

**CALGARY
ASSESSMENT REVIEW BOARD
DECISION WITH REASONS**

In the matter of the complaints against the property assessments as provided by the *Municipal Government Act*, Chapter M-26, Section 460, Revised Statutes of Alberta 2000 (the Act).

between:

Riverfront Pointe Properties Group Inc., (as represented by Altus Group), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

T. B. Hudson, PRESIDING OFFICER

D. Julien, MEMBER

J. Kerrison, MEMBER

These are complaints to the Calgary Assessment Review Board in respect of property assessments prepared by the Assessor of The City of Calgary and entered in the 2012 Assessment Roll as follows:

ROLL NUMBERS: 201578960, 201578978, 201578986, and 201578994.

LOCATION ADDRESSES: 352, 346, 342, and 338 4 AV SE.

HEARING NUMBERS: 67788, 67793, 67794, and 67795

ASSESSMENTS: \$570,500, \$597,000, \$932,000, and \$683,000.

These complaints were heard on the 18th, and 20th days of June, 2012 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 6.

Appeared on behalf of the Complainant:

- *B. Neeson*

Appeared on behalf of the Respondent:

- *B. Tang*
- *A. Czechowskyj*

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

The Board decided to proceed based on a single presentation of the evidence and argument covering the complaints for all of the subject properties as agreed by the parties. The Complainant advised that notwithstanding their concern with respect to the lack of information provided by the Respondent in respect to requests filed under Section 299 and/or 300 of the Municipal Government Act (MGA); the issue would not be pursued in this hearing.

Property Description:

The subject properties consist of four main floor commercial office condominiums, ranging in size from 1100 to 1800 square feet (sf.), and constructed as part of the Riverfront Pointe residential condominium development in the Centre City Village Transition District of the Downtown East Village community. Alternatively known as the "River Front's Office Condos", they have all been assessed based on the direct sales comparison approach at \$500 per square foot (psf.).

Issues:

1. Do the current assessments exceed market value for assessment purposes?
2. Are the current assessments fair and equitable considering the assessed value and classification of comparable properties?
3. Should the assessment value of two of the office condo units be discounted by 25% due to lack of exterior public access?

Complainant's Requested Value:

Units 342 and 352- 4 AV SE ... \$521,920 and \$319,480 or \$280 psf.

Units 338 and 346- 4 AV SE ... \$286,860 and \$250,740 or \$210 psf.

Board's Findings in Respect of Each Matter or Issue:**1. Do the current assessment amounts exceed market value for assessment purposes?**

The Board finds that the current assessment amounts exceed market value for assessment purposes.

The evidence of the parties shows there were no sales of commercial office condo's located in the East Village during the valuation period. The Complainant advised that although the subject properties will be available for sale in the future and/or as opportunities arise, they are occupied by the property owners in order to market and sell the residential condo's in the River Pointe development. The Complainant also advised that the property owners are of the opinion that "there is no market", for office condo's in the East Village at this time.

The Board accepts the Complainant's argument and evidence through maps and photographs, that the location of the subject properties is not conducive to convenient vehicular or pedestrian access. The properties frontage is on 4th AV SE, but there is no direct vehicle access or egress from this location to 4th AV, for either east or west bound traffic. Vehicle access is only possible from Riverfront AV SE which is a block north of the subject properties. The proximity of the former Cecil Hotel and the Calgary Drop- In Centre may also impact negatively on the current market interest in, and the potential market value of, the property. Based on the evidence, the Board accepts the position of the Complainant that the subject properties should not be considered typical downtown commercial office condominiums for assessment purposes.

The sales evidence from the Respondent (see page 22 of Exhibit R1), in support of the assessed rate of \$500 psf., lists nine sales, including a mix of typical office and retail condo's. However, the majority of these have a "good" quality rating, (the subjects are rated "average" quality), and are located in the downtown commercial core; with no known negative access or other location issues. In addition, the Respondent did not submit any detail reports on the property sales for analysis.

The Board concluded from the evidence, that the typical commercial condo property sales presented by the Respondent were not sufficiently similar to the subject property, to be considered comparable.

2. Are the current assessments fair and equitable considering the assessed value and classification of comparable properties?

The Board finds that the current assessments should be reduced to \$280 psf., to reflect equity with the classification and assessed value of comparable properties.

The equity comparable evidence submitted by the Complainant, (see page 99 of Exhibit C1), indicated that older office condo properties located on the eastern edge of downtown with average and good quality ratings, have a median assessment value of \$280 psf. In particular,

the Board accepts that properties of similar size and quality, located in buildings at 1100 8 AV SW, and 1010 8 AV SW, are reasonable comparables to the subject properties, and they are assessed at \$280 psf.

In contrast, the equity comparable evidence submitted by the Respondent, (see page 23 of Exhibit R1), indicated that both office and some retail condo properties, with good and average quality ratings, and located in the downtown core or on the western edge of the downtown are all assessed at \$500 psf. Although similar in size and year of construction, the Board concluded that their locations are superior to that of the subject properties.

3. Should the assessment value of two of the office condo units be discounted by 25% due to the lack of exterior public access?

The Board finds there is insufficient evidence to support a 25% discount of assessed value due to the lack of exterior public access to two of the office condo units.

The Complainant explained that the only access to Unit 338 and Unit 346 is through either Unit 342 or Unit 352; there is no exterior public access. The Complainant argued this should be considered a negative influence. Using a chart of negative influence factors allegedly used by the City of Calgary (see page 65 of Exhibit R1), the Complainant suggested that there is precedent for applying a 25% discount (i.e. to \$210 psf.), to the assessment of these two units due to the negative influence of limited access.

The Respondent countered that the chart used by the Complainant is only applied by City of Calgary assessors to adjust the assessed value of vacant land.

The Board accepts the position of the Respondent that the negative influence discount is not appropriate for use in adjusting the assessed value of improved property.

In addition, the Board accepts the photo evidence submitted by the Respondent, illustrating both Unit 338 and Unit 346 have exterior windows which can be converted to exterior access doors as required.

Board's Decision: The assessments are reduced as follows:

352 4 AV SE...\$319,000 (rounded) or \$280 psf.
346 4 AV SE...\$334,000 (rounded) or \$280 psf.
342 4 AV SE...\$521,500 (rounded) or \$280 psf.
338 4 AV SE...\$382,000 (rounded) or \$280 psf.

DATED AT THE CITY OF CALGARY THIS 18 DAY OF July 2012.



T. B. Hudson

Presiding Officer

APPENDIX "A"

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

NO.	ITEM
1. C1	Complainant Disclosure
2. C2	Complainant Rebuttal
3. R1	Respondent 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 MGB Administrative Use Only

<i>Decision No.</i>		<i>Roll No.</i>		
<u>Subject</u>	<u>Type</u>	<u>Sub-Type</u>	<u>Issue</u>	<u>Sub-Issue</u>
CARB	Office Condo	Low Rise Unit Ownership	Market Value	Equity