

GOLF COURSE RELATED MGB DECISIONS

MUNICIPAL GOVERNMENT BOARD DECISIONS RELATED TO GOLF COURSES

The Alberta Municipal Affairs and Housing website is a reference for golf course related decisions. Several decisions that deal with common issues encountered in the assessment of golf courses have been selected. The decisions have been abbreviated to contain only the Issue of the appeal and the Board's decision. The complete decision is available for review on the website.

Excerpts from a number of other golf course related decisions have been included following the four decisions.

BOARD ORDER: MGB 238/00

ISSUE OVERVIEW

The parties advised the Board that the application of the cost approach valuation method that applied the use of the rates and classification for golf courses within the Marshall and Swift Manual is not at issue. The parties also advised the Board that the raw land component for each golf course and the amount of depreciation applied to the building(s) component on each golf course are not in dispute. At dispute are the application and the amount of depreciation to the golf course improvements, such as tee boxes, greens, sand and water traps, irrigation systems, and fairways.

REASONS

As to the issue of physical depreciation to the golf course land improvements.

The reference guides and publication materials published by Professional Associations or Institutes all suggest that consideration should be given to the wear and tear that golf course land improvements are likely to be subjected due to normal use. The subject courses vary from public to private use, and they vary in age from approximately six to thirty years. They are all subject to the extremes in climatic conditions that exist in the City. Although the level of maintenance can be of a high standard, it is hard for the Board to accept that no physical depreciation has or is taking place to the subject improvements. The fact that they are always in a state of repair or replacement in and of itself suggests they are subject to some physical depreciation. In the absence of the Board receiving any evidence as to there being a direct relationship of the total accrued depreciation of the clubhouse to the rate of depreciation that the land improvement incurs, the only evidence that the Board is left to consider is the August 1997 sale of the Harvest Hills course.

Having given consideration to time of the sale, and the degree of openness of the transaction, and the value of the non real estate inventory the assessment is approximately 30% greater than the market indicator.

As to the issue of a seasonal depreciation allowance to the land improvements.

The seasonal allowances applied as a result of preparing golf course assessments in the adjoining municipalities are outside the jurisdiction of the City yet the allowances were applied to the properties within the City's boundaries in compliance with the Public Utilities Board Orders. The requirements of the Public Utilities Board Orders, with the Lieutenant Governor having disallowed the LAB amending Order 12223, sets the manner in which the properties are to be assessed. The decision of the Court of Appeal, as referenced in the Respondent's position, applies. The Appellant provided no evidence to justify depreciation for seasonal use and solely relied on an equity argument with the "Board Order Properties" as the reason for the request. As to the issue of the subject properties being similar, for assessment purposes, with other City of Calgary golf course parcels assessed under the terms and conditions of Board Orders 20027 and 25860?

Dated at the City of Edmonton, in the Province of Alberta, this 14th day of December 2000.

BOARD ORDER: MGB 061/05 DECISION**OVERVIEW**

The properties under appeal are all associated with golf courses in the City of Calgary. The Appellant is seeking a lower assessed land value than the \$13,000 per acre set by the ARB. The Appellant asserts that, taking into account sales of other golf course lands in and around Calgary, the correct market value for the land component of the assessment is \$9,000 per acre. The Respondent contends that golf course land should, for assessment purposes, be treated the same as parkland, environmental reserves and municipal reserves. Consequently, the Respondent used raw land sales comparables with the same zoning as the subject properties that indicated an assessed value of \$18,000 per acre.

The appeal in respect to the assessment is denied and the assessments are confirmed. It is so ordered.

REASONS**The Appellant's Sales Comparisons**

On an appeal to the MGB, the Appellant has the onus to prove that the assessment is incorrect in order for the MGB to alter an assessment. In this case, the Appellant did not provide sufficient evidence of similar golf course sales to convince the MGB to set the assessed rate at \$9,000 per acre. In terms of suitable comparables, the Appellant did not provide any sufficiently similar sales to the subjects to merit an adjustment to the assessment. Similar sales to the subjects would include golf course sales within the City limits and with similar planning and general development restrictions to the subjects. In this case, the Appellant did not provide any such comparables. Therefore, the MGB finds that the assessment as set by the ARB should not be altered.

