

**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:

**Canada Safeway Limited
(as represented by Altus Group Ltd.), COMPLAINANT**

and

The City Of Calgary, RESPONDENT

before:

**J. Krysa, PRESIDING OFFICER
P. Grace, MEMBER
R. Kodak, MEMBER**

This is a complaint to the Calgary Assessment Review Board in respect of the property assessment prepared by the Assessor of The City of Calgary and entered in the 2012 Assessment Roll as follows:

ROLL NUMBER:	046058301
LOCATION ADDRESS:	134 17th Avenue NE
HEARING NUMBER:	68542
ASSESSMENT:	\$439,500

The complaint was heard on June 20, 2012, in Boardroom 5 at the office of the Assessment Review Board, located at 1212 – 31 Avenue NE, Calgary, Alberta.

Appeared on behalf of the Complainant:

- K. Fong

Appeared on behalf of the Respondent:

- E. D'Altorio

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

[1] There were no procedural or jurisdictional matters raised by either party during the course of the hearing.

Property Description:

[2] The subject property is a 3,124 sq.ft. (square foot) parcel of land, with a land use designation of DC (Direct Control District). The parcel is improved with a two storey, residential structure constructed in 1912; the size of which is unconfirmed as neither party had inspected the subject property prior to the hearing. The improvement has been adapted for use as commercial premises and is assessed as a "house conversion" by means of the direct sales comparison approach to value.

Issues:

[3] The Complainant raised the following matters in section 4 of the complaint forms:

3. an assessment
4. an assessment class
9. whether the property or business is assessable

However, at the hearing the Complainant led evidence and argument only in relation to matter 3, an assessment amount.

[4] The Complainant set out six grounds for the complaint in section 5 of the complaint form with a requested assessment value of \$187,400; however, only the following issues were in dispute at the hearing:

Issue 1. Is the assessment equitable in relation to the assessments of similar properties?

Issue 2. Is the assessment in excess of the market value of the property?

Complainant's Requested Value:

The Complainant requested an assessment of \$200,000.

Board's Decision in Respect of the Issue:

Issue 1: Is the assessment equitable in relation to the assessments of similar properties?

[5] The Complainant argued that the subject property is inequitably assessed in relation to the assessments of similar or superior properties. In support of the argument, the Complainant provided the assessment details of ten properties located in the vicinity of the subject, which range in parcel size from 2,075 to 18,687 sq.ft. and exhibit a range of assessment rates from \$48.00 to \$157.06 per sq. ft. (of land area), in contrast to the subject's assessment, which equates to \$140.69 per sq.ft.

[6] The Complainant provided a further analysis of the ten properties on the basis of improvement size. The improvements range in size from 882 to 6,000 sq.ft., in contrast to the subject's 1,998 sq.ft. improvement size as set out on the Respondent's public website, and exhibit a range of assessment rates from \$114.63 to \$451.51 per sq. ft. (of improvement area), in contrast to the subject's assessment, which equates to \$219.97 per sq.ft.

[7] The Complainant further provided the assessment details of a 4,684 sq.ft. vacant parcel of land located in the vicinity of the subject that has been assessed at a rate of \$60.00 per sq.ft., and argued that the subject should be assessed at the same rate, as the improvement on the subject property contributes no value to that of the underlying land.

[8] The Respondent argued that the Complainant's sample of properties are dissimilar to the subject, and are therefore not appropriate equity comparables. The Respondent submitted that the majority of the Complainant's comparable properties are office and retail properties that are assessed by means of the income approach to value, and only two of the properties are former residential structures that have been adapted for use as commercial premises; both of which are assessed significantly higher than the subject property.

[9] The Respondent argued that the subject property is equitably assessed in relation to the assessments of similar properties. In support of the argument, the Respondent provided the assessment details of four residential type properties that have been adapted for use as commercial premises. The improvements range in size from 1,092 to 1,729 sq.ft., and are located on parcels ranging in size from 2,815 to 4,489 sq.ft. Three of the improvements were constructed in 1912 (as the subject) and one was constructed in 1949. The property assessments range from \$413,500 to \$464,500 in contrast to the subject's assessment of \$439,500.

Decision: Issue 1

[10] The Board finds that the assessment of the subject property is equitable in relation to the assessments of similar and competing properties.

[11] The Board was persuaded by the Respondent's sample of "house conversion" properties which displayed assessment values approximating that of the subject property.

[12] The Board did not find the Complainant's sample of properties to be compelling evidence of an inequitable assessment, as the properties were significantly dissimilar to the subject property. Although the Board has significant concern over the apparent disparity of assessment values prepared by different approaches, most notably the three adjacent properties located at 1815, 1817 and 1819 Centre Street NW, the assessment of the subject property falls within the range of values per sq.ft. evident in the Complainant's analyses, as summarized below.

