



## **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:

***Lagoon Investments Ltd.***  
***(as represented by Assessment Advisory Group Inc.), COMPLAINANT***

and

***The City Of Calgary, RESPONDENT***

before

***L. Yakimchuk, PRESIDING OFFICER***  
***A. Zindler, BOARD MEMBER***  
***J. Rankin, 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: 067223503**

**LOCATION ADDRESS: 20 14 St. NW**

**FILE NUMBER: 71885**

**ASSESSMENT: \$949,500**

This complaint was heard on June 12, 2013 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:

- *T. Youn, Assessment Advisory Group Inc. (AAG)*
- *D. Bowman, AAG*

Appeared on behalf of the Respondent:

- *R. Farkas, Assessor, City of Calgary*

**Board's Decision in Respect of Preliminary Matters:**

[1] Mr. Farkas, City of Calgary assessor, asked that lease documents presented on page 20 and 21 of C-1 be removed from the evidence because that document information had not been included in the Assessment Request for Information (ARFI) submitted for the assessment year. (MGA s295)

[2] The Board decided that the start dates and terms of the leases had not been presented in the ARFI and would not be included in the Complainant's evidence.

**Property Description:**

[3] The subject property is assessed as a freestanding "C+" retail property containing two units, in NW Calgary in the community of Hillhurst. The 2100 sf improvement was constructed in 1971 on 0.27 Acres (A) (11,977 sf) zoned C-COR2.

**Issues:**

[4] Should this property be assessed using the Income Approach rather than the Sales Approach (land only)?

**Complainant's Requested Value: \$613,000**

**Board's Decision:**

[5] The Board confirms the current assessment of \$949,500.

**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] Mr. T. Youn (AAG), on behalf of the Complainant, argued that the City had no evidence to support a change in methodology from previous assessments (Income Approach) to the Sales Approach for calculating value of the subject property.

[7] Mr. Youn stated that there were insufficient comparable sales of similar properties in the same area to support the new assessment. He presented a table of Land Only and Income Valuations for various C-COR properties (C1 p 5) in which properties of similar size to the subject were assessed at similar rates to the subject.

[8] The Complainant also presented an Income Approach calculation for the subject property, based on the assessed value for another property also on 14 St. NW which had been assessed on the Income Approach at \$570,500. The Income Approach calculation for the subject property was \$613,000.

#### **Respondent's Position:**

[9] Mr. R. Farkas, City of Calgary assessor, argued that when improvements to a property can no longer produce an income in excess of established land value, then the land value represents the market value of the property. To support the land value of the property Mr.

Farkas presented a list of C-COR 1 and 2 properties (R1 p35), including three properties between 11,805 sf and 15, 152 sf which were sold for prices from \$805,000 and \$1,200,000 between 2010 and 2012.

[10] In addition, he presented supporting evidence of a 0.09 A property in the neighbourhood of the subject with a two-storey converted house which sold in June 2012 for \$710,000. Although the improvement is not directly comparable to the improvement on the subject property, Mr. Farkas argued that the much smaller lot within the same area demanded a higher price per sf than could be calculated using the Income Approach and the market value was more comparable to a land value.

[11] The Respondent also presented a list of equity comparables which supported the assessed value of the subject property (R1 – p43).

**Board's Reasons for Decision:**

[12] The Board found that the Complainant did not have sufficient comparables and details about its comparable to convince the Board that the property should be assessed on the Income Approach.

[13] The Board found that the Respondent supported his approach with market value comparables and equity comparables. Sufficient detail was provided on the comparable property to convince the Board that the approach taken by the City resulted in an equitable assessment of the market value of the property.

DATED AT THE CITY OF CALGARY THIS 12<sup>th</sup> DAY OF July 2013.

  
L. Yakimchuk

Presiding Officer

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

<b>NO.</b>	<b>ITEM</b>
1. C1	Complainant Disclosure
2. C2	Complainant Disclosure
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.*

<b>Appeal Type</b>	<b>Property Type</b>	<b>Property Sub-type</b>	<b>Issue</b>	<b>Sub-Issue</b>
CARB	Retail	Free standing	Income Approach	Land Value