

**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, Revised Statutes of Alberta 2000 (the Act).

between:

CWA Holdings Ltd. (as represented by Altus Group Limited), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

***Board Chair, M. Vercillo
Board Member 1, J. Pratt
Board Member 2, J. Massey***

This is a complaint to the Calgary Assessment Review Board in respect of a property assessment prepared by the Assessor of The City of Calgary and entered in the 2011 Assessment Roll as follows:

ROLL NUMBER: 101012219

LOCATION ADDRESS: 120 62 AV SE

HEARING NUMBER: 61097

ASSESSMENT: \$2,000,000

This complaint was heard on the 22nd day of June, 2011 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:

- *R. Worthington*

Appeared on behalf of the Respondent:

- *R. Farkas*

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

The Calgary Composite Assessment Review Board (CARB) derives its authority to make this decision under Part 11 of the Act. No specific jurisdictional or procedural issues were raised during the course of the hearing, and the CARB proceeded to hear the merits of the complaint, as outlined below.

Property Description and Background:

The subject property is a vacant land property located in the "Manchester" industrial area of SE Calgary. According to a City of Calgary "Assessment Explanation Summary (AES)", the subject has a land use designation of "Commercial Corridor (C-COR-3)" and contains 1.04 acres or approximately 45,302 square feet (SF).

The subject is assessed on the basis of its land use designation. Accordingly, the COR Commercial assessed land rates for 2011 are \$65/SF on the first 20,000 SF and \$28/SF on the remainder.

Issues:

The CARB considered the complaint form together with the representations and materials presented by the parties. There were a number of matters or issues raised on the complaint form; however, as of the date of this hearing, the Complainant addressed the following issues:

1. A comparable market sale of a property in a superior location and its resulting sales price per SF supports a lower assessment for the subject.
2. The subject land is not in a location that is conducive to C-COR-3 land classification.
3. Land rates on equity comparables support a reduced assessment.

Complainant's Requested Value:

\$1,660,000 on the complaint form revised to \$543,624 at this hearing.

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

ISSUE 1: A comparable market sale of a property in a superior location and its resulting sales price per SF supports a lower assessment for the subject.

The Complainant provided a document entitled "Evidence Submission of Complainant" that

was entered as "Exhibit C1" during the hearing. The Complainant along with Exhibit C1 provided the following evidence with respect to this issue:

- A sale of a 5.012 acre industrial property that was sold in September, 2008. The information provided revealed a sales price per SF of \$37 per SF. When applied to the subject, the \$37 per SF rate would derive a value of \$1,676,188.

The Respondent provided an "Assessment Brief" document that was entered as "Exhibit R1" during the hearing. The Respondent along with Exhibit R1 provided the following evidence with respect to this issue:

- A table of land rate assessments applied to all C-COR vacant land property throughout Calgary. The table explained that the first 20,000 SF of C-COR vacant lands are assessed at \$65.00 per SF with any additional land assessed at \$28.00 per SF. This approach to valuing the property that sold in 2008, as provided by the Complainant, would tend to support the calculation.
- A table of six C-COR sales from September, 2008 (sale comparable provided by Complainant) to March, 2010. The lands varied in parcel sizes from 3,670 SF to 218,323 SF (again the sale comparable provided by the Complainant). The Respondent concluded from the table that sales per SF tend to support the current assessment approach applied to C-COR vacant land.

The CARB finds the following with respect to this issue:

- The sales comparisons of C-COR vacant land tend to support the assessment approach used by the Respondent.
- The sales comparable used by the Complainant tends to lend support to the assessment calculation applied the subject.

ISSUE 2: The subject land is not in a location that is conducive to COR-3 land classification.

The Complainant along with Exhibit C1 provided the following evidence with respect to this issue:

- A map of the area surrounding the subject. The map showed that four of the six properties had a land classification of I-G (Industrial – General District) and not C-COR3 (Commercial Corridor 3 District) like the subject. The Complainant concludes that from an equity standpoint, the subject should be classed I-G like its neighboring properties and should be assessed accordingly. This would result in the requested assessment for the subject property of approximately \$540,000.

The Respondent along with Exhibit R1 provided the following evidence with respect to this issue:

- A comprehensive listing of the land use guidelines for various properties including C-COR and I-G. The listing outlines the various permitted uses applicable to each land designation.
- A land use redesignation process outlining the process which land owners must go through in order to get their lands rezoned.
- An explanation that the assessment of properties such as the subject considers land use as part of the assessment process because the market has shown that this may add value to the land.

The **CARB** finds the following with respect to this issue:

- The assessment of vacant land such as the subject must consider land use as part of the assessment process.

ISSUE 3: Land rates on equity comparables support a reduced assessment.
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The **Complainant** along with Exhibit C1 provided the following evidence with respect to this issue:

- A table of five equity comparables of C-COR3 properties, three of which were located in the Manchester Industrial area. None of the properties were vacant land as in the case of the subject. The Complainant attributed a \$68 per SF rate to the buildings on the respective lands and removed their value from the comparables in order to calculate a value for vacant land. The Complainant referred to this approach as a "land residual" calculation. He admitted that this approach is not the best way to value land. The land residual approach calculated a median land value for the five C-COR3 of \$30.03. Applying a rate of \$34.17 (the highest of the five land residual rates) per SF to the subject, the Complainant calculated a revised assessed value for the subject of \$1,540,000.
- The Complainant used the same land residual approach to a listing of I-G land comparables. In this comparison, the median was \$30.52 per SF but the highest rate of \$36.79 per SF applied to the subject would result in a revised assessed value of \$1,660,000.

The **Respondent** along with Exhibit R1 provided the following evidence with respect to this issue:

- A table of five equity comparables of C-COR3 properties. All of the properties were vacant land as in the case of the subject. The properties ranged in size from 23,171 SF to 66,200 SF. The assessments per SF ranged from \$40.30 per SF to \$62.58 per SF using the same assessment approach as the subject whose assessment per SF is \$44.36.
- Photographs of the buildings used by the complainant in his land residual approach showing that the buildings are quite different from each other and using a \$68 per SF value for each building is nonsensical and inequitable.

The **CARB** finds the following with respect to this issue:

- The table of equity comparables provided by the Respondent was far superior to those provided by the Complainant in that all were vacant land, of similar size and did not require a land residual calculation.

Board's Decision:

The complaint is denied and the assessment is confirmed at \$2,000,000.

- The Complainant's requested value was not supported by his own sales or equity comparables.
- The Respondent equitably applied his assessment approach to the subject as it was also applied to similar vacant parcels with the same land use,
- The Respondent's assessment was supported by his sales or equity comparables.

DATED AT THE CITY OF CALGARY THIS 22 DAY OF July 2011.



Presiding Officer

APPENDIX "A"

**DOCUMENTS PRESENTED AT THE HEARING
AND CONSIDERED BY THE BOARD:**

NO.	ITEM
1. C1	Complainant Disclosure
2. 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.*