

**CALGARY  
ASSESSMENT REVIEW BOARD  
REVISED 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:**

***Altus Group Ltd., COMPLAINANT***

**and**

***The City Of Calgary, RESPONDENT***

**before:**

***Board Chair, T. Golden  
Board Member, R. Deschaine  
Board Member, K. Farn***

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: 757092622**

**LOCATION ADDRESS: 16 Shawville Ri SE**

**HEARING NUMBER: 59875**

**ASSESSMENT: \$1,340,000.00**

This complaint was heard on 15 day of September, 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:

- *A Iazard*

Appeared on behalf of the Respondent:

- *P Sembrat*

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

There were no preliminary matters.

**Property Description:**

The subject property is .89 ac site that contains a car wash built in 1998. The land is a triangular shape and restricts the amount of developable area. This property is located adjacent to a power shopping centre but not considered by the assessment department to be part of the centre. The assessment recognizes the restriction and an adjustment were made. A cost approach was used to establish the assessment on the subject.

**Issues:**

- 1) The main issue to be considered by the Board is the equity of the assessment as compared to similar uses in similar areas. Two subordinate issues relate to the main issue; firstly whether the cost approach to assessment is the appropriate method to be used to determine an equitable assessment and secondly should the car wash be considered part of the power centre as are the adjacent uses?
- 2) If the cost approach is the appropriate method to be used for developing the assessment, then which factors are appropriate to use in the calculation?

**Complainant's Requested Value:**

Based on an income approach the complainant requests the assessment to be \$840,000.00.

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

- 1) The assessment is not equitable when compared to similar uses in the area. Using the cost approach to assessment, as has been used by the Respondent yields an inequitable assessment of the subject property. An income approach has been used by the Assessment Department in other similar properties and is applicable in this case. A reduction in assessment is warranted.

The Complainant firstly used The Canadian Tire and Safeway gas bars in the adjacent shopping centre to demonstrate the inequity of the assessment. The adjacent shopping centre was clearly designated as a power centre by the Respondent. Both gas bars were assessed by using the income approach which resulted in a far lower assessment when compared to the subject property. Part of the equity argument is that the City does not consider the subject part of the power centre, in spite of the subject having the same land use bylaw designation as the adjacent uses and the only access road comes from the power centre. An income approach could be used by the City for these uses if they were part of a power centre.

Secondly the Complainant presented a series of Gas bar, car wash properties on or near MacLeod Trail to further demonstrate the income approach is used on similar properties and again yielded lower assessments.

Lastly in both evidence and rebuttal the Complainant presented other car wash facilities in other areas of the City that were assessed using the income approach that again were assessed at a lower rate when compared to the subject. Some of the examples provided contained car wash facilities with uses such as gas bars and convenience stores. The car wash at Brentwood Plaza was drawn to the Boards attention as it was a car wash with a small auxiliary use for dog washing. In this example an income approach was used and a lower assessment was developed.

It was contended by the Complainant that the lower assessment should be given to the tax payer in the case of inequity.

The Complainant also had certain concerns with the inputs to the cost approach used by the Respondent particularly with respect to the method of depreciation and provided an alternative calculation for the Boards consideration.

The Respondent explained that car washes should be assessed using the cost approach as they are special purpose buildings and do not trade frequently. Gas bars and car washes do have assessments calculated using both the cost approach and the income approach depending on whether the use is a freestanding separately titled operation or connected to a larger operation. In addition these uses are assessed using the income approach when located in power centres. For example a gas bar attached to the Canadian Tire store would be assessed using the income approach while the freestanding use such as the subject would be assessed using the cost approach. In part the Respondent suggested that the ability of the uses in the power centre to have some joint marketing ability made a difference and influenced the method of assessment used.

In the case of the subject the cost approach was conducted using the Marshall and Swift manuals. The assessor applied a reduction for the shape of parcel which amounted to approximately a 25% reduction in assessment for the land portion. Upon visiting the site a further 25% reduction was made for the overall location of the parcel and the fact the property was adjacent to a railway. With the downward adjustments the assessment was seen to be fair. Three comparable properties with car wash facilities were introduced as equity comparables.

With respect to the income approach the Respondent felt that there was insufficient data to establish the factors that would be entered into the calculation.

The subject was not considered part of the power centre by the City as it did not share in any common parking and was a separate title across the street from the other commercial uses.

The Board did not consider the alternate cost approach calculation provided by the Complainant but rather focused on the issue of equity.

The board agrees with the Complainant that the cost approach yields an inequitable assessment and the subject should be assessed using the income approach. Firstly the Board considered the similar uses in the adjacent shopping centre, assessed using the income approach as good equity comparables. The reasons submitted by the respondent to have the subject treated in a different manor then the comparable parcels in close proximity were not sufficient to have the Board confirm the assessment. Suggestions made by the City that special business arrangements could be made between the comparables and the main stores was not presented in any detail and was not considered by the Board.

Secondly, it is understood by the Board that many of the equity comparables presented by the Complainant included a variety such uses as gas bars. It is the opinion of the Board that these comparables were similar in nature to the subject and added evidence to the argument of equity. In particular the equity comparable at Brentwood Plaza demonstrated that a very similar use was also assessed using the income approach.

Finally, after reviewing the location of the subject and its relationship to the adjacent commercial uses it is the opinion of the Board that for assessment purposes it is reasonable to assume that the subject parcel is part of the power centre and should be assessed in the same fashion.

The Respondent's explanation of why the two assessment approaches are used to assess similar uses was not sufficient in this case to justify the inequity caused.

- 2) The factors to be used in the income approach should be the same as those applied to other similar facilities in the City.

The complainant provided a series of comparables that had been assessed on the income approach using a series of inputs developed by the City including:

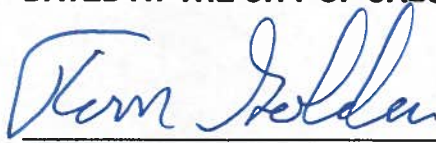
- rent at \$12.00
- vacancy 2%
- non recoverable 1%
- cap rate 7.50%

Applying these values to the income approach resulted in the requested assessment of \$840,000.00. These values were not disputed and were therefore were accepted by the Board as reasonable in this case.

**Board's Decision:**

The assessment is set at \$840,000.00

DATED AT THE CITY OF CALGARY THIS 4<sup>th</sup> DAY OF NOVEMBER 2010.

A handwritten signature in blue ink, appearing to read "Kern Gelder", is written over a horizontal line.

  
Presiding Officer

**APPENDIX "A"****DOCUMENTS RECEIVED AND CONSIDERED BY THE ASSESSMENT REVIEW BOARD:**

<b>NO.</b>	<b>ITEM</b>
1.	Exhibit C-1 Letter of Complaint
2.	Exhibit C-2 Complainant's Evidence Brief
3.	Exhibit C-3 Complainant's Rebuttal
4.	Exhibit R-1 Respondent's Assessment Brief

*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.*