

BOARD ORDER: 104/95

ASSESSMENT APPEAL BOARD

IN THE MATTER OF THE "Municipal Taxation Act" being Chapter M-31 of the Revised Statutes of Alberta 1980.

AND IN THE MATTER OF AN APPEAL from a decision of the 1993 Court of Revision of the City of Calgary.

BETWEEN:

Rickard Realty Advisors Inc. on behalf of Hillsboro Developments Inc. - Appellant

BEFORE:

Duane Berezowski, Acting Chairman

Upon notice being given to the affected parties, a hearing was held in the City of Calgary, in the Province of Alberta during the week of July 17, 1995.

This is an appeal to the Alberta Assessment Appeal Board from a decision of the Court of Revision

Roll No. 112 02910 3 10 Frobi~sher Blvd. S.E., Calgary

Land: 681.180 Improvement: 2.204.800

BACKGROUND

The property under appeal is comprised of five four storey walk-up apartment blocks without basements located at 10 Frobisher Blvd. S.E. It contains 150 suites, of which 50 are onebedroom suites, 40 are two-bedroom suites and 60 are three-bedroom suites. The improvement was constructed in 1961 and the site is zoned RM-5. On appeal before the Alberta Assessment Appeal

SUMMARY OF APPELLANT'S ARGUMENT

Mr. Steven Rickard, President of Rickard Realty Advisors Inc., a land use planner, accredited appraiser and author of the report submitted to the Board (Exhibit 1), provided the following summary of the appeal:

1. Depreciation is defined as a loss in value from all causes. It is the difference between depreciated

4. To demonstrate that the subject's assessment is higher than market value, several indicators of 1985 market value were presented. These include a time-adjusted purchase price in the base year of \$2,769,000 (based upon a 1989 sale amount of \$3,900,000), a value based on capitalized net operating income of \$3,574,324, and a suggested market value based on information from comparable sales of \$3,257,400.
5. Based upon the indicators of value outlined above, the Appellant requests that the improvement assessment be reduced to 1,373,495. This results in a total assessment of 2 054 675 or a reduction of 29 percent from the present assessment

RESPONDENT'S ARGUMENT

Ms. Sheila Young and Mr. James Maley, Appraisers with the City of Calgary, provided the following evidence in support of the present assessment:

1. The land has been assessed in accordance with the *Municipal Taxation Act* and related regulations, which require that:
 - the fair actual value of land in an urban municipality is an amount equal to 65 percent of the market value of the land in the base year.
 - the fair actual value of the improvement is 65 percent of the depreciated replacement cost in the base year.
2. The land is assessed at a rate of 6.81 per square foot, which is consistent throughout RM-5 lands in this area.
3. The subject's building assessment per square foot is 17.09, while comparable properties show values of 15.81 to 26.68 per square foot.
4. Data on rents for the subject property and comparable properties in 1992 suggest that the subject property is commanding good rents. Although rents in 1985 are not known, there are no indicators to suggest that the subject was suffering any abnormal depreciation.
5. The subject property presently receives 6 percent abnormal depreciation related to the narrow hallways and lack of elevator.
6. As a result of a 1989 Assessment Appeal Board decision which recognized obsolescence in a number of buildings similar to the subject, the City introduced a new classification between 20C (wood frame construction) and 20B (concrete construction), which resulted in approximately an 8 percent reduction in building assessments for some 200 buildings. The subject is one of these buildings so in effect, has been recognized for a certain amount of external obsolescence through the reclassification.
7. It is the City's position that the assessment on the subject property is fair and equitable.

FINDINGS OF FACT

Upon hearing and considering the representations and the evidence of the parties shown in Appendix A, and upon having read and considered the documents shown in Appendix B and attached hereto, the Board finds the facts in the matter to be as follows:

1. The land is assessed under the *Fair Actual Value Regulation 397/85* having as its base year 1985.
2. The improvement is assessed under *the City of Calgary Fair Actual Value Regulation 391/86* having as its base year 1985.

6 . The property was sold in 1989 for \$3,900,000.

DECISION

The land assessment is confirmed at 681,180 . The improvement assessment is reduced to 2,104,000, yielding a total assessment of 2,785,180 .

REASONS

The Board gave careful consideration to the evidence and argument of both parties, and sets forth the following as reasons for its decision.

The Board is satisfied by the evidence presented by both the Appellant and the Respondent that the land has been assessed properly in accordance with the Municipal Taxation Act and underlying regulations, and that it is fair and equitable in relation to other similar properties in the city of Calgary.

The Board agreed with the Appellant that the building was inferior to many of the comparables presented by the Respondent, and that the building warranted further allowance for abnormal depreciation. It is the Board's opinion that the subject should receive an additional 5 percent abnormal depreciation, and the Board has adjusted the assessment accordingly.

It is so ordered.

No costs to either party.

Dated at the City of Edmonton, in the Province of Alberta, this 1st day of December, 1995.

ALBERTA ASSESSMENT APPEAL BOARD

Duane Berezowski, Acting Chairman

APPENDIX “A”

APPEARANCES

<u>NAME</u>	<u>CAPACITY</u>
Steven Rickard	Rickard Realty Advisors Inc. for Appellant
James Maley	Appraiser for Respondent
Sheila Young	Appraiser for Respondent
Heather Swanson	Solicitor for Respondent

APPENDIX “B”

DOCUMENTS RECEIVED AT THE HEARING AND CONSIDERED BY THE BOARD:

Exhibit 1	Submission from Rickard Realty Advisors
Exhibit 2	Submission from the City of Calgary