The Appellant relied upon the sale of lands that were developed or under development for golf course activities. The comparison lands, with the exception of sale 1 were located outside City limits. The Appellant did not apply nor suggest adjustments to these sales in order to approximate better a comparison to the subject lands under appeal. The Appellant requested that the MGB accept that lands as far as 20 miles from City limits were of the same approximate value as lands located within City limits. This, the Appellant suggested but did not provide any evidence to support such a relationship. Further, no adjustments were suggested in order to account for dated sales, e.g. Lynx Ridge (Sale 3) was sold in June 1999 for \$7,504 per acre. Therefore, the MGB could not accept that values derived from these unadjusted sales were appropriate for use in the determination of the market value of the subject properties. Thus, the Appellant failed to convince the MGB that the subject lands should be assessed at \$9,000 per /acre.

First, the River City Golf Course sale is of land located outside the City limits. Similarly, Lynx Ridge, Livingston Creek, and Canals are also all sales of land located outside the City limits. The MGB accepts that land values outside the City limits are affected by market factors such as distance, population, parcel size and availability that render values different from those within the City. Therefore, these sales cannot be viewed as comparable to the subjects. Further, the Chaparral Dunes land, although a sale for the purpose of developing a golf course within the City is not sufficiently similar to the subjects to warrant a comparison. The land was sold with a number of caveats on title that have the effect of limiting the use of the land to a public golf course. As well, caveats also require the land to be reclaimed from use as a gravel operation to meet provincial standards for environmental remediation. In addition, the land is not serviced, as most lands would be inside the City limits. Therefore, this sale is not a direct comparable to the subject properties.

The Respondent's Sales Comparisons

The Respondent relied solely upon the sale of raw lands within the bounds of the City of Calgary so long as the zoning was the same. The Respondent made no allowance for development potential. The Respondent would have the MGB accept that the sale of a parcel of land for the construction of an electrical generating power plant to be equivalent in value to that of lands for golf course was not accepted. The Respondent produced twelve sales and then suggested that a number approximating to the average of the sales be utilized for the valuation of the subject properties. The MGB was not prepared to accept this suggestion, without the application of necessary adjustments to the comparison sales in order to make them sufficiently similar to the properties under appeal. Thus, the Respondent failed to convince the MGB that the subject lands should be assessed at \$18,000 per acre.

In this case, the City as Cross-Appellant also has the onus of proving on the balance of the evidence that the assessment should be raised from the ARB finding and set at \$18,000. The City has not done so in this case. Although the method of assessing golf course lands using raw land sales may have practical benefits, the assumptions underlying raw land sales for urban development are not completely tenable when challenged by potential actual sales of similar golf course lands. The direct comparison approach is premised on the sales of similar properties to the subject properties. In this case, the majority of the lands used by the City are not similar to the subject property. Land used for future residential, commercial and industrial development do not attract the same buyer as golf course lands and, therefore, do not attract the same price. These sales, therefore, are not comparable to the sale of golf course land.

Values in the Same Market Area

The MGB is prepared to accept that an indication of market value could be derived from the sales presented by the Appellant, had sufficient allowances been made for time adjustments, locations and development costs. Some of the properties presented by the Appellant operated in the same market as the subject properties and, as such, might have a common denominator in estimations of market value. However, it should be observed that the information derived from such sales would tend to provide a lower limit in market value owing to potential locations adjustments, i.e. property values would tend to be higher within the City rather than in outlying areas.

The Appellant produced two sales that provide potential guidance to the MGB with respect to an indicated market value of the subject lands. These are sale number 2 (Spirit River: four miles from City limits) and sale number 3 (Lynx Ridge: located against City limits). The MGB accepts that both of these properties operate in the same market as the subject lands and, therefore, provide a lower limit of potential value of the assessments of the appealed properties. However, less weight should be applied to sale number 3 owing to the date of the sale (June 1999) and the lack of a time adjustment.

Spirit River sold in February 2002 for \$12,766 per acre: this the MGB accepts as a lower limit of the market value of the appealed properties. Further, this value tends to support the decision of the ARB and the current assessment rate as applied to the roll.

The MGB is therefore confirming the assessments as set by the ARB.
No costs to either party.

Dated at the City of Edmonton, in the Province of Alberta, this 29th day of June 2005.

