

**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:

***GLENMAC CORPORATION LTD., COMPLAINANT
(Represented by ALTUS GROUP LTD.)***

and

The City Of Calgary, RESPONDENT

before:

***Board Chair P. COLGATE
Board Member Y. NESRY
Board Member D. POLLARD***

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: 112060504

LOCATION ADDRESS: 7810 MACLEOD TRAIL SE

HEARING NUMBER: 63108

ASSESSMENT: \$2,370,000.00

This complaint was heard on 18 day of October, 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:

- *Kam Fong, Altus Group Ltd. – Glenmac Corporation Ltd.*

Appeared on behalf of the Respondent:

- *Margaret Byrne - Representing the City of Calgary*

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

The Board derives its authority to make this decision under Part 11 of the Municipal Government Act. The parties had no objections to the panel representing the Board as constituted to hear the matter. No jurisdictional or procedural matters were raised at the outset of the hearing, and the Board proceeded to hear the merits of the complaint.

Property Description:

The subject property is a CM0210 strip centre located at 7810 Macleod Trail SE. The site is improved with a structure with space totalling 12,527 square feet. The parcel is situated on 1.82 acres or 79,399 square feet of land with a Land Use Designation of Commercial – Corridor 3.

The property is assessed using the vacant land approach. Influences applied in the determination of the assessment are Corner Lot at +5% and Shape Factor at -25%. The influences applied were not brought up as an issue.

Issue:

Is the subject property correctly assessed using the vacant land approach?

Complainant's Requested Value: \$1,900,000.00

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

Both the Complainant and the Respondent submitted background material in the form of aerial photographs, ground level photographs, site maps and City of Calgary Assessment Summary Reports and Income Approach Valuation Reports.

The Board reviewed evidence specific to the issue.

ISSUE: Is the subject property correctly assessed using the vacant land approach?

Complainant's Evidence:

The Complainant requested the assessment be reduced to \$1,900,000.00 based upon a recalculation of the vacant land assessment. The Complainant submitted a copy of the City of Calgary 2011 Assessment Explanation Supplement – Improved Property Assessed at Land Value. (C1. Pg. 11)

The Complainant recalculated the assessment based upon a rate of \$30.00 per square foot to the 79,399 square foot area and deducting for a Total Influence Adjustment of -20.0% to determine a land value of \$1,905,576.00.

An equity comparable, located at 7711 Macleod Trail SW, was submitted with an assessment equal to \$27.12 per square foot. The site was formerly occupied by McKay Pontiac, an auto dealer. (C1, Pg. 21)

Two land sales were submitted to show land values. The first sale at 101 Copperpond Boulevard SE sold for \$450,000.00 or \$10.33 per square foot. The second sale at 267 Walden Gate SE sold for \$1,324,500.00 or \$19.00 per square foot. (C1, Pg. 25-26)

Respondent's Evidence:

The Respondent submitted a copy of The City of Calgary 2011 Assessment Explanation Supplement – Improved Property Assessed at Land Value (R1, Pg. 19) and reviewed the calculation process for determining the 2011 Assessment. The Respondent referenced the table which provided the 2011 Commercial Rates and the eight sales analyzed to establish the Commercial – Corridor 3 (C-COR3) rates. (R1, Pg. 22-23) The rate determined for the C-COR3 zone is \$65.00 for the first 20,000 square feet and \$28.00 for the remainder.

The Respondent submitted a 2011 Valuation of the subject property based upon an income approach to value. The resulting assessed value was calculated to be \$2,048,991. The Respondent showed the subject property would not command in the market place the same value, based upon capitalized income, as a vacant land parcel. (R1, Pg. 20)

The Respondent submitted seventeen Decisions from Assessment Review Board (ARB) hearings which supported the application of land values for improved properties and the valuation approach employed. (R1, Pg. 27-131)

Findings of the Board

Complainant's Submission:

The Board found the Complainant's calculation to be flawed as it used the land rate per square foot which is determined after the application of the site influences. The Board appreciated how this misunderstanding can occur when examining The City of Calgary 2011 Assessment Explanation Supplement document that shows an assessed land rate of \$30.00 per square foot.

The equity comparable at 7711 Macleod Trail SW has been assessed on the cost approach. The assessment therefore includes not only a value for land but for the buildings on the site.

The Board found the sales submitted by the Complainant to be located in different market areas and failed to show relevant market values on the Macleod Trail corridor.

Respondent's Submission:

The Board notes the Respondent copy of the 2011 Assessment Explanation Supplement was updated by the addition of the term "aggregate" following "Land Rate per sq ft". The addition of this single word added in the understanding of the document by eliminating the confusion over the "Land Rate per sq ft" line.

The presentation of the assessed value based upon an income approach clarified for the Board the difference in values resulting from the income and the land value approach.

Board's Decision:

The Board finds the Complainant has submitted insufficient evidence to substantiate a reduction to the assessment. The Respondent has provided evidence which supports the rates applied to the subject property.

The Board notes the format of The City of Calgary 2011 Assessment Explanation Supplement can create misunderstanding for the public who is not familiar with the land valuation process. The Board was also confused by the document until the Respondent explained the calculation process used to determine the land value. The Board suggests the City of Calgary examine the document in order to make it more transparent for the public and present a clearer explanation of the valuation process using land value approach.

The Board confirms the assessment at \$2,370,000.00.

DATED AT THE CITY OF CALGARY THIS 9 DAY OF November 2011.


Philip Colgate
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.*

FOR ADMINISTRATIVE USE

Subject	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	Retail	Strip Plaza	Income Approach	-Net Market Rent/Lease Rates -Vacant Land Approach

LEGISLATIVE REQUIREMENTS**MUNICIPAL GOVERNMENT ACT****Chapter M-26**

1(1)(n) "market value" means the amount that a property, as defined in section 284(1)(r), might be expected to realize if it is sold on the open market by a willing seller to a willing buyer;

Division 1**Preparation of Assessments****Preparing annual assessments**

285 Each municipality must prepare annually an assessment for each property in the municipality, except linear property and the property listed in section 298. RSA 2000 cM-26 s285;2002 c19 s2

289(2) Each assessment must reflect (a) the characteristics and physical condition of the property on December 31 of the year prior to the year in which a tax is imposed under Part 10 in respect of the property,

ALBERTA REGULATION 220/2004**Municipal Government Act****MATTERS RELATING TO ASSESSMENT AND TAXATION REGULATION**

1(f) "assessment year" means the year prior to the taxation year;

Part 1**Standards of Assessment****Mass appraisal**

2 An assessment of property based on market value

- (a) must be prepared using mass appraisal,
- (b) must be an estimate of the value of the fee simple estate in the property, and
- (c) must reflect typical market conditions for properties similar to that property.

Valuation date

3 Any assessment prepared in accordance with the Act must be an estimate of the value of a property on July 1 of the assessment year.