

**CALGARY
ASSESSMENT REVIEW BOARD
DECISION WITH REASONS**

In the matter of the complaint against the Property/Business assessment as provided by the *Municipal Government Act*, Chapter M-26, Section 460(4).

between:

Linnell Taylor Assessment Strategies, COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

***Board Chair, T Golden
Board Member, R Deschaine
Board Member, R Glenn***

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

ROLL NUMBER:	067120097
LOCATION ADDRESS:	1211 12 Av SW
HEARING NUMBER:	55997
ASSESSMENT:	\$4,730,000.00

This complaint was heard on 23 day of July, 2010 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 12.

Appeared on behalf of the Complainant:

- *D Sheridan*

Appeared on behalf of the Respondent:

- *D Lidgren*

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

There were no preliminary matters.

Property Description:

The subject property is a retail commercial structure constructed in 1987 and located in the in the Beltline District. There is a building area of 4529 sq. ft. fully leased to 2 businesses. Assessment was completed using a land rate as if the land was vacant.

Issues:

- 1) Is the method of assessment used appropriate in this case.
- 2) Is the assessment equitable to other beltline properties?

Complainant's Requested Value:

\$3,000,000.00

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

- 1) The method of assessment used by the City is appropriate.

The complainant stated that the City had assessed some properties in the beltline using the income approach and in their opinion an income approach should be applied in this case. In part this is also the basis of the complainant's equity issue. It was stated that as a fully functioning retail operation a purchaser would view this property with an interest in the income stream. An income approach was then developed. The rent rate proposed used 18 leases signed between 2006 and 2010 and having an average \$41.00 sq ft. Considering the subject has tenants that can lease at \$55.00 the complainant choose a rental rate of \$47.00. Vacancy rates were taken from third party sources and established at 1%. A cap rate 7.25% was proposed based on information from the Colliers quarterly report and one supporting sale. This results in a \$2,900,000.00 estimated value.

A further direct comparison analysis was presented using 3 sales suggesting a \$174.00 sq ft rate.

Using the direct comparison approach \$2,980,000.00 is the estimated value.

The City position is that in the beltline the income generated by a property is often less than the market value of the property and a more accurate estimate of value is the bare land amount. In determining the estimated value in the Beltline both an income approach and a direct comparison to bare land is done. In the case of the subject the land value was higher than the income generated. An analysis of the land sale shows that a bare land rate of \$270.00 is applicable. This position is supported by a table of beltline sales with similar land use designations to the subject. A mean value of \$270.00 is demonstrated. One of the comparables is also in the complainant's evidence.

The Board was unable to accept the method the complainant used to derive the factors that went into the income calculation and therefore placed little weight on that evidence. In terms of the comparables presented the board notes one sale is a city sale to Enmax, one sale is a lane and the last sale is not the same land use district. Consequently less weight was placed on this evidence than that provided by the City and therefore their method of conducting the assessment on the subject.

2) Equity

The property is equitably assessed

It is possible that by assessing similar properties in two different methods may create inequity. To demonstrate the inequity the complainant presented 7 examples of properties with similar uses. All these examples have lower rates than the subject. A land rate of \$183.00 was suggested resulting in a value of \$3,208,000.00

The complainant concluded by suggesting that 3 methods had produced very similar values and the assessment should be reduced.

The City supported the equity of the assessment with an equity table of properties all located the Beltline area market zone BL 4.

The Board noted that only one of the comparables provided by the complainant were in the same BL4 area. This property was smaller, a different land use designation and much older than the subject. The Board was of the opinion that this was insufficient to demonstrate an inequity in equity.

Board's Decision:

The assessment is confirmed at \$4,730,000.00

DATED AT THE CITY OF CALGARY THIS 4th DAY OF August 2010.



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.*