

**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-26.1, Section 460(4).

between:

SDR Management Ltd.

and

The City Of Calgary, RESPONDENT

before:

***R. Reimer, PRESIDING OFFICER
K. Kelly, MEMBER***

This is a complaint to the Calgary Assessment Review Board in respect of Property assessment prepared by the Assessor of The City of Calgary and entered in the 2010 Assessment Roll as follows:

ROLL NUMBER: 200939569

LOCATION ADDRESS: 615 16 Ave NE

HEARING NUMBER: 56234

ASSESSMENT: \$1,220,000

This complaint was heard on 13th day of July, 2010 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:

- *Annette Fung, Owner*

Appeared on behalf of the Respondent:

- *Brenda Thompson, Assessor*

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

There were no objections to the composition of the Assessment Review Board (ARB).

There were no procedural or jurisdictional matters raised.

Property Description:

The subject property is 17,946 sq. ft. and has a 1,536 sq. ft. building which was constructed in 1900 and is considered a "C" quality. The land is assessed at \$1,205,082 and the building at \$23,158 for a total of \$1,228,240, rounded to \$1,220,000. The property has been leased to an auto sales company.

Issues:

The sole issue identified on the Assessment Complaint form was the assessment amount.

Complainant's Requested Value:

The Complainant requested a value of \$40 per sq. ft. of land area for a total assessed value of \$720,000.

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

The Complainant submitted an assessment comparison chart containing four properties within a five block section of 16th Ave NE. She stated that these properties were all comparable or superior to the subject property. She had calculated an assessed value per sq. ft. by dividing the assessed value of the properties by the area of the land. This calculation produced an assessed value per sq. ft range of \$30.99 - \$57.90. The property which she asserted was most like the subject property, and which is next door to the subject property, was valued at \$40.20 per sq. ft.

The Complainant also submitted one sales comparison. This was a property at 637 16th Ave NE, located on the same block as the subject property, and which had sold on September 13, 2007 for a sale price of \$857,000, or \$50 per sq. ft. This price had been time adjusted by the City of Calgary at a rate of 2% per month to an August, 2008 value of \$1,028,400, or \$60 per sq. ft. The City had not adjusted the price between August, 2008 and the valuation date of July 1, 2009, stating that the market for similar properties had been stable during that period. The Complainant had applied a price reduction of 5% as a location adjustment and a further price reduction of 2% per month to suggest a July 1, 2009 adjusted price of \$762,044, or \$45 per sq. ft.

The Complainant provided a number of reports from the Calgary Real Estate Board as well as summaries and overviews of the real estate market in Calgary for 2007 – 2009.

The Respondent stated that the assessment comparables submitted by the Complainant were assessed using the income approach to valuation. She further stated that the subject property had been assessed using the cost approach to valuation. The Respondent provided a chart with three comparable commercial properties which had been assessed using the cost approach. She stated that, when using the cost approach, land is valued at \$107/sq. ft. for the first 10,000 sq. ft. and at \$17/sq. ft. for the remainder.

The Respondent also provided a list of eleven sales comparables, only one of which was in the same area as the subject property. That property, at 637 16th Ave NE, was the same property as submitted by the Complainant. The Respondent stated that, while this was a valid sale, the sale property was inferior to the subject property because the subject property has direct access off of 16th Ave and the sale property does not.

The Respondent contended that the real estate reports and summaries submitted by the Complainant were regarding residential and office properties and were not relevant to the subject property.

Board's Findings:

After carefully considering all of the evidence submitted, the ARB's attention was drawn to a statement contained on page 7 of the Respondent's submission, which reads as follows: "The purpose of property assessments is not to reflect one sale price, but to assess all similar property at a similar value so that taxation is fairly and uniformly distributed among all taxable property". It seems to the ARB that, regardless of the valuation methodology chosen, the assessment of similar properties should result in similar assessments. The assessment comparables submitted by the Complainant were all similar properties fronting onto 16th Ave. While the Complainant's method of calculating the assessed value per sq. ft. was simplistic, the assessed value of the properties varied from \$30-\$68 per sq. ft., with the subject property at \$68.

The ARB decided that the best evidence provided to it was the sale comparison of 637 16th Ave NE, time-adjusted to July 1, 2009. The Respondent stated that the time adjustment from August, 2008 to July, 2009 should be 0% to reflect a stable market for the type of property in question. The Complainant contended that the real estate market for August, 2008 to July, 2009 had declined and the time adjustment should reflect a decrease in value of 2% per month. The Complainant provided a number of reports and summaries; however, the ARB agrees with the Respondent that these reports and summaries do not reflect similar properties to the subject property.

The Respondent contended that the sale comparison at 637 16th Ave NE is an inferior property because of the lack of direct access from 16th Ave. The ARB finds that there is access off of 6th St., and the inconvenience of lack of access from 16th Ave is balanced by the fact that this is a corner lot, which is said to be of greater value than an internal lot.

The ARB finds that the correct valuation of 637 16th Ave NE, time-adjusted to July 1, 2009, is \$1,028,400, or \$60 per sq. ft. The ARB further finds that \$60 per sq. ft. is a reasonable estimate of market value for the subject property. If a value of \$60 is applied to the 17,946 sq. ft. of the subject property, the result is a value of \$1,076,760, which is rounded to an assessed value of \$1,070,000.

Board Decision:

The ARB orders that the assessment for 615 16th Ave NE be reduced to \$1,070,000.

DATED AT THE CITY OF CALGARY THIS 15 DAY OF July, 2010.



R. Feimer
Presiding Officer

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.*