

**TOWN OF VULCAN
REGIONAL 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:

755794 Alberta Ltd. (as represented by David Dennison (Owner)), COMPLAINANT

and

The Town of Vulcan, RESPONDENT

before:

***B. Horrocks, PRESIDING OFFICER
P. Wakelin, MEMBER
D. Hill, MEMBER***

This is a complaint to the Town of Vulcan Regional Assessment Review Board in respect of a property assessment prepared by the Assessor of The Town of Vulcan and entered in the 2012 Assessment Roll as follows:

ROLL NUMBER:	052600
LOCATION ADDRESS:	107 2 ST S (Lot 1, Block 32, Plan 450JK)
HEARING NUMBER:	2012-33
ASSESSMENT:	\$118,590

This complaint was heard on the 13th day of December, 2012 at the Town Office of the Town of Vulcan located at 321 2nd Street South, Vulcan, Alberta.

Appeared on behalf of the Complainant:

- D. Dennison (Owner)

Appeared on behalf of the Respondent:

- S. Dalrymple (Benchmark Assessments Consultants Inc.)

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

- [1] There were no concerns with the Board as constituted.
- [2] There were no preliminary matters. The merit hearing proceeded.

Property Description:

[3] The subject property is an 11,050 square foot (SF) parcel located in the Town of Vulcan. The site is improved with a warehouse comprised of two attached structures. One structure is 2,160 SF with a concrete block frame while the other is 1,600 SF and is wood frame construction. The buildings were constructed in 1945 and are considered to be in fair condition. The subject is assessed utilising the cost approach to value using the Marshall & Swift replacement cost plus a market value for the land of \$3.38/SF.

Issues:

[4] Box 3 in Section 4 of The Assessment Review Board Complaint Form is checked indicating the reason for the Complaint is the Assessment amount. The Complaint Form contains the handwritten statement: "There is only negative change in property. Assessment is now \$118,590. This is not Market Price."

Complainant's Requested Value: (Not identified on the Complaint Form)

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

Issue: What is the market value for assessment purposes?

- [5] The Complainant did not provide any written evidence but did provide direct testimony.
- [6] The Complainant advised that he had purchased the subject property from the Town of Vulcan for the sum of \$3,200 in 1997. The Complainant further advised that the subject property was initially assessed at \$65,960 in 1998 and was reduced by the Assessment Review Board to \$9,920 in 1999. Incremental increases in the assessment in ensuing years resulted in the 2011 assessment being \$16,240 while the 2012 assessment is \$118,590.
- [7] The Complainant submitted the market for commercial land in town is depressed and that the only new development has been out on the Highway. The Complainant cited a number of instances in the community where buildings have been demolished and the properties are now vacant.
- [8] The Complainant submitted the subject property was a former gas station and is likely contaminated. The Complainant advised the property located at 214 1 AVE S (kitty corner to the subject) is currently being monitored for contamination.

[9] The Complainant submitted that the market value of the subject property could be estimated by determining the value as a clean site, and then deducting the costs of an environmental study, building demolition and any recommended cleanup.

[10] The Respondent's Disclosure is labelled R-1.

[11] The Respondent, at page 5, provided the 2011 Assessment Summary Report noting the assessment is \$118,590 comprised of \$37,320 for the land and \$81,270 for the improvements.

[12] The Respondent advised this is the first year they have prepared the assessments for the Town and they are following recommendations from an Audit report prepared by the Assessment Services Branch of Alberta Municipal Affairs. The findings of the Audit are presented on pages 11, 12 and 13. Prior to 2011 the Town's assessments were prepared using the 1984 Regulated manual to determine the value of improvements.

[13] The Respondent, at page 16, provided a letter from North and Company dated November 4, 1997 referencing the sale of the subject property and stating, "The property was formerly a gas station, as were the properties directly across the street. Although no one knows for sure, it is possible that tanks are still buried in the property."

[14] Following a site inspection and a review of letters from the Complainant concerning the likely contamination of the site, the Respondent, at page 19, prepared a Revised 2011 Assessment for \$33,340 wherein the land value was adjusted 50% to \$18,660 and the improvement was reduced to \$14,680.

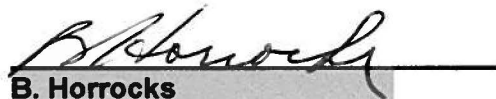
[15] The Respondent, at page 22, provided a table titled Valuation of Comparable Parcels, which contained the assessment details for five parcels in the immediate area noting the land assessment/SF ranged from \$0.96 to \$2.78 while the assessment/SF for the subject parcel is \$3.47. The Respondent advised that typically, smaller parcels command a higher value per SF than larger parcels.

[16] The Board finds a high probability the subject parcel is contaminated and that a 50% reduction in the land value is fair in the absence of an environmental report. In addition, in the absence of market data, it would be equitable to set the land assessment at \$2.78/SF, the highest value in the equity comparables for a parcel of similar size. The resultant land value for assessment purposes would then be \$15,360 (11,050 SF X \$2.78/SF X 50%) which when added to the improvement value of \$14,680 results in a market value of \$30,040.

Board's Decision:

[17] The 2012 assessment is reduced to \$30,040.

DATED AT THE CITY OF LETHBRIDGE THIS 20TH DAY OF DECEMBER 2012.



B. Horrocks
Presiding Officer

APPENDIX "A"

**DOCUMENTS PRESENTED AT THE HEARING
AND CONSIDERED BY THE BOARD:**

NO.	ITEM
1. 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

<i>Subject</i>	<i>Property type</i>	<i>Property sub type</i>	<i>Issue</i>	<i>Sub Issue</i>
CARB	warehouse	Single tenant	Cost Approach	Land Value