<u>Basis of Analysis</u>	<u>Range of Values</u>	<u>Subject Property</u>
Per Sq.Ft. Land Area:	\$48.00 to \$157.06 per sq. ft.	\$140.69
Per Sq.Ft. Improvement Area:	\$114.63 to \$451.51 per sq. ft.	\$219.97

Issue 2. Is the assessment in excess of the market value of the property?

[13] The Complainant argued that the subject property is a "land locked" parcel of land with very limited development potential as it is adjacent to developed properties. The Complainant further submitted that the improvement has been vacated as of December 2008, and the Complainant has not attempted or intended to re-lease the space as it was purchased to provide additional parking for the expansion of the Complainant's adjacent retail development, and not as an investment property.

[14] The Complainant argued that the current assessment equates to a rate of \$140.69 per sq.ft. of land area, whereas superior vacant parcels have sold at rates from \$60.00 to \$120.00 per sq.ft. Further, the Complainant argued that superior improved properties are selling at \$117.00 per sq.ft. of improvement area in contrast to the subject's assessment which equates to \$219.97 per sq.ft. of improvement area.

[15] In support of the arguments, the Complainant provided a sale transaction summary for a 6,241 sq.ft. parcel located at 210 16th Avenue NE, which transferred in May 2011 for \$625,000, equating to a rate of \$100.14 per sq.ft. of land area. The parcel was improved with a 38 year old, 1,316 sq.ft. retail structure which was demolished subsequent to the sale date.

[16] The Complainant further provided a sale transaction summary for a 6,250 sq.ft. parcel located at 126 16th Avenue NE, which transferred in April 2011 for \$850,000, equating to a rate of \$136.00 per sq.ft. of land area. The parcel was improved with a 54 year old, 7,225 sq.ft. office/retail structure, and the sale price equates to a rate of \$117.65 per sq.ft. of improvement area.

[17] The Respondent provided a summary of seventeen "house conversion" sales that transferred between August 2009 and May 2011, at values ranging from \$345,000 to 1,755,000. The 2012 model generated assessment for each of the properties was set out, exhibiting ASR's (assessment : sale ratios) ranging from .067 to 1.09, with median and mean ASR's of 0.99 and 0.97, respectively. The Respondent argued that the assessment of the subject was prepared by means of the same model formula; therefore it was an equitable estimate of market value reflective of recent market activity.

[18] The Respondent further argued that "house conversion" improvements generally continue to contribute to the value of a property over and above that of the underlying land. In support of that argument, the Respondent referred the Board to an extracted sample of six properties that are located in the vicinity of the subject, and argued that the sales exhibit a range of sale prices generally in excess of the value of the underlying land.

Address	Sale Date	Sale Price	Parcel Size Sq.Ft.
2719 Centre St NW	13-Oct-10	\$750,000	4,158
5015 Centre St NW	14-Feb-11	\$515,000	5,992
2201 Centre St NW	14-Oct-09	\$894,000	6,246
515 23 Avenue NW	21-Apr-11	\$355,000	2,997
505 30 Avenue NW	26-Jul-10	\$490,000	6,030
342 14 Street NW	27-May-11	\$610,000	3,758

[19] In further support of the assessment, the Respondent provided the Board with a sale transaction document relating to the Complainant's January 2008 purchase of the subject property in the amount of \$875,000.

Decision: Issue 2

[20] The Board finds that there was insufficient evidence presented to demonstrate that the assessment is in excess of the market value of the property.

[21] Although the Complainant argued that superior vacant parcels have sold at rates ranging from \$60.00 to \$120.00 per sq.ft., the sale of only one vacant parcel was submitted to the Board, exhibiting a sale price of \$100.14 per sq.ft. With respect to the Complainant's argument that the subject improvement does not contribute any value to the property, the Board notes that there was no material evidence presented by the Complainant to substantiate this claim, or to refute the Respondent's comparable sales used in assessment model.

[22] In contrast, the Board finds the Respondent's evidence of six nearby "house conversion" property sales, ranging from \$355,000 to 894,000, to be compelling evidence of comparable property values in proximity of the subject, and supportive of the subject's assessed value. The Board also notes that these sales, and the Complainant's sale of an improved property at 126 16th Avenue NE, at \$136.00 per sq.ft. of land area, generally disproves the Complainant's argument that older improvements contribute no additional value to that of the underlying land.

Decision:

The assessment is **confirmed** at: **\$439,500.**

DATED AT THE CITY OF CALGARY THIS

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DAY OF JULY, 2012.



J. Krysa,
Presiding Officer

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

NO.	ITEM
1. C1	Complainant's Submission (93 pages)
2. R1	Respondent's Submission (47 pages)

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

Subject	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	Retail	Stand Alone	House Conversion	Improvement Value