of the above considerations, the CARB finds as follows with respect to Issue 1:

The Complainant complains that all of the units in the subject building are over-assessed, therefore, the Respondent's two equity comparables from within the building are of limited value.

The CARB was unable to draw any meaningful comparisons between the subject and the Remington Development building on Fairmount Drive. This modern building included second floor development in many units and it was not possible to segregate those units from others with no second floor development. The areas on assessment summaries did not always coincide with those areas shown in advertising from the developer.

The Farrell Road comparables were of some assistance, however, details regarding the amounts of finish in each of the bays was absent. It was an older property and there was no data from which an adjustment for the 12 years of age difference could be measured.

The CARB did find the argument of the assessment increase from 2009 to 2010 to have some merit. Sales evidence from the Respondent showed several June 2008 unit sales and the prices of these units was adjusted downwards by 3.92% as at the July 1, 2009 valuation date. There was agreement that the subject unit had undergone no upgrading or other changes between the two valuation dates.

Board's Decision:

The CARB finds the equity evidence and argument of the Complainant to be compelling.

The Respondent provided a list of sales of condominium units, however, almost all of the 25 sales were of units at least 25 years newer than the subject. Furthermore, most of them were in the northeast quadrant of the city, a different market area. It was interesting to note that the median price of those sales was \$184.50 per square foot, a rate that supports the reduced assessment.

The 2010 assessment is reduced from \$731,000 to \$616,000.

DATED AT THE CITY OF CALGARY THIS 5th DAY OF AUGUST 2010.



W. Kipp
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.*