BOARD ORDER: MGB 088/00**ISSUE**

Should the assessment of the golf course site improvements receive further depreciation due to annual spring and fall frost delays and annual winterization costs?

FINDINGS OF FACT

Upon hearing and considering the representations and the evidence of the parties shown on Appendix A and upon having read and considered the documents shown on Appendix B attached, the Board finds the facts in the matter to be as follows:

1. Annual spring and fall frost delays do not warrant the application of further depreciation.
2. Annual winterization costs do not warrant the application of further depreciation.

BOARD ORDER: MGB 93/97**BACKGROUND**

The Innisfail Golf Course is an eighteen hole golf course and driving range located near the Town of Innisfail. The original course was expanded in 1985 and an irrigation system installed. Further reconstruction was made in 1995. At issue in this appeal is the land value component that has been added for the course site improvements. The value of some \$1,873 per acre that has been added for the raw land is not in dispute. Also at issue is a request for additional economic obsolescence to be applied to some of the buildings used in the course operation.

FINDINGS OF FACT

Upon hearing and considering the representations and the evidence of the parties shown on Appendix A and upon having read and considered the documents shown on Appendix B attached hereto, the Board finds the facts in the matter to be as follows:

1. The subject property is an eighteen hole golf course operated by the Golf Association of Innisfail.
1. Major course expansion was undertaken in 1985 with further reconstruction in 1995.
2. The course is a par 72 of some 6,459 yards in length, and operates at a near full capacity of some 30,000 rounds per year.
3. The total land area is 153.45 acres, the value of \$1,873 per acre and resulting assessment of \$287,490 is not in dispute.
4. Golf course site improvements such as tee boxes, fairways and greens, irrigation and sprinkler systems suffer wear and tear during normal use.
5. The Board is satisfied the improvements are fully utilized for their intended purpose.
6. In consideration of the above and having regard to the provisions of the Municipal Government Act, the Board makes the following decision, for the reasons set out below.

DECISION

The appeal with respect to the land component is allowed, in part, and the improvement portion is confirmed.

It is so ordered.

REASONS

All parties to this appeal agree the best method of arriving at a fair assessed value for golf courses is by utilizing the cost approach. However, the cost approach as chosen by the assessor utilizes the Marshall Swift Manual and the Board is not satisfied these costs are entirely realistic when compared to the subject course development costs and other related comparable. The Appellant's costs of development are well documented and place the value of the site im-

provements at some \$30,000 to \$35,000 per hole. This is in contrast to the \$55,000 per hole as indicated by the assessment. The Board is also of the view that certain components of the course site improvements are a depreciable asset in that they suffer wear and tear which requires periodic replacement. Like other site improvements it seems reasonable that a depreciation allowance must be considered for these items.

In consideration of these factors the Board will accept the Appellant's requested assessment of some \$35,000 per hole for site improvements and the land assessment will be revised as follows:

$$\begin{array}{r} 153.45 \text{ acres at } \$1,873 \text{ per acre} = 287,490 \\ 18 \text{ holes at } \$35,000 \text{ per hole} = \underline{630,000} \\ \hline 917,490 \end{array}$$

With regard to the improvements, the Board is not convinced that additional obsolescence is warranted beyond what the assessor has now allowed. While the improvements may be used as part of the seasonal operation, that in itself, does not automatically mean the improvements are not being fully utilized for their intended purpose. The assessor has allowed some nominal obsolescence for some of the buildings and the Board is not convinced that additional obsolescence is warranted. Accordingly, the improvement assessment is confirmed at \$463,390.

2. [PDF !\[\]\(07fe3b338f9651a988464633a2637b49_img.jpg\) M149-98.PDF](#)

Summary: By treating all parcels of lands as golf course lands approximately 145 acres of lands was improperly assessed at the same rate as golf course lands, i.e. the 145 acres of non-golf course lands were assessed at \$9,000 per acre. The five classes of land are summarized by the following: 1) golf course lands, the true boundary being approximately 161 acres; 2) TUC lands; 3) escarpment lands; 4) floodway lands; and 5) floodplain lands. The Board cannot agree that the subject lands are assessed ...

