

**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-26.1, Section 460(4).

between:

Altus Group Limited, COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

H. Kim, PRESIDING OFFICER

R. Roy, MEMBER

E. Reuther, MEMBER

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

ROLL NUMBER:	091034603
LOCATION ADDRESSES:	820 46 Ave SE
HEARING NUMBERS:	59423
ASSESSMENTS:	2,740,000

This complaint was heard on the 18 day of August, 2010 at the office of the Assessment Review Board located at Floor Number Three, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 10.

Appeared on behalf of the Complainant:

- *Randall Worthington*

Appeared on behalf of the Respondent:

- *Todd Luchak*

Property Description:

The subject complaint is of a 8,094 sq. ft. one-storey single tenant warehouse on a 2.07 acre parcel of land in the Highfield Industrial district in the central zone, designated Industrial General (I-G). It was constructed in 1963 and has 28% finished area and 8.97% site coverage. The building is assessed on the sales comparable approach at \$191 per sq. ft. with an additional land component of 1.49 acres assessed at the I-G vacant land rate, which is \$1,050,000 for the first acre and \$300,000 per additional acre up to 10 acres.

Issues:

The Complainant identified a number of issues on the Complaint form, however, at the hearing, the only issue argued and considered was the rate applied to the additional land assessment.

Complainant's Requested Value: \$1,990,000

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

Complainant's position:

The additional land assessment is \$1,197,044 for 1.49 acres. The Complainant argued that at most, the additional land assessment should be market value of \$620,000 per acre, using the same presentation and arguments as had been presented to this Board in a complaint heard previously. However, in this case, the first \$1,050,000 is captured in the building assessment and the excess land should be assessed at the incremental rate of \$300,000 per acre.

Respondent's position:

Typical site coverage for industrial buildings is 30%. Properties with significantly lower site coverage are evaluated on a subjective case-by-case basis to determine whether the excess land can be subdivided. In situations where the location of the building allows the potential for a parcel to be subdivided, the property is assessed based on the value of the building at typical 30% site coverage plus the value of the additional land at the standard vacant land rate. If the location of the building is such that no subdivision potential exists, the property is assessed based on sales comparables for buildings with similarly low site coverage.

The Respondent used the same presentation and arguments to defend the vacant land rate as had been presented to this Board in a complaint heard previously. He did not directly address the issue of whether the incremental rate was more appropriate, but noted that a four acre

vacant site in Highfield had been purchased, subdivided and the excess parcel sold. It was likely that the purchase price of the original parcel was higher due to its subdivision potential. He also noted that he was not asking for the assessment to be increased, but corner lots receive a 5% influence which was not applied in the subject assessment.

Decision and Reasons:

The Board rejects the argument that market value of industrial land should be \$620,000 per acre for the same reasons as are set out in detail in ARB 1171/2010P.

With respect to the value of the additional land, 1.49 acres represents 72% of the site area. The Board does not find that 1.49 acres could be subdivided while maintaining the utility of the warehouse and access to the loading doors. An inspection of the site plan suggests that at best, a 1.0 acre might be subdivided if planning approval could be obtained. The warehouse would be left with 17% site coverage and could be assessed using sales comparables of warehouses with similar site coverage. If costs of subdivision could be ascertained and deducted from the vacant land value, this approach would likely most closely estimate market value.

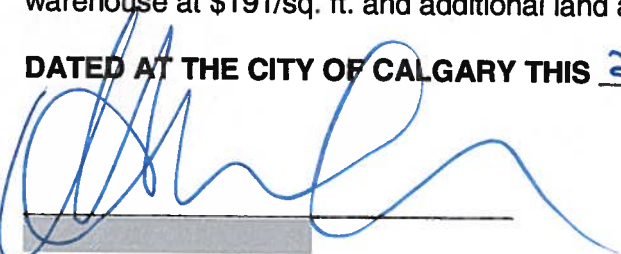
The Board recognizes that for assessment purposes it would not be practical to review each property at this level of detail, particularly with respect to determining the size of a potential parcel and whether planning approval would be achievable.

The Respondent assessed the warehouses on an imputed 30% site coverage and valued the balance as additional land. The Board does not find this to be an unreasonable approach. However, the Board agrees with the Complainant that the rates used by the Respondent effectively assess the additional land as if it were a separate parcel. The Respondent's vacant land rate, at \$1,050,000 per acre for the first acre and \$300,000 per additional acre up to 10 acres reflects the value of a parcel of land. Additional land for an improvement with low site coverage adds value, but it is not a separate parcel, and should not be assessed as such. The Board notes that if this approach were to be applied consistently, a two acre vacant parcel that could potentially be subdivided into two one acre parcels would be assessed at \$1,050,000 per acre for two acres. They are not - the second acre is assessed at \$300,000. Therefore the Board finds that additional land on improved parcels should likewise be assessed at the incremental \$300,000 rate, not at the first acre \$1,050,000 rate. The subject warehouse has two corners which add value, and the Board is of the opinion that the 5% addition for corner influence is appropriate.

Board's Decision:

The complaint is allowed, in part, and the assessment is reduced to \$2,090,000 based on the warehouse at \$191/sq. ft. and additional land at \$300,000/acre, plus 5% for corner influence.

DATED AT THE CITY OF CALGARY THIS 25 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.*