

**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, Section 460, Revised Statutes of Alberta 2000 (the Act).

between:

***327455 ALBERTA LIMITED, COMPLAINANT
(Represented by Assessment Advisory Group)***

and

The City Of Calgary, RESPONDENT

before:

***Board Chair P. COLGATE
Board Member M. PETERS
Board Member A. ZINDLER***

This is a complaint to the Calgary Assessment Review Board in respect of a property assessment prepared by the Assessor of The City of Calgary and entered in the 2011 Assessment Roll as follows:

ROLL NUMBER: 074002502

LOCATION ADDRESS: 2820 52 STREET SE

HEARING NUMBER: 64556

ASSESSMENT: \$1,980,000

This complaint was heard on 12th day of August, 2011 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 3.

Appeared on behalf of the Complainant:

- *Troy Howell – Assessment Advisory Group - Representing 327455 Alberta Limited*

Appeared on behalf of the Respondent:

- *Cliff Yee – Representing the City of Calgary*

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

The Board derives its authority to make this decision under Part 11 of the Municipal Government Act. The parties had no objections to the panel representing the Board as constituted to hear the matter. No jurisdictional or procedural matters were raised at the outset of the hearing, and the Board proceeded to hear the merits of the complaint.

Property Description:

The subject property is occupied by two single tenant, industrial warehouse on a 5.49 acre parcel in the Forest Lawn Industrial community. The structures have a footprint area of 5,200 square feet for site coverage of 2.18%. The assessable buildings were constructed in 1970 and 1978. The Land Use designation is S-FUD – Special Purpose – Future Urban Development.

Issue:

Is the subject property equitably assessed in relation to comparable properties?

Complainant's Requested Value: \$955,868.

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

Complainant's Evidence:

The Complainant provided the Board with a copy of the Assessment Summary Report produced by the City of Calgary. Maps and aerial photographs of the subject property showed the subject on the east side of 52 Street SE in the Forest Lawn Industrial area. The aerial photography showed a parcel used for the storage and disposal of wrecked vehicles.

The Complainant provided three comparables – 16625 104 Street SE, 2602 52 Street SE and 3020 52 Street SE. The assessment for the three comparables was determined through a Cost Valuation Approach.

The Complainant presented his comparables in chart form (C1, Page 13) to illustrate the alleged inequity between the subject property and the three comparables. The Complainant, through

simple mathematical formulae, had determined a rate per square foot by dividing the assessment by the number of square feet of the parcel.

The Complainant requested a rate of \$4.00 a square foot be applied to the subject, based upon the comparables which the Complainant has determined are assessed at rates from \$3.00 to \$5.00 per square foot.

Respondent's Evidence:

The Respondent provided the Board with a location map, an aerial photograph and three ground level photographs of the subject property.

Also provided was a copy of the Assessment Summary Report which indicated the subject was assessed using a Sales Comparison Approach for the parcel. The 2011 Assessment Explanation Supplement shows rates of 191.00 and 183.53 were applied to the two structures. With site coverage of 2.18%, there was an additional assessment for the extra land area for \$1,017,600. The total assessment was \$1,987,443.00, with an effective rate of \$382.20 per square foot of assessable building.

The Respondent provided a table (R1, Page 16) with six comparable properties in support to the assessment rates applied to the subject. The comparables provided indicated a range in rate per square foot from \$186 to \$213, which appear to support the rate applied to the subject buildings.

In rebuttal to the Complainant's comparables, the Respondent noted the property at 16625 104 Street SE was classified for residential assessment as opposed to the subject being assessed as non-residential. Also its location in the south, below Highway 22X, would place it in a different market area. These factors made it a poor comparable to the subject property.

The Respondent further pointed out the 2 comparables at 2602 52 Street SE and 3020 52 Street SE were assessed using a Cost Valuation Approach whereas the subject was assessed using a Sales Comparison Valuation Approach.

Findings of the Board

Complainant's Submission:

Upon review the Board found faults with two of the Complainant's comparables. The comparable at 16625 104 Street SE was given little weight for two primary reasons –

1. The assessment Class is Residential versus Non-Residential for the subject, and
2. the location of the comparable is in a different market area.

The comparable at 2602 52 Street SE was also given less weight as the assessment was prepared in accordance with a Board Order as it applies to properties annexed from the Municipal District of Rocky View. As no evidence was submitted by either party, the source of the assessment is in question. The Board is aware the assessment was calculated on a Cost Valuation Approach, but there are insufficient details for the Board to determine if the approach is the same as properties located and assessed in the City of Calgary.

