

**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:

1252718 Alberta Ltd.(as represented by Altus Group Ltd), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

F.W. Wesseling, PRESIDING OFFICER

R. Deschaine, MEMBER

R. Kodak, 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 2012 Assessment Roll as follows:

ROLL NUMBER: 067230300

LOCATION ADDRESS: 1110 9 Ave SW

FILE NUMBER: 66931

ASSESSMENT: \$15,290,000.

This complaint was heard on 30th day of July, 2012 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 3.

Appeared on behalf of the Complainant:

- *D. Genereux*

Appeared on behalf of the Respondent:

- *L. Wong*

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

[1] No specific jurisdictional or procedural matters were raised during the course of the hearing, and the CARB proceeded to hear the merits of the complaint

Property Description:

[2] Subject property is located on the west side of Downtown Calgary. The property contains 93,864 square feet and a one storey building consisting of offices, showroom and shop. The assessed building area is 26,161 square feet. The site was formerly used as a car dealership. Current use is primarily parking. Under the City of Calgary Land Use Bylaw the property is classified with a land use designation of "Direct Control District"

Issues:

The Complainant raised the following matter in Section 4 of the Assessment Complaint form: Assessment amount

Presentation of the Complainant and Respondent were limited to:

- Assessment market value is overstated in relation to comparable properties.
- Income Approach vs. Cost Approach

Complainant's Requested Value: \$10,230,000.

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

[3] Complainant's Position: The focus of the Complainant's request is based on two issues. Firstly that the assessment process applied to this property would be more appropriate using the income approach and secondly that a more equitable land valuation be applied to the parking area. The property is currently not for sale and no re-development plans are under review or contemplation.

[4] The complainant presented data that in order to reflect an appropriate market value for the subject property, the income approach procedure using the direct capitalization methodology be utilized. This approach converts future expected rent into present value. In support of the suggested approach the Complainant presented recent academic theory and teachings with regard to the Cost Approach as being the least favoured when estimating the

value of a property.

[5] The Complainant further outlined that the subject property is no longer used as a car dealership and is essentially a parking lot at this time. In order to show inequity with other properties in the area background data was provided on these properties and shown how they were assessed using the income approach. These properties all contained substantial improvements ranging from office to residential buildings.

[6] Specifically to the issue of the parking assessment the Complainant is requesting that the net rental rate per parking spot be reduced from \$375 to \$175. Comparable parking assessment values were provided for adjacent office and residential buildings. These parking units are located in underground, heated and secure areas as compared to the subject site of having exposed, gravel spots. The comparable parking units equate to \$245 monthly parking rate and with further adjustments for inferior characteristics the request for \$175 per unit is warranted.

[7] The Complainant reflected on that value of the property has to reflect the condition at the evaluation date and that as of that date the property was not used as a car dealership. Fairness and equity in preparing assessments was emphasized and that the assessment of the subject property is much higher than comparable properties due to the application of land value in the cost approach.

[8] Respondent's Position: Like all car dealership properties in Calgary, this property's assessment is based on the cost approach. The City has assessed the land at market value and adds the replacement cost new, less depreciation, of the improvements to the land value to arrive at an overall value of the subject property. The Marshall Swift Valuation manual is utilized to determine the depreciated replacement of the building on the site.

A summary of the assessment is as follows:

Land	\$14,783,580.
Improvements	<u>\$513,490.</u>
Total	\$15,297,070.
Assessment (rounded)	\$15,290,000.

[9] In support of the assessment, the City presented sales information on 6 properties in the DT2 West area of the downtown. Included in the properties is the subject site which sold in 2006 for \$22,750,000 or an adjusted square foot sale price of \$230. The median per square foot sale price is \$246 while the assessment rate applied is \$150 per square foot including the subject site. From the City's perspective the subject site is still considered a car dealership despite its current use and as such the land is valued using the cost approach as is consistent with all dealerships throughout the City. In addition, background information including Municipal Government Board Order 095/04, was provided on the property (Metro Ford) across 9th Ave from the subject site as to its value and current assessment. It was assessed in a similar manner as the subject property.

[10] The respondent took the position on the parking request of the Complainant that the comparables provided were not appropriate as they were in commercial and residential buildings. It was pointed out that the Complainant provided very little data that was directly pertinent to the assessment of the subject site.

Board's Decision:

Upon reviewing the verbal and written evidence provided by the parties, the Board found that the Complainant failed to demonstrate that the assessment was in excess of market value.

The Board confirms the assessment at \$15,290,000.

Reasons: a. The Board found that the assessment approach used by the City demonstrated a consistent application throughout the City and that this approach is one of the three accepted valuation methods.

b. Based on the sales information presented the Board finds that the assessment of the subject property is fair and equitable.

c. The Board did not find the evidence presented by the Complainant to be compelling and even in some instances as it related to the parking to be appropriate.

DATED AT THE CITY OF CALGARY THIS 29th DAY OF August, 2012.



F.W. Wesseling
Presiding Officer

APPENDIX "A"**DOCUMENTS PRESENTED AT THE HEARING
AND CONSIDERED BY THE BOARD:**

NO.	ITEM
1. C1 Complainant Written Argument	Complainant Disclosure
2. R1 Assessment Brief	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.*

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<i>Decision No.</i>		<i>Roll No.</i>		
<u><i>Subject</i></u>	<u><i>Type</i></u>	<u><i>Issue</i></u>	<u><i>Detail</i></u>	<u><i>Issue</i></u>
CARB	Car Dealership	Cost Approach	Income approach more appropriate	No longer in use except as surface parking.