



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

633187 Alberta Ltd.
(as represented by D. Henuset, Owner), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before

L. Yakimchuk, PRESIDING OFFICER
B. Bickford, BOARD MEMBER
G. Milne, BOARD 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 2013 Assessment Roll as follows:

ROLL NUMBER: 118000827
118000819

LOCATION ADDRESS: 6336 84 Av SE
6428 84 Av SE

FILE NUMBER: 70635
70636

ASSESSMENT: \$1,720,000
\$1,720,000

This complaint was heard July 4, 2013 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 8.

Appeared on behalf of the Complainant:

- *D. Henuset, Owner*

Appeared on behalf of the Respondent:

- *T. Nguyen, Calgary Assessment*

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

[1] There Complainant and Respondent agreed to hear Roll #118000827 and 118000819 concurrently.

Property Description:

[2] The subject properties are assessed as 3.93 Acres (A) each of I-G zoned land. The properties were assessed using the Sales Approach, with a reduction of 25% for Limited Servicing.

Issues:

[3] Is the Market Value correctly assessed?

[4] Is the property value influenced by factors not considered by the assessment department?

Complainant's Requested Value: 118000827: \$1,200,000

118000819: \$1,200,000

Board's Decision:

[5] The Board reduces the assessment to \$1,200,000 for each lot.

Legislative Authority, Requirements and Considerations:

The Composite Assessment Review Board (CARB) derives its authority from the Municipal Government Act (MGA) RSA 2000 Section 460.1:

(2) Subject to section 460(11), a composite assessment review board has jurisdiction to hear complaints about any matter referred to in section 460(5) that is shown on an assessment notice for property other than property described in subsection (1)(a).

For the purposes of this hearing, the CARB will consider MGA Section 293(1)

In preparing an assessment, the assessor must, in a fair and equitable manner,

- (a) apply the valuation and other standards set out in the regulations, and
- (b) follow the procedures set out in the regulations.

Matters Relating to Assessment and Taxation Regulation (MRAT) is the regulation referred to in MGA Section 293(1)(b). The CARB decision will be guided by MRAT Section 2, which states that

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.

and MRAT Section 4(1), which states that

The valuation standard for a parcel of land is

- (a) market value, or
- (b) if the parcel is used for farming operations, agricultural use value.

Position of the Parties

Complainant's Position:

[6] D. Henuset, Complainant, described the two parcels of subject land as bare land adjacent to but not accessible from Glenmore Trail. She stated that the parcels are not serviced and have limited access from a road allowance along the East side of the East parcel.

[7] The Complainant stated that the property had been evaluated by Cushman & Wakefield on September 10, 2012 in preparation for sale. The recommendation of Cushman & Wakefield was to advertise the properties together for \$3,000,000 and expect an offer between \$2,400,000 and \$2,900,000.

[8] The report states that the subject property is unencumbered by architectural controls, construction deadlines or any underground utilities with the exception of a Right of Way for a main storm sewer along the east edge of the east parcel. It also states that the property value is limited by development charges, acreage assessment fees, and the need to bring in deep services (sewer, water and storm) to the site. (C-1, p13)

[9] A letter from the City of Calgary states that up to December 31, 2012 the estimated Acreage Assessment which includes storm drainage, sanitary levy and sewer levy as well as other community levies and funds was \$1,166,821.40 for both parcels, exclusive of connection costs for any of the services or any other typical services. (C-1, p4)

[10] The Complainant also showed a list of five sales comparables in the Cushman & Wakefield report (C-1 p15) which had been sold for \$525,000/A to \$560,000/A for fully serviced IG lots, and one partially serviced lot which had been sold on July 27, 2012 for \$300,000/A.

[11] D. Henuset argued that the lack of services to the subject property limited the potential value, as compared to bareland lots in adjacent developments where most services are already available or connected.

[12] The Complainant showed the Board the location of the subject properties on a map and described the access to the property. The property is adjacent to and visible from Glenmore Trail. It is accessible from the southeast corner of the property, after exiting Glenmore Trail south on 68 Av SE, then travelling south, west and north to the end of 64 St SE, which culminates in an unpaved narrow road along the subject east parcel. Ms. Henuset argued the access reduced the value of the property.

[13] The Complainant also included a counter-offer to a Purchase Agreement from December 31, 2012 which was accepted by both parties. The offer was for \$2,375,000 for both parcels and did not result in a sale due to factors other than price. Ms. Henuset stated that some of the difficulties have been resolved and another offer at the same value has been accepted.

Respondent's Position:

[14] T. Nguyen, City of Calgary, presented a table of sales comparables (R1 p21) of serviced lots in the SE quadrant which were sold at time adjusted sale prices with a median value of \$592,088/A. Mr. Nguyen argued that these sales supported a base Land Rate of \$585,000/A for I-G lots in SE Calgary.

[15] The Respondent argued that the partially serviced lot in the Complainant's list of comparables had been sold after the City of Calgary's evaluation date (July 1, 2012) and it was in an ES4 district.

[16] T. Nguyen also presented a table of Land Influence adjustments which showed that the reduction for Limited Access was 25%, for No Services was 50%, and for Partial Services was 25%. (R-1 p15)

[17] The Respondent provided a map with the available City services for the subjects marked on it and said that, because there was a storm sewer line in the adjacent parcel to the west, the subject properties were deemed to have storm sewer access but they did not have water or sewer access. Therefore, the assessment was decreased by 25% for Partial Services.

[18] The Respondent argued that Limited Access did not include access through rough roads or through complex routes, therefore there was no reduction for Limited Access.

Board's Reasons for Decision:

[19] The Board found the 4.20 A comparable property on 39 Technology Way SE (C1 p15) was the most similar comparable property presented to them. This comparable was an IG site with partial servicing. This property sold for \$300,000/A.

[20] The Board found that it was questionable whether the subject lots were partially serviced because the only service available to them was storm sewer via an adjacent (West) privately owned lot. At best, the west subject lot has access to partial services but the east one does not. The storm sewer line running by it is a main line and not directly accessible to the lot, therefore the landowner will not be able to hook up to it.

[21] The Board found that although the property was not inaccessible, it was difficult to access despite its exposure to Glenmore Trail. The Board found that this difficulty in access would probably cause a reduction in market value.

[22] The Board notes that a calculation which considered no services on the east parcel and partial services on the west parcel would reduce the assessment to about \$290,000/A on the east parcel. Further reductions for difficult access and Acreage Assessment would reduce the value as well, bringing the total assessment to a value similar to the \$300,000/A of the comparable property in C1, or lower.

[23] The Board found that a lower market value was also supported by the Purchase Agreement (Offer) of December 31, 2012, which was accepted by the Seller with conditions, signifying a willing seller/willing buyer, open market value.

[24] The Board found that there was sufficient evidence for reduction in assessed value to support the assessment value requested by the Complainant.

DATED AT THE CITY OF CALGARY THIS 1 DAY OF August 2013.


Lana Yakimchuk

Presiding Officer

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

NO.	ITEM
1. C1	Complainant Disclosure
2. C2	Complainant Rebuttal
3. 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.*

Appeal Type	Property Type	Property Sub-type	Issue	Sub-Issue
CARB	Other	Vacant Land	Sales Approach	Land Value