Having eliminated or placed less weight on the comparables provided by the Complainant, the Board was left with only one 'good' comparable – 3020 52 Street SE – which the Board reviewed, taking into consideration the lack of adjustment for buildings and the Complainant's rate of \$5.00 per square foot.

The formulae employed by the Complainant failed to take into consideration the differences in the age and type of structures on the sites. From the evidence placed before the Board, the structures ranged from a 1967 D quality warehouse to a 1982 C quality warehouses. The subject property has a 1970 and a 1978 C quality warehouses on site. A failure to reconcile these differences brings the rates use for comparison into question.

It is fortunate, with the threshold for equity arguments being low; the Board finds the bare minimum of evidence to transfer the burden of proof to the Respondent.

Respondent's Submission:

Upon review the Board finds there is sufficient evidence to support the rate per square foot applied to the subject parcel. That said the Board finds problems in the presented package by the Respondent with respect to the 2011 Industrial Equity Comparables chart –

1. Of the six comparables only one is of a similar size as the subject – 3208 52 Street SE,
2. Of the six comparables only one has the same Land Use Designation - 3208 52 Street SE,
3. Of the six comparables none have an adjustment for additional land,
4. The rate per square foot shown does not agree with the 2011 Assessment Explanation Supplement – \$189.00 versus \$191.00,
5. The site coverage percentage as it appears on the chart is different from the Assessment Explanation Supplement – 30% versus 2.18%, for 2820 52 Street SE,
6. The site coverage percentage for 3208 52 Street SE is shown as 30%. Based upon the evidence supplied by the Respondent, the Board is unable to reconcile the apparent discrepancy between the rentable building area, the parcel size and the site coverage percentage.

Following the review, the Board finds only one property is comparable to the subject with respect to parcel size, structures and use – 3208 52 Street SE.

Upon review, the most glaring inconsistency in the Respondent's evidence is the land adjustment for \$1,017,600. While the subject has this land adjustment placed upon it, the Respondents comparable at 3208 52 Street SE does not have the same land adjustment. Based upon the evidence submitted by the Respondent, the subject is adjusted due to the 2.18% site coverage. When the Board calculated the site coverage for the comparable it calculates the coverage to be 1.25% (217800sq. ft. land/2720 sq. ft. rentable building), not the indicated 30%.

When questioned, the Respondent was unable to explain to the Board why the parcels along 52 Street SE were assessed using two approaches to value – the cost approach and the sales comparison approach and why there was an inconsistent application with respect to additional land.

The Board, finding itself with a subject property and one comparable from each party, prepared a table to show the comparisons between the properties and determine if equity has or has not been applied to the subject –

Roll Number	Address	Assessment	Bldg Area	Parcel Size	Valuation Approach	Land Adjust-ment	Rate /SQ FT	Rate 1	Rate 2
Subject Property									
0740025020	2820 52 St SE	1,983,763	5,200	5.49 acres	Sales Comparison	1,017,600	\$191.00 \$183.53	381.49	8.30
Complainant Comparable									
074002536	3020 52 St SE	1,090,000	3,710	5.48 acres	Cost	0	unknown	293.80	4.57
Respondent Comparable									
074003500	3208 52 St SE	500,672	2,720	5.00 acres	Sales Comparison	0	\$184.00	184.07	2.30

Rate 1 – Assessment per square foot of assessable building area

Rate 2 – Assessment per square foot of parcel area

Board's Decision:


Due to the inequity in the application of the additional land adjustment the Board's opinion is the subject property has been over assessed in comparison to 3208 52 Street SE. Market value between the comparable properties has not been shown to be in place.

In the Board's opinion the properties along 52 Street SE should be inspected and a consistent application of an assessment valuation approach.

For the 2011 assessment the Board is removing the additional land assessment of \$1,017,600.00 from the total assessment of \$1,987,443.00, leaving balance of \$969,843.00

The Board amends the assessment to \$960,000.00.

DATED AT THE CITY OF CALGARY THIS 13th DAY OF SEPTEMBER 2011.


Philip Colgate
Presiding Officer

APPENDIX "A"**DOCUMENTS PRESENTED AT THE HEARING
AND CONSIDERED BY THE BOARD:**

NO.	ITEM
1. C1	Complainant Disclosure
2. 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.*