



## **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:**

***372037 ALBERTA LIMITED, RUSTICANA RANCHES LTD,  
KURANDA DEVELOPMENTS LTD, COMPLAINANT***

**and**

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

**before:**

***E. K. Williams, PRESIDING OFFICER  
B. Bickford, BOARD MEMBER  
Y. Nesry, 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 2014 Assessment Roll as follows:

**ROLL NUMBER: 543060305**

**LOCATION ADDRESS: 8490 23 AV NE**

**FILE NUMBER: 76192**

**ASSESSMENT: \$2,080,000**

This complaint was heard on 03<sup>rd</sup> day of July, 2014 in Boardroom 10 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE Calgary, Alberta.

Appeared on behalf of the Complainant:

- D. Mitchell                      Owner

Appeared on behalf of the Respondent:

- M. Hartmann                      Assessor, The City of Calgary

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

- [1]      No Procedural or Jurisdictional Matters were raised by the parties.

**Property Description:**

[2]      The subject property at 8490 23 Ave NE is a 6,809 square foot (SF) building on 3.30 acres of land with a 1994 year of construction (yoc). The building has 2,600 SF of main floor office, 789 SF of mezzanine office and a shop of 3,360 SF. The subject is located in the community of Residual Ward 5 – Sub Area 5C. In February 2012 the Land Use was changed from Direct Control (DC) to Industrial General (IG).

[3]      The assessment was prepared on the Cost Approach with a positive 5% corner adjustment and a negative 50% no services adjustment.

**Issues:**

[4]      The assessed value of the subject property is not reflective of the land value of the subject property.

**Complainant's Requested Value: \$1,700,000**

**Board's Decision:**

[5]      The assessment is reduced to \$1,410,000.

**Legislative Authority, Requirements and Considerations:**

[6] The Act Section 293 Duties of Assessors requires that:

- (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.*

[7] Matters Relating to Assessment and Taxation Regulation (MRAT) Part 1 Standards of Assessment Section 2 Mass Appraisal requires 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 Section 4 Valuation standards for a parcel of land requires

*4(1) 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**

[8] The Complainant and Respondent presented a wide range of evidence consisting of relevant and less relevant evidence. In the interests of brevity, the Board will restrict its comments to those items the Board found relevant to the matters at hand. Furthermore, the Board's findings and decision reflect on the evidence presented and examined by the parties before the Board at the time of the hearing.

[9] The Complainant's evidence package included an extensive historical profile related to the servicing, access and land use of the subject property as well as details on sales comparables.

[10] The Respondent's evidence package included a Summary of Testimonial Evidence, photographs of the exterior of the subject property, the 2014 Assessment Explanation Supplement Industrial & Commercial Vacant Land and Cost Approach, details on comparables adjacent to the subject property, and charts of sale comparables including supporting documentation for each comparable.

**Complainant's Position:**

[11] The Complainant reviewed with the Board the profile of the subject property and emphasized that the assessment must recognize the lack of municipal services, the lack of direct access to the property, the change in Land use and not being allowed to proceed with subdivision because the City of Calgary has no approved Area Structure Plan.

[12] The Complainant argued that the use of the sale of serviced land as comparables to the subject is not reflective of the profile of the subject property which has no services and no direct access from a municipal road. Only sale comparables which have no services are applicable in determining the assessment.

[13] On page 12 of Exhibit C3 the Complainant presented two sale comparables of land with no services.

- 1) 31 Technology Way SE – 4.00 acres which sold September 2012 for a TASP per acre of \$328,947
- 2) 111 Exploration AV SE – 5.97 acres which sold December 2012 for a TASP per acre of \$297,390

[14] In summary the Complainant testified that the evidence supports the requested assessment of \$1,700,000.

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

[15] As the assessment was prepared on the Cost Approach the Respondent reviewed the 2014 Assessment Explanation Supplement Industrial & Commercial Vacant Land and Cost Approach summary sheet on pages 19 and 20 of Exhibit R1. Specifically:

- 1) The land value of \$1,814,175 is based on the NE I-G land value provided in the Industrial Land Values table on (page 118 of Exhibit R1). The NE I-G rate is supported by the table of Industrial Land Sales in the NE quadrant presented on page 76 of Exhibit R1.
- 2) The subject land value is adjusted to recognize the negative 50% no services influence and the positive 5% corner influence. Support for the 50% no services adjustment is presented in the table on page 99 of Exhibit R1 which compares the Time Adjusted Sale Price (TASP) per acre of service and no service land in the SE quadrant.
- 3) The Marshall & Swift Summary Report on page 20 of Exhibit R1 detailed the determination of the improvement value for the building on the subject property.

[16] In regards to the Complainant's concerns expressed in respect of land use and planning matters the Respondent reviewed a number of land use bylaws documents (pages 22-72 Exhibit R1) related to the subject property and property adjacent to the subject.

[17] As further support for the assessment the Respondent reviewed the Property Assessment Detail Report for 8470 23 AV NE and 8495 23 AV NE (page 73 and 74 of Exhibit R1) which are adjacent to and across the street from the subject property. A no services adjustment was applied to each comparable.

[18] In summary the Respondent argued that the details on the cost approach and the assessment of the adjacent comparables supports the assessment of \$2,080,000.

#### **Board's Reasons for Decision:**

[19] The assessment of the subject property was based on the Cost Approach which requires the determination of the value of the land and the improvements. The 2014 Assessment Explanation Supplement Industrial & Commercial Vacant Land and Cost Approach provides the value of the land and the improvements.

[20] The issue in front of the Board was the value of the land used in the determination of the assessment. The Respondent argued that the land value should be based on the table of 2014

Industrial Land Values (page 118 Exhibit R1) for the I-G land in the NE quadrant. In support for the NE land value the Respondent presented details on nine industrial land sales in the NE quadrant (page 76 Exhibit R1) and then supported the basis for the negative 50% no services influence adjustment based on the difference in TASP for two serviced and two no serviced land sales in the SE quadrant (page 99 Exhibit R1).

[21] As noted in paragraph [7] above, the assessment of property based on market value must reflect typical market conditions for properties similar to that property. The subject property has no municipal services and no direct access.

[22] The comparables used to determine the assessment of the subject property were not similar to the subject property in terms of access or services. The comparables are serviced, have direct access from municipal roadways and are in superior locations to that of the subject which has no direct access and no services. The only similarity to the comparables is that the subject and the comparables are in the NE quadrant.

[23] The comparables most similar to the subject in terms of access and location are the comparables reported by both parties (page 99 of Exhibit R1 and page 12 of Exhibit C3). In respect of services the similar properties are the comparables in paragraph [13]. The comparable at 31 Technology Way SE is a 4.00 acre parcel with no services and is most similar to the subject. The TASP for this comparable is \$328,947 per acre.

[24] Based on the evidence and testimony presented and the MRAT requirement that an assessment must reflect typical market conditions for properties similar to the property, the Board supports the use of \$330,000 per acre to determine the land value. This value would then be adjusted by a positive 5% to reflect the corner influence yielding a Land Value of \$1,143,450.

[25] The Board, therefore, reduces the assessment of the subject property to \$1,410,000.

DATED AT THE CITY OF CALGARY THIS 13 DAY OF August 2014.



Earl K Williams

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
2. C3	Complainant Rebuttal
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.*

**ADMINISTRATIVE USE**

<b>Appeal Type</b>	<b>Property Type</b>	<b>Property Sub-Type</b>	<b>Issue</b>	<b>Sub-Issue</b>
CARB	WAREHOUSE	WAREHOUSE SINGLE TENANT	COST APPROACH	LAND VALUE