

**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:

Bradie Buildings Ltd. (as represented by MNP LLP), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

***P. Petry, PRESIDING OFFICER
I. Fraser, BOARD MEMBER
A. Huskinson, BOARD 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:

ROLL NUMBER: 067050419

LOCATION ADDRESS: 622 6 Avenue S.W.

FILE NUMBER: 65794

ASSESSMENT: \$2,770,000

This complaint was heard on 13 day of July, 2012 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue N.E. Calgary, Alberta, Boardroom 6.

Appeared on behalf of the Complainant:

- *M. Uhryn and G. Worsley*

Appeared on behalf of the Respondent:

- H. Neumann

Property Description and Background

[1] The subject property is 12,324 sq. ft of vacant land currently used as a private surface parking lot by the Bradie Building located next door. The subject land has a separate title from that of the Bradie Building, however both properties are owned by the same party.

[2] The assessment of the subject property has been based on the direct sales approach. The land rate applied by the Assessor is \$225 per sq. ft. The Complainant has proposed that this rate be reduced to \$205 per sq. ft.

Issues:

[3] What is the correct, fair and equitable per sq. ft. land rate for the subject property?

[4] Other matters and issues were raised in the complaint filed with the Assessment Review Board (ARB) on March 2, 2012. The only issue however, that the parties sought to have the Composite Assessment Review Board (CARB) address in the hearing on July 13, 2012 is the one referred to above. Therefore, the CARB has not addressed any of the other matters or issues initially raised in the Complaint.

Complainant's Requested Value:

[5] Based on the proposed land rate of \$205 per sq. ft the Complainant requests that the assessment for the subject property be reduced to \$2,520,000.

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

[6] The correct, fair and equitable land rate for the subject property is \$205 per sq. ft.

Summary of the Party's Positions

[7] The Complainant indicated that over the last few years there has been a lack of sales in

the downtown area making it necessary to expand the review area to include sales beyond the DT2E zone where the subject is located. The Complainant therefore drew 2 sales from the MUNI zone just east of the downtown core or the DT1 zone and 2 sales from the subject zone of DT2E, which is just west of the DT1 zone. The four sales introduced by the Complainant sold between June 2010 and June 2011. The average selling price of these sales was \$205.93 per sq. ft. and the median selling price was \$210.07 per sq. ft. The Complainant in its initial submission had attempted to extract the value of improvements for two of these sales but during the hearing decided to abandon this adjustment and used the raw sales values. This change in approach caused an adjustment to the Complainant's recommended land rate from \$186 per sq. ft. to \$205 per sq. ft.

[8] The Respondent presented a downtown basic street map showing nine land value assessment zones with their respective rates used by the Assessor for 2012. These values ranged from a low of \$120 per sq. ft. in East Village to \$325 per sq. ft. in the City Core. The Assessor explained that because there were a greater number of sales in East Village, these sales were used to track the downward market trend. This trend data was used to factor down land values in the other zones in the downtown. From this process coupled with consideration of the few sales in DT2E a land rate for DT2E was determined to be \$225 per sq. ft. The rate of \$225 per sq. ft was then equitably applied to the subject property and other similar properties in DT2E.

[9] The Respondent presented a sales chart for the DT2E zone showing sales that had occurred between August 2007 and December of 2010. The median value of these sales was \$363 per sq. ft. however to recognize the recent downward trend in values the Assessor had discounted this value by approximately 38% to the value of \$225 per sq. ft. as discussed in the preceding paragraph.

[10] The Complainant disputed the validity of two sales used by the Respondent. The Complainant argued that the property at 919 5 Avenue S.W. had sold five times since 2006 and had recently transferred back to the original owners. This sale is suspect for these reasons and is also an outlier give the high transfer price of \$435 per sq. ft. in November 2010. The sale of the property at 633 3 Avenue S.W. involved motivated purchasers and has a floor Area Ratio (FAR) of 14. This is double that of the other comparables and makes the property more valuable. The Respondent argued that an owner can do a number of things to increase the FAR and furthermore these sales have been determined to be valid sales by the City.

Findings and Reasons for the Board's Decision:

[11] The CARB understands the difficulty facing both parties with respect to the challenge of determining the market value of the subject when so few sales are available. The CARB was troubled by the discounting approach used by the Assessor based on factors that were understood to flow from general trending of sales in the East Village zone. The CARB noted that the reduction from the median value of sales in the zones where information was available varied within a range from a high of near 50% to a low of 30%. The Assessor was not able to explain how each land rate used for assessment purposes had been determined.

[12] The CARB therefore reasoned that greater confidence should be placed on the more recent sales even though they are few in number and without any attempt to adjust the resulting value. The CARB agrees with the Complainant that the sale at 919 5 Avenue S.W. and the sale at 633 3 Avenue S.W. are questionable and should not be included. The Board accepted that given the shortage of sales that the MUNI zone and DT2E were reasonably comparable and therefore the greatest weight was placed on the sales evidence brought forward by the

Complainant. These sales resulted in an average selling price of \$205 per sq. ft. and a median selling price of \$210. Per sq. ft.

[13] In recognition of the downward trend in the market the CARB was led to adopt the lower of these values being \$205 per sq. ft. Based on \$205 per sq. ft. the resulting assessment for the subject property is \$2,520,000.

Summary

[14] In this case both parties accepted the direct sales comparison approach to value. This presented some challenge