



**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:**

***BZ Holdings Inc., 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:

<b>ROLL NUMBER:</b>	<b>094501145</b>
<b>LOCATION ADDRESS:</b>	<b>223, 4999 43 Street SE, Calgary, AB</b>
<b>FILE NUMBER:</b>	<b>71487</b>
<b>ASSESSMENT:</b>	<b>\$163,000</b>

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

Appeared on behalf of the Complainant:

- **Mr. Brian Zapfe**      **Owner (Self-represented)**

Appeared on behalf of the Respondent:

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

**Preliminary Matters:**

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

**Property Description:**

- [2]      The subject property has been assessed as an Industrial Condo located at 223, 4999 - 43 Street SE in the Eastfield region of Calgary, built in 2000, with 797 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 \$163,000 dollars fair and equitable?

**Complainant's Requested Value:** \$45,000

**Board's Decision:** For the reasons outlined herein, the Board varies the subject assessment from \$163,000 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 business.

[5] He challenged the accuracy of the current assessment, noting it was an increase of \$118,000 dollars from the subject's 2012 assessment (362% increase) for a property 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] In support of his requested assessment, the Complainant provided three separate market evaluation reports (at pages 1-13 of C2) undertaken by three independent real estate agents in Calgary, which produced the following valuation ranges for the subject property:

- 1) 23,850 – 31,800;
- 2) 50,000 – 75,000; and
- 3) 20,000 – below 31,880.

[8] The Complainant 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."

[9] 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.

[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.

[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.29) and equity (Exhibit R1, pp.33-34) comparison charts in support of the subject assessment.

[13] The Respondent also proffered a cost approach analysis combining Marshall and Swift costing data (what it would cost to develop the mezzanine at \$43.93 dollars per sf) to derive a value of \$35,012 dollars to develop that space. The Respondent then attempted to describe a calculation involving the time-adjusted sale of unit 203 (at \$150,369), but was unable to delineate for the Board clear and precise details of the calculation utilized to derive the subject assessment value of \$163,000 dollars.

#### **Board's Reasons for Decision:**

[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 797 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 reviewed the three market evaluations relied upon by the Complainant, and accepts the professional analysis of the three independent reports, particularly given the fact that the three ranges are reasonably similar in value, allowing for margins of error.

[17] The Board further finds that the Complainant's requested assessment of \$45,000 is reasonably close to each of the ranges identified in the three reports.

**Board's Decision:**

[18] For the reasons outlined herein, the Board varies the subject assessment from \$163,000 down to **\$45,000**.

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

  
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V. Higham, Presiding Officer

## APPENDIX "A"

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

<b>NO.</b>	<b>ITEM</b>
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**

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