

**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:**

***1647468 Alberta Ltd. (as represented by AEC International Inc.), COMPLAINANT***

**and**

***The City Of Calgary, RESPONDENT***

**before:**

***W. Kipp, PRESIDING OFFICER***

***P. Charuk, MEMBER***

***P. Pask, MEMBER***

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 2012 Assessment Roll as follows:

<b>ROLL NUMBER:</b>	<b>076011709</b>
<b>LOCATION ADDRESS:</b>	<b>1819 – 33 Street SE, Calgary, AB</b>
<b>HEARING NUMBER:</b>	<b>65358</b>
<b>ASSESSMENT:</b>	<b>\$1,760,000</b>



This complaint was heard on the 11<sup>th</sup> day of June, 2012 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 1.

Appeared on behalf of the Complainant:

- *Brock Ryan and Jamie Wingrowich, AEC International Inc.*

Appeared on behalf of the Respondent:

- *Cliff Yee and Shelly Turner, City of Calgary Assessment*

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

Neither party expressed any objections to the composition of the CARB panel.

This property adjoins the property that was the subject of the complaint heard as File 65355. Each party stated that they were carrying forward evidence and argument heard at that previous hearing.

There were no procedural or jurisdictional matters to be decided.

**Property Description:**

The property that is the subject of this complaint is a commercial property in the Forest Lawn (Southview) district of southeast Calgary. It comprises a 9,465 square foot multi-tenant retail shopping centre building on a 27,772 square foot commercial land parcel fronting onto the parking lot of a former Canada Safeway supermarket property on the west side of 33rd Street SE about one block south of 17<sup>th</sup> Avenue SE, the major roadway through Forest Lawn. The building was constructed in 1970.

The 2012 assessment is \$1,760,000 which indicates a unit value of \$185.95 per square foot of building area. The City of Calgary rates the quality of the building as "C-". The assessment is a valuation of the property using the income approach. It is noted that the 2012 Property Assessment Notice was mailed to 417715 Alberta Inc. The current owner, 1647468 Alberta Ltd. took title to the property on December 30, 2011.

**Issues:**

In Section 4 (Complaint Information) on the Assessment Review Board Complaint form filed February 21, 2012, boxes 3 (assessment amount), 4 (assessment class), 6 (type of property) and 7 (type of improvement) were checked. Attached were eight reasons for the complaint.

In the Complainant's evidence disclosure, received April 14, 2012, the Complainant provided data on sales and assessments of three comparables, one of which was the subject property.

As not all of the reasons in the complaint form and evidence disclosure were addressed by the Complainant at the hearing, the Board focussed its attention on those reasons that were stated



as issues at the hearing. The issue to be decided by the CARB was: *Should this property be assessed using the income approach or the direct comparison approach based on sales that include a sale of the subject property?*

**Complainant's Requested Value:** \$830,000

**Position of the Complainant:**

The Complainant presented data on three 2011 sales of commercial properties. One of the properties was the subject, one was the former supermarket adjacent to the subject (3301 – 17 Avenue SE) and one was a strip retail centre located about one half block southeast of the subject at 3411 – 17 Avenue SE. The subject and the adjoining property both transferred on December 30, 2011, six months after the effective valuation date of July 1, 2011. The other strip centre transferred on April 19, 2011, about 2 ½ months prior to the valuation date. The subject had a land parcel area of 27,772 square feet and building area of 9,465 square feet. The other retail strip centre property had a land area of 13,866 square feet with a building of 16,987 square feet. The supermarket property was a 63,079 square feet with a 20,910 square foot building. The supermarket and the other strip centre had direct exposure to 17<sup>th</sup> Avenue SE, the major artery through Forest Lawn. The subject strip centre did not have 17<sup>th</sup> Avenue exposure. The subject property transferred in December 2011 at a price of \$838,350 which represents \$88.57 per square foot of building area. The adjoining supermarket property also transferred in December 2011 at a price of \$1,861,650, representing \$89.03 per square foot of building area. The other strip centre sold in April 2011 at a price of \$1,600,000, representing \$94.19 per square foot of building area (this building has a basement).

The Complainant maintained that the sale price of the subject property reflected its “decrepit” building condition, its location off of the major roadway (17<sup>th</sup> Avenue SE) and the fact that it was 40% vacant at the time of sale.

Notwithstanding that the subject and one of the comparable properties sold six months past the valuation date, both sales occurred during the assessment year. Market survey reports from major commercial real estate brokers (Avison Young and Colliers) showed that prices were relatively stable during the second half of 2011. If anything, prices increased slightly, indicating that the July 1 value would have been slightly less than the December sale price.

