

**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:

Commercial Automotive Services (Calgary) 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: 078070109

LOCATION ADDRESS: 2815 Bonnybrook Road SE, Calgary AB

HEARING NUMBER: 56648

ASSESSMENT: \$1,060,000

This complaint was heard on the 23rd 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:

- Sylvie Godin

Appeared on behalf of the Respondent:

- Don Kozak

Property Description:

A 1.01 acre industrial lot in Bonnybrook Industrial occupied as a used car lot. Two old buildings are on the lot – a 240 square foot wood framed “shed office” and a 576 square foot wood framed “storage garage”. The buildings are 35-36 years old.

Issues:

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

The Complainant elaborated on the issue in section 5 of the Complaint form by providing several spreadsheets that were all related to equity as an issue.

Issue: Equity

Complainant's Requested Value:

\$725,000

Board's Decision in Respect of the Issue:

For assessment purposes, the property is classified as an industrial property. The nature of the two old buildings on the property led the assessor to the determination that the assessment would be prepared using the cost approach wherein the depreciated value of the buildings is added to the full market value of the land. The 1.01 acre land parcel is valued at \$1,051,584. The shed office has a depreciated (80% depreciation) cost of \$4,171 (\$17.38 per square foot) and the storage garage has a depreciated (80% depreciation) cost of \$7,564 (\$13.13 per square foot). The total assessment equates to a unit rate of \$24.21 per square foot (\$1,049,505 per acre) of land area.

The subject property does not have direct access to Ogden Road, the major thoroughfare through Bonnybrook Industrial. The Complainant compared the subject and its assessment to four other properties, three of which are located on Ogden Road and one of which is on 34 Avenue SE. For the comparable properties, the following is pertinent:

3320 Ogden Road SE: 1.43 acre vacant lot – assessed at \$1,170,000 (\$818,182 per acre)

4029 Ogden Road SE: 0.89 acre lot improved with one 983 square foot building – assessed at \$712,000 (\$800,000 per acre)

4007 Ogden Road SE: 1.04 acre lot improved with two storage buildings with a total floor area of 5,850 square feet – assessed at \$737,000 (\$708,654 per acre)

1605 – 34 Avenue SE: 1.49 acre lot improved with one 5,040 square foot building – assessed at \$1,020,000 (\$684,564 per acre)

The Complainant's analysis of the above data led to the conclusion that the subject assessment should be reduced to \$725,000.

A second spreadsheet showed how the assessment on the subject property had increased by 18.44% from 2009 to 2010 while several other properties had smaller increases or decreases. Of 16 properties in the table, one had increased by 9.22%, four had increased by 5% to 8% and 10 had decreased by as much as 216%. One other property, a vacant 0.51 acre lot, had increased by 19.31%.

Based on the majority of assessments declining over the year, the Complainant stated that the subject's 2010 assessment should have gone down and not up. There was no conclusion as to the rate of decrease that should have taken place.

The Respondent provided a table showing industrial land rates used for the 2010 assessment. The rate for I-G land in the southeast industrial area was \$1,050,000 for the first 1.0 acre of a parcel and \$300,000 for any acreage over 1.0 acre on the parcel. This rate, noted to be the highest rate for industrial land in Calgary, was based on one sale of a 0.931 acre lot in Highfield which occurred in June 2008. A title to that lot showed an area of 0.96 acre.

A table of equity comparables showed assessments of seven industrial properties in the Central industrial region. None of those properties were in Bonnybrook and the Respondent noted that none of them were assessed using the cost approach, as was used in valuing the subject.

Sales data for three industrial warehouse properties was provided but since these properties had no similarities to the subject, there was no further explanations given for their inclusion.

With regard to the equity comparables used by the Complainant, the respondent provided some additional data. The property at 3320 Ogden Road SE is a 1.43 acre lot designated I-H which is valued at the same land rate as I-G land (the subject is I-G). A note on the assessment summary states that buildings are valued on the basis of cost but there was no further detail. The Complainant had shown this as a vacant lot.

The property at 4029 Ogden Road SE was improved with a small building which appeared to be occupied as an administration building for a school bus company. The Respondent stated that this property was assessed using an income approach.

An assessment summary sheet was provided for 4007 Ogden Road SE, along with photographs of the two buildings on the lot. This property had been classified as IOBS – Industrial Outbuilding Single Tenant. Under that class, it was assessed in a different manner than other properties. The

assessments on the buildings were based on a rate of \$10 per square foot. Then, under an assumption that typical site coverage for an industrial property of this size was 30% (the actual coverage ratio is 12.01%), approximately 16,000-17,000 square feet of land area was deducted from the 1.04 acres and the balance was assessed at the southeast land rate.

At 1605 – 34 Avenue SE, the 1.49 acre lot, along with its building was assessed using the cost approach. This lot is designated I-R which is assessed at a unit rate of \$650,000 per acre. The Respondent stated that this designation of Industrial-Redevelopment is highly similar to I-G as far as land uses and development potential are concerned but it is assessed at a lower land rate.

Findings

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

Although no issue was detailed by the Complainant on the depreciated cost valuation of the subject buildings, the assessments seem to be high based on the appearance of the buildings in photographs. This is more apparent when compared to the outbuildings on the property at 4007 Ogden Road SE which are valued at a rate of just \$10.00 per square foot. It was the opinion of the Complainant that the subject buildings are worthless and this makes sense considering that they are on million dollar land.

The greatest inequity is found in the comparison of the subject property to the property at 4007 Ogden Road SE. Both lots are almost the same size (1.01 acres versus 1.04 acres) and both have the same I-G land use designation. 4007 has frontage and exposure to Ogden Road whereas the subject does not. The two old buildings on the subject, with a total area of 816 square feet, are assessed at depreciated rates of \$13.13 and \$17.38 per square foot. The two buildings on 4007, each with metal siding and roofs, heating and electricity and having a total area of 5,450 square feet are assessed at a flat rate of \$10.00 per square foot. The subject is assessed at \$1,060,000 and 4007 is assessed at \$737,000, including \$54,500 worth of buildings. The difference in assessments is attributed to different classifications for each property, however, it is obvious that in the marketplace, 4007 would bring a higher price than the subject. The Board finds that differences in classifications of properties which appear to be highly similar and would compete with each other in the market then leads to different valuation methods being applied and this leads to unfairness in assessments. The valuation standard for property is market value and market value should be the same regardless of the method used.

Other than to provide some additional data on the equity comparables in evidence from the Complainant, the Respondent did not deal with the equity issue. The table labeled 2010 Industrial Equity Comparables consisted of assessment data on seven properties that were not comparable to the subject in any way.

Board's Decision:

The Complainant's evidence and argument are compelling.

The 2010 assessment is reduced from \$1,060,000 to \$725,000.

DATED AT THE CITY OF CALGARY THIS 5th DAY OF AUG, 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.*