3. [PDF !\[\]\(a6e174a63d97c201c90c70b0e4f2805f_img.jpg\) M143-99.PDF](#)

Summary: SUMMARY OF THE RESPONDENT'S POSITION The Respondent argued that: the land assessment was fairly set; the golf course site development adds value to the course; and adequate depreciation has been applied to the golf course site improvements. 3) Depreciation of golf course site developments a) The Marshall and Swift Valuation Manual is widely used to establish the value of golf course site developments. b) The 82.39 acres of land, not used for the golf course, has equal value to the lands ...

4. [PDF !\[\]\(4e301a345d8517018da5b863fd728174_img.jpg\) M142-99.PDF](#)

Summary: 2-0-084-0100-0001-6 Land Assessment: \$109,500 Improvement Assessment: \$242,500 BACKGROUND The Bridge Valley Golf Course is a nine-hole, par 27, golf course located in the Oldman River Valley. a) for the portion used by the golf course reflect market value, and b) for the portion not used by the golf course reflect market value? 3) Depreciation of golf course site developments a) The Marshall and Swift Valuation Manual is used by many persons to establish the value of golf course site ...

5. [PDF !\[\]\(b8c3076ac50760d63c68e275d920a7b7_img.jpg\) M046-04.PDF](#)

Summary: BOARD ORDER: MGB 046/04 63aorders:M046-04 Page 4 of 19 ISSUES 1. Are, in fact, the subject premises located within Fish Creek Provincial Park for the purposes of the 2003 City of Calgary Business Assessment? In addition, a map of Fish Creek Provincial Park was submitted from Alberta Community Development, Parks and Protected Areas that

included McKenzie Meadows Golf Course. 1. The subject golf course premises were not in a provincial park for the application of the business assessment in ...

8. PDF  [M112-00.PDF](#)

Summary: 3. Is the capitalized income approach to value a valid method in valuing golf course property? Assessed Value of Subject Compared with Other Golf Course Assessments The Appellant argued that the subject assessment of \$2,050,640 is too high when compared with the assessment of other golf courses. Except for the Links Golf Course and the Lacombe Golf Course, the following golf courses are considered to be superior golf courses to the subject and they are assessed as follows: Comparison Chart ...

9. PDF  [M141-01.PDF](#)

Summary: The utilization of the LCC's historical costs to determine the market value of the course improvements and thus the assessed value of those improvements would create consistency and predictability of the assessment. REASONS As to Course Improvements The Board recognizes that assessors are using the Alberta Assessors' Association Valuation Guide to determine assessment values of golf courses in Alberta. The Appellant argues that the course improvements should be valued for assessment ...

10. PDF  [M011-04.PDF](#)

Summary: The Respondent, having determined that the business assessment was \$378,875, then applied a 33% "business exposure adjustment" to reflect the fact that Willow Park probably does less business during the winter. Is the subject business a for-profit business or non-profit business? As the subject golf course provided primarily recreational activities "virtually identical" to those of the Calgary Golf and Country Club, that is exempt from business taxation, the Appellant contended that ...

11. PDF  [M010-99.PDF](#)

Summary: BOARD ORDER: MGB 010/99 22aorders:M010-99 Page 2 of 12 BACKGROUND The Tofield Golf Course, owned by the Kallals, is a public nine-hole course with grass greens, clubhouse, driving range, golf cart warehouse and metal rigid frame (maintenance) building. BOARD ORDER: MGB 010/99 22aorders:M010-99 Page 5 of 12 Golf Courses Size Land Building Course Total Comparables Acres Assm't Assm't Imps. The Tofield Course is a nine-hole grass green course of minimum quality and the value of \$15,000 ...

12. PDF  [M171-97.PDF](#)

Summary: The assessment of all golf courses in the County of Red Deer are done pursuant to the Municipal Government Act and are made up of raw land at market value, course improvements, and buildings at depreciated replacement cost. The highest ranked course in the County is the River Bend Golf and Recreation Society Course with an improvement assessment of \$75,000 per hole and raw land value of \$4,000 per acre. The Balmoral Course is ranked below the Riverbend Golf and Recreational Society Course ...

13. PDF  [M090-00.PDF](#)

Summary: ISSUES 1. Should reported costs or Marshall Swift Manual costs be used to value the course improvements? The Marshall and Swift manual details a number of alternative methods to calculate costs, including calculator method, segregated cost method, unit in place cost method, and supplemental costs. In reviewing the Respondent's chart comparing the subject's course improvements and driving range assessment to the assessments of other golf courses in the municipality, the Bridge Valley Golf ...

14. PDF  [M197-97.PDF](#)

Summary: This is an appeal to the Municipal Government Board from a decision of the Assessment Review Board of the Town of Ponoka with respect to property assessments entered in the assessment roll of the Respondent municipality as follows: Roll No. The Ponoka Community Golf Club is a non-profit society that operates a community golf course on land leased from Alberta Hospitals. BOARD ORDER: MGB 197/97 aorders:M197-97 Page 5 of 7 3. Course improvements such as irrigation systems, greens and course ...

15. PDF  [M172-97.PDF](#)

Summary: This is an appeal to the Municipal Government Board from a decision of the Assessment Review Board of the Town of Ponoka with respect to property assessments entered in the assessment roll of the Respondent municipality as follows: Roll No. The Ponoka Community Golf Club is a non-profit society that operates a community golf course on land leased from Alberta Hospitals. BOARD ORDER: MGB 172/97 aortas:M172-97 Page 5 of 7 3. Course improvements such as irrigation systems, greens and course ...

17. PDF  [M180-99.PDF](#)

Summary: This is an appeal to the Municipal Government Board (Board) from a decision of the 1998 Assessment Review Board of the City of Lethbridge with respect to property assessments entered in the 1998 assessment roll of the Respondent municipality as follows: Assessment Roll No. The assessment of the Paradise Canyon Golf Course reasonably compares with the assessment of the other golf courses in the municipality. 3. The residual value indicated by the sale price less assessment values of the ...

18. PDF  [M172-98.PDF](#)

Summary: This is an appeal to the Municipal Government Board from a decision of the Assessment Review Board of Lacombe County with respect to property assessments entered in the assessment roll of the Respondent municipality as follows: Roll No. LEGISLATION Standard and Assessment Regulation 365/94 Valuation standard for a parcel of land 2(1) The valuation standard for a parcel of land is (a)market value 3(1) The valuation standard for improvements is (b)for other improvements, either of the ...

19. PDF  [M038-99.PDF](#)

Summary: ISSUES 1.0 The subject property is a partially completed golf course, therefore, should cost-to- complete estimates be included within the assessment analysis? The Appellant suggested that in order to maintain fairness and equity within the Town of Canmore, the subject property should be assessed as a golf course, however, the cost-to-complete the property to a fully operational golf course should be included within the assessment analysis. The Appellant suggested that by using the cost-to-...

20. PDF  [M058-04.PDF](#)

Summary: Melcor/HOM Lands As for the request by Melcor to have land added to the annexation, the MGB determined from the written and oral submissions that these lands were clearly not lands included in the annexation application submitted pursuant to section 119 of the Act. Although Melcor argued that the Red Deer annexation and the Melcor/HOM lands were similar to the Airdrie annexation, the MGB determined that there were significant differences in the Airdrie annexation. City of Red Deer Position ...

21. PDF  [M103-98.PDF](#)

Summary: This is an appeal to the Municipal Government Board from a decision of the Assessment Review Board of the County of Grande Prairie No. All seven golf courses appealed their 1997 assessment to the County's Assessment Review Board and all seven were granted a reduction in assessment by the Assessment Review Board. The Dunes Golf and Country Club is the only one to appeal the decision of the Assessment Review Board to the Municipal Government Board.

22. PDF  [M219-98.PDF](#)

Summary: 31. BETWEEN: Newell Group on behalf of Cammoney Golf and Country Club, Upper Lakes Group Inc., Priddis Greens Golf and Country Club and CottonWood Golf Course Ltd. - Appellant - a n d - Municipal District of Foot-hills No. ISSUES 1. Are golf course greens, fairways and tee boxes considered improvements to land within the meanings of the Municipal Government Act? This is clearly stated in the Standards of Assessment Regulation which states the value standard for land is market value and for ...

23. PDF  [M124-99.PDF](#)

Summary: ISSUES 1. Are the golf course greens, fairways and tee-boxes considered improvements to land within the meaning of the Act? Prior to this Act, golf courses were assessed under the Municipal Taxation Act, which allowed for the assessment of the land only component as there was no provision for the assessment of the greens, fairways and tee- boxes

as improvements. The Respondent defended the assessment of greens, fairways and tee-boxes by stating that under the Act “improvements” and “land and...

24. PDF  [M087-04.PDF](#)

Summary: Statutory Plans The Town’s Municipal Development Plan (MDP) designates the area proposed for development as partly “Natural” and partly “Residential”. (3) Every statutory plan, land use bylaw and action undertaken pursuant to this Part by a municipality, municipal planning commission, subdivision authority, development authority or subdivision and development appeal board or the Municipal Government Board must be consistent with the land use policies. 2) All future residential development ...

25. PDF  [M034-98.PDF](#)

Summary: The valuation process for golf courses outlined in the Appraisal Institute documentation shows a land value estimate to be made followed by the application of the “three approaches to value”. Because no value was attributed to the income potential of the land, the Board does not view the value of \$659,281 to be an accurate indicator of market value. Although this one sale suggests a value higher than the assessed value of the subject, the Board does not consider one sale to be representative ...

26. PDF  [M108-06.PDF](#)

Summary: 2. The existing access from the service road to the existing parcel directly across from the public road access to Highway 743 may remain. Subdivision and Development Regulation - Alberta Regulation 43/2002 While the MGB is not bound by the Subdivision and Development Regulation, it is the MGB's practice to evaluate subdivision proposals in light of these regulations. A service road runs north alongside the highway and connects to a highway access point at the proposed boundary between the ...

27. PDF  [M199-98.PDF](#)

Summary: This is an appeal to the Municipal Government Board from a decision of the Assessment Review Board of the Town of Bowden with respect to property assessments entered in the assessment roll of the Respondent municipality as follows: Roll No. BOARD ORDER: MGB 199/98 aorders:M199-98 Page 7 of 9 REASONS The Town of Bowden has requested the Board to reduce the assessment of the golf course parcel to an agricultural use valuation. Since the subject land does not qualify for an agricultural use ...

28. PDF  [M160-99.PDF](#)

Summary: AND IN THE MATTER OF AN APPEAL for a rehearing of a decision of the Municipal Government Board resulting from a decision of the 1997 Assessment Review Board of the Town of Canmore. The hearing of the 1997 assessment appeal was held in the City of Calgary before the Municipal Government Board (Board) June 1, 1998. ” Municipal Government Board Procedure Guide - Criteria for a Reviews/Rehearings: 12.1 General Information a) The Board has the discretion to rehear matters before making its ...

29. PDF  [M075-01.PDF](#)

Summary: The County indicated it would also be prepared to contribute to the costs of road construction for the portion of the road providing access to the Frank Barton land. To repeat, condition 3 requires the developer to construct a public road from the end of the new internal subdivision road to the Barton land. BOARD ORDER: MGB 075/01 FILE: S00/BARR/CO -035 38 & 43porders – MGB 075/01 Page 9 of 9 The Act does say that a municipality can require the Appellant to build roads for access for the ...

30. PDF  [M231-00.PDF](#)

Summary: 6. Does the assessment per square foot of the land reflect values assigned to other parcels in vicinity of the subject property or with properties located downtown? 9. Does the unit value of the land reflect values assigned to similar properties in the vicinity of the subject property? 13. Does the assessment remaining after subtracting the 1984 assessment value for the improvements equal the land value?

31. PDF  [M027-98.PDF](#)

Summary: 40400 Block B Plan 1549AJ Land: \$1,089,900 BACKGROUND The Sylvan Lake Golf Course is a par 68, eighteen hole golf course built in 1926. The Innisfail golf course assessment was reduced by the Municipal Government Board to \$890,000 compared to Sylvan Lakes assessment of \$1,089,900. The Board accepts the argument that the Sylvan Lake course is less challenging than other courses.

32. PDF  [M066-99.PDF](#)

Summary: This is an appeal to the Municipal Government Board from a decision of the Assessment Review Board of the County of Stettler No. SUMMARY OF RESPONDENT'S POSITION The Respondent, Mr. Gert Vande Bunte, submits that the improvement assessment set by the Assessment Review Board at \$810,410 on the Pheasantback Golf and Country Club Course is reasonable, fair and an accurate reflection of value. valuation method and that the tests applied relative to the property's income indicate support of the ...