The 2011 assessments of all three properties were greater than the sale prices (the Board calculates Assessment to Sales Ratios – ASR's – of 2.10, 1.35, and 1.13 for the three sales).

Based on the sales evidence, the Complainant argued that the assessment for 2012 should be set at the December 2011 sale price which is truncated to \$830,000.

The Respondent provided data on three property sales to support the income approach valuation. In questioning the Respondent, the Complainant questioned buyer/seller motivation (one property was purchased by one of its tenants) and building type and size (one of the properties contained a two storey building), concluding that the sales were unreliable as support for the assessment. The Complainant also questioned the omission of the sale at 3411 – 17 Avenue SE from the Respondent's evidence when that property was so similar to the subject in terms of location and size and the sale had taken place just months prior to the valuation date.



**Position of the Respondent:**

The Respondent's evidence did not contain any detail nor support for the income approach because that had not been raised as an issue by the Complainant.

Since the Complainant supported its complaint by providing data on improved property sales, the Respondent provided data on other sales that supported its assessment. Three sales were described. One was a 4,950 square foot fully occupied strip centre built in 1973 on a 8,529 square foot lot located east of the subject street on 17<sup>th</sup> Avenue SE. This property sold in March 2011 for \$1,245,000 or \$251.52 per square foot of building area. The City of Calgary rated this building as "B-" quality.

The second sale involved 6,540 square foot two storey building built on a 4,041 square foot lot facing onto 17<sup>th</sup> Avenue SE east of the subject's street. This property was vacant at the time of sale. The January 2010 sale was at a price of \$775,000 or \$118.50 per square foot of building area. The City of Calgary rated this building as "B-" quality.

The third sale was of a 11,298 square foot strip centre built in 1965 on a 32,400 square foot lot facing 17<sup>th</sup> Avenue west of the subject street. This sale occurred in January 2012 at a price of \$2,600,000 or \$230.13 per square foot of building area. A sale report states that this property was fully occupied by three tenants "subsequent" to the date of sale. The City of Calgary rated this building as "C+" quality.

**Board's Findings and Decision With Reasons:**

The Respondent argued that two of the Complainant's improved property sales were "post facto" (December 2011) sales and were therefore not applicable to a valuation that had to be made as at July 1, 2011. However, in its support of the assessed value, the Respondent provided a sale that occurred in January 2012. The Board finds this unacceptable when there is no analysis of market changes to show why two December 2011 sales are not useful but one January 2012 sale is valid.

The Board accepts the Complainant's three sales as indicative of market values of improved properties in 2011. Although there were different building types and sizes involved, there was some consistency in the prices when broken down to a unit of comparison of price per square foot of building area. The Board noted that there was some variance in floor area of the building at 3411 – 17 Avenue SE, probably due to the presence of a basement. Nevertheless, the unit price based on a 16,987 square foot building (the area used in making its assessment), supports the rates for the other two properties. The Respondent provided no evidence to convince the Board that these were not valid sales and that they could not be relied upon in preparing the subject assessment.

The Board finds that two of the Complainant's sales provide some support to the sale price of the subject, regardless of the dates of sales. The Board also accepts some of the Complainant's concerns about the sales put forward by the Respondent. One of these concerns cast doubt on the purchase of a property by one of its tenants. It was not made clear to the Board whether the property had been exposed to the market or whether a deal had been made privately between landlord and tenant. Another was the comparison of a two storey building to a multi-tenant retail strip centre.






The decision of the Board was that the Complainant had raised a supported optional valuation of the subject property. The onus was then on the Respondent to convincingly support the income approach valuation. This was not done. The Board therefore accepts the Complainant's requested assessment as the best indication of market value.

The 2012 assessment is reduced from \$1,760,000 to \$830,000.

DATED AT THE CITY OF CALGARY THIS 15<sup>th</sup> DAY OF June 2012.

  
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W. Kipp  
Presiding Officer



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

<b>NO.</b>	<b>ITEM</b>
1. C1	Complainant Disclosure
2. R1	Respondent Disclosure
3. C2	Complainant Rebuttal

*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 Internal Use*

<b>Appeal Type</b>	<b>Property Type</b>	<b>Property Sub-Type</b>	<b>Issue</b>	<b>Sub-Issue</b>
CARB	Retail	Strip Plaza	Sales Approach	Sale of Subject ----- Comparables

