

**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-26.1, Section 460(4).

between:

COLLIERS INTERNATIONAL REALTY ADVISORS, COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

Paul G. Petry, PRESIDING OFFICER

Doug Pollard, MEMBER

Borodin Jerchel, MEMBER

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

ROLL NUMBER: 067180307

LOCATION ADDRESS: 1503 4Street S.W

HEARING NUMBER: 57927

ASSESSMENT: \$5,430,000

This complaint was heard on 4 day of November, 2010 at the office of the Assessment Review Board located at Floor Number Four, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 3.

Appearing on behalf of the Complainant:

- **Colliers International Realty Advisors – D. Porteous**

Appearing on behalf of the Respondent:

- **The City of Calgary – D. Lidgren**

Property Description and Background

The subject property contains 24,094 square feet of land improved with a 1938 residential building that has been converted to a pub known as the Rose and Crown. This property is located in the Beltline district at 1503 – 4th Street S.W.. The Respondent has assessed the property based on land value only at \$215 per square foot plus a 5% premium for the corner location. The Complainant believes that the assessment is in excess of its market value.

Issues:

1. What value should be attributed to the subject land?
2. What additional value if any should be attributed to the improvement?

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

1. The value of the subject land should be based on \$215 per square foot plus 5% for corner influence.
2. Based on the highest and best use for the subject land the current improvement does not contribute additional value.

Summary of the Party's Positions

Complainant

The Complainant presented 24 sales which had occurred over the period 2007 – 2009, 15 of which occurred in 2007. The Complainant had used three different methods to arrive at a time adjustment for each sale. Two properties which had resold were determined to show a time adjustment of -1.0%

per month. Using an average per unit value approach for the 24 sales the Complainant calculated a -1.64% monthly adjustment and using a sale to assessment ratio analysis the suggested time adjustment was -1.71% per month. The Complainant choose to apply the mid range time adjustment value of -1.64% to each of the 24 sales. These sales were then adjusted further to isolate the sales value in the land only. Based on a June 3, 2010 decision of the Local Assessment Review Board, ARB 0416/2010 wherein the Board had decided on a value of \$125 per square foot for the improvement, the Complainant used that value as being representative of the value for all improvements associated with these sales. The Complainant then subtracted the improvement value from the sales price to produce an estimated value for only the land component of each sale. This analysis resulted in an average value of \$135 per square foot for the land component of the 24 sales. The Complainant then multiplied the \$135 unit value by the 24,094 square feet of land for the subject which produced a value of \$3,252,690. This value was truncated to a value of \$3,250,000 and recommended as the appropriate 2010 market value for the subject property.

The Complainant also suggested two additional routes to valuing the subject property. First ARB decision 416/2010P determined that the land value in that case to be \$155 per square foot. The value of \$155 per square foot applied to the subject plus a value of \$125 per square foot for the improvement produces a value of \$4,605,000. The second option was similar to the first however the Complainant used the \$135 per square foot for land and then added \$125 per square foot for the improvement resulting in a value of \$4,123,000. Each method applied by the Complainant produced a lower value than the assessment; however the Complainant requested that the CARB place greatest weight on the value of \$3,250,000 which is simply based on the land value at \$135 per square foot.

Respondent

The Respondent indicated that throughout the Beltline and for several years assessments have been based on the higher value produced by the capitalized income approach or the value of the land only. This approach has been upheld many times by the review boards. For the 2010 assessment, the base land value in the Beltline was determined to be \$215 per square foot. In this case the Complainant has brought forward a flawed sales analysis suggesting the land rate should be \$135 per square foot. The Respondent argued that a number of the sales were of multi-residential parcels where the assessed value is \$270 per square foot, some of the sales are non-arms length and in others the values of improvements vary widely. There is no evidence that a value of \$125 per square foot for improvements is reasonable and the ARB decision which the Complainant used to justify this value does not elaborate on the evidence relied upon in support of such a rate. The value of \$135 per square foot and the alternate value of \$155 per square foot therefore have been determined without proper analysis. The Respondent also argued that the time adjustment analysis provided by the Complainant show wide variation and should not be relied upon. The Respondent presented an analysis of only the 2008 and 2009 sales used by the Complainant which resulted in an average value of \$247 per square foot and a median value of \$239 per square foot. The Respondent argued that the 2008 and 2009 sales deserve greatest weight as they are closer to the valuation date and require no time adjustment. These sales support the assessed value of \$215 per square foot and therefore the assessment should be confirmed.

Findings and Reasons:

Neither party introduced a value for the subject based on the capitalized income approach and therefore the focus was primarily on the value of the land. The CARB reviewed the sales brought

forward by the Complainant and has conclude that this analysis and the resulting land rates should be given little weight. The mix of properties include some land only sales, some with significant improvements and others with improvements that likely have very little value. The method used to isolate the land values represented by these sales is flawed for two reasons. First, there appears to be no comprehensible basis for the \$125 per square foot applied in ARB 0416/2010-P. The Board making that decision, no doubt had evidence and a basis for their decision, however that evidence and the detail as to their considerations are not before the CARB in this case. However, even if such evidence were available to the Board in this case the CARB is not convinced that it is appropriate to apply any single value to the wide range of improvements represented in the Complainant's 24 sales. For example the value per square foot of a 70 year old vacant house will not be the same as a 10,000 square foot apartment building. Without a more accurate method of extracting the value of improvements the CARB concluded that the remaining value used by the Complainant for land is also not accurate. Based on these findings the CARB decided that the Complainant's values and conclusions were not were not compelling were not compelling as they were not based on a viable analysis.


Decision

Based on a careful review of all the evidence and argument advanced in this case and in light of the findings and reasons above the CARB confirms the subject assessment of \$5,430,000.

It is so ordered.

No costs to either party.

DATED AT THE CITY OF CALGARY THIS 23 DAY OF November 2010.



Paul G. Petry
Presiding Officer

An appeal may be made to the Court of Queen's Bench in accordance with the Municipal Government Act as follows:

470(1) 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.

470(2) 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).*

470(3) *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*