

**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:

***Western Automotive Management Ltd. (as represented by Cushman & Wakefield Ltd.),
COMPLAINANT***

and

The City Of Calgary, RESPONDENT

before:

***B. Horrocks, PRESIDING OFFICER
J. Joseph, MEMBER
D. Steele, MEMBER***

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:	054015508
LOCATION ADDRESS:	1313 36 ST NE
HEARING NUMBER:	63703
ASSESSMENT:	\$18,830,000

This complaint was heard on the 27th day of June, 2011 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 10.

Appeared on behalf of the Complainant:

- Mr. J. Goresht (Cushman & Wakefield Ltd.)

Appeared on behalf of the Respondent:

- Mr. T. Johnson

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

There were no concerns with the Board as constituted.

There were no preliminary matters. The merit hearing proceeded.

During the course of the hearing, the Complainant requested the Board to direct the Respondent to produce evidence with respect to the determination of "functional depreciation". Specifically, he requested:

What was the date of the inspection?

Who was the Assessor?

What was the date of application of "Functional obsolescence"?

The Respondent advised that he did not have that information, and that he could not guarantee that he could retrieve that information in a timely manner.

The Board refused the request and advised the Complainant if the requested materials were germane to his case, he should have obtained them during the disclosure process.

Property Description:

The subject property, commonly referred to as Calgary Motor Products, is a 11.41 acre parcel located in the Franklin Community in NE Calgary. The site contains a 78,745 sq. ft. main building, comprised of an Automobile Showroom and a Service Repair Garage, and a smaller stand alone (3,696 sq. ft.) Used Car Showroom. The buildings were constructed in 1972 and renovated in 1995 and are considered to be of B quality.

Issues:

The Assessment Review Board Complaint form contained a litany of allegations, amongst which was a statement that "the building calculation incorrectly assigns depreciation". At the hearing, the Complainant confirmed that statement as being the issue.

Complainant's Requested Value: \$15,000,000 (Complaint form)
\$17,894,835 (Hearing)

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

Issue Assignment of Depreciation

The Complainant's Disclosure is labelled C-1.

The Complainant provided the Assessment Summary Report, as prepared by the City, and noted that the property is assessed utilizing the Cost Approach to Value. He said the two buildings had been constructed in 1972 and renovated extensively in 1995. He noted that in the detailed Marshall & Swift calculations the "effective age (years)" was 3.00. He argued that the

effective age should be 15 (2010 minus 1995). He further suggested that the building life as determined from the "Life Expectancy Guidelines" was 45 years (Automotive service centers, good condition). He concluded that when the Effective Age in Years (15), combined with the Typical Life Expectancy In Years (45) is extrapolated on the Depreciation – Commercial Properties chart, the resultant depreciation, to be applied to the subject, is 14% and further that the Physical Depreciation on the main building should therefore be \$1,190,210 and not \$255,045 as assessed.

The Respondent's Disclosure is labelled R-1.

The Respondent, at page 31, provided an excerpt from Marshall & Swift, which outlined the steps to be taken when utilizing the Depreciation tables, specifically:

"1. Note from your inspection the overall and/or individual condition, severity of use, utility and remaining life of all building or equipment components.

2. Determine the true age of the structure or equipment.

3. Compare with like properties and study the effect of.....to determine the effective age."

He noted that the Summary Report on Page 18 identified the Physical Depreciation at 3.0% and the Functional Depreciation at 13.5 % for a total of 16.5%, for the main building. He argued that the determination of Depreciation is somewhat subjective and the Complainant had not produced any evidence in the form of inspection reports, photos or drawings to dispute the assessor's conclusion.

The Board finds no evidence to dispute the conclusion made by the assessor.

Board's Decision:

The 2011 assessment is confirmed at \$\$18,830,000.

Reasons

No inspection evidence from the Complainant to support a change.

No market or equity evidence from the Complainant to support a change.

Note The "Assessment Summary Report", as prepared by the City, describes the two buildings as containing 3,696 sq. ft. and 82,247 sq. ft. respectively, whereas the "Summary Report" calculations, also prepared by the City, utilize areas of 3,696 sq. ft. and 75,745 sq. ft. for the main building. Some effort should be made to correct the discrepancy.

In addition, the "Improvement Amount" on page 14 (\$7,108,558) does not correlate with the combined "Depreciated Cost" of \$7,463,986 from page 18 (\$7,098,751) and page 20 (\$365,235).

DATED AT THE CITY OF CALGARY THIS 26 DAY OF JULY 2011.


B Horrocks
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.*