

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:

Paltec Agencies (Alberta) Ltd., COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

Ms. V. Higham, PRESIDING OFFICER

Mr. R. Deschaine, BOARD MEMBER

Mr. A. Zindler, BOARD MEMBER

This is a complaint to the Calgary Assessment Review Board (the Board) in respect of a property assessment prepared by the Assessor of The City of Calgary (the City) and entered in the 2013 Assessment Roll as follows:

ROLL NUMBER:	094500949
LOCATION ADDRESS:	263, 4999 43 Street SE, Calgary, AB T2B 3N4
FILE NUMBER:	70136
ASSESSMENT:	\$124,000

This complaint was heard on 25th day of June, 2013 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 8.

Appeared on behalf of the Complainant:

- **Mr. Ty Palmer** **Owner (Self-represented)**

Appeared on behalf of the Respondent:

- **Mr. Eric Wu** **Assessor, City of Calgary**

Procedural or Jurisdictional Matters:

- [1] No preliminary matters were raised during the hearing.

Property Description:

- [2] The subject property is an Industrial Condo located at 263, 4999 - 43 Street SE in the Eastfield region of Calgary, built in 2000, with 600 square feet (sf) of space. It is an upper floor mezzanine space that is separately titled with separate access to the exterior of the building.

Issues:

- [3] The Complainant identified one issue on the Complaint Form as under appeal, that being the assessment amount. During the hearing the Complainant confirmed that the assessment amount was the only issue under appeal, and confirmed the requested assessment value indicated on the complaint form. Thus, the only issue under appeal is:

- 1) Is the current assessment amount of \$124,000 fair and equitable?

Complainant's Requested Value: \$45,000

Board's Decision: For the reasons outlined herein, the Board varies the subject assessment from \$124,000 down to **\$45,000**.

Position of the Parties

Complainant's Position:

- [4] The Complainant described the subject property as "unfinished" with only two walls developed, an undeveloped ceiling and no light, power, water, heat or floor finish. The Complainant stated that this space is utilized solely for the purposes of storing obsolete equipment pertaining to his computer business.

- [5] He challenged the accuracy of the current assessment, noting it was an increase of \$79,000 dollars from the 2012 assessment (175% increase) for a property that he confirmed has experienced no material change whatsoever over the one year period.

[6] The Complainant argued that the City placed far too much reliance upon an April 2012 sale of one property in the subject condo building – that being Unit 203, a separately titled, fully-developed upper floor space.

[7] The Complainant provided an equity chart (Exhibit C2, p.1), which indicated that the subject property has historically been assessed at substantially lower than Unit 203 (at 19, 53, and 32 per cent of the assessed value of Unit 203 for the past three years respectively) – owing entirely to the substantial difference in development and finish.

[8] He further noted that Unit 203 sold for \$149,000 dollars in April 2012 – an amount he maintained is reasonably close to the city's 2012 assessment for the property at \$140,500 dollars.

[9] The Complainant further maintained that the subject property is not at all comparable to Unit 203 in terms of rental or sale potential, owing to the vast degree of difference in finish and development. He argued that the subject property in its current unfinished condition is effectually "unsaleable" and virtually "unrentable."

[10] In rebuttal, the Complainant refuted the City's cost approach to valuing the subject property by arguing that if this mezzanine were ever to be developed, an appropriate increase in valuation would then be in order. Until such time as it is developed however, the fact that the subject property is still undeveloped should be reflected in the subject assessment compared to the assessment of unit 203 – at a ratio commensurate with the historical pattern evidenced over the past three years, as noted in the equity chart on p.1 of C2 herein.

[11] Upon questioning, the Complainant indicated that unit 203 was purchased by the owner of the other side of that mezzanine's common space, so as to expand their operations into one large space.

Respondent's Position:

[12] The Respondent provided the Board with both sales (Exhibit R1, p.28) and equity (Exhibit R1, p.31) comparison charts in support of the subject assessment.

[13] The Respondent also proffered a cost approach analysis (Exhibit R1, pp.33-34) combining Marshall and Swift costing data (what it would cost to develop the mezzanine), then subtracting that amount (\$26,358) from the actual sale price of unit 203 (\$149,000 – time-adjusted to \$150,369) to derive a value for the subject property of \$124,011 dollars.

Board's Findings:

[14] The Board accepts the Complainant's argument that the City placed far too much weight on the one market sale of unit 203 in April, 2012. The only other two sales comparables proffered by the City for upper-floor properties were located in the north-east (NE) sector of the city for fully developed space consisting of 1089 and 2730 sf respectively (compared to the undeveloped 600 sf of the subject property). The Board finds these sales to be too dissimilar to be relied upon as solid comparables.

[15] The Board places little weight on the City's ground floor warehouse comparables, since ground floor properties have vastly different street appeal, marketability, and saleability characteristics than do upper floor spaces – notwithstanding the fact that warehouses typically present less finish and development than office space.

[16] The Board evaluated the Complainant's equity chart on p.1 of C2, and observed that if 2013 assessment values were added to the chart as noted below, the subject property would be assessed at 91% of the value of unit 203 for the current assessment year, which the Board finds inequitable given the historical equity relationship between the two properties.


YEAR	SUBJECT ASSESSED VALUE	UNIT 203 ASSESSED VALUE	DIFFERENCE IN \$ AMOUNT	% OF UNIT 203 ASSESSED VALUE
2010	32,500	171,000	138,500	19
2011	65,500	122,500	57,000	53
2012	45,000	140,500	95,500	32
2013	124,000	136,000	12,000	91

[17] The Board also notes that unit 203 sold in 2012 for an amount very close to its 2012 assessed value (\$149,000 and \$140,500 dollars respectively), which underscores the importance of maintaining an equitable ratio between the subject property and unit 203 from the standpoint of equity and fairness.

Board's Decision:

[18] For the reasons outlined herein, the Board varies the subject assessment from \$124,000 down to **\$45,000**.

DATED AT THE CITY OF CALGARY THIS 7 DAY OF August 2013.



V. Higham, Presiding Officer

APPENDIX "A"

**DOCUMENTS PRESENTED AT THE HEARING
AND CONSIDERED BY THE BOARD:**

NO.	ITEM
1. C1	Complainant's Disclosure
2. C2	Complainant's Disclosure
3. R2	Respondent's 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.*

For Administrative Use Only

Municipal Government Board use only: Decision Identifier Codes				
Appeal Type	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	Industrial	Single-Tenant Condo	Equity and Direct Sales Approach to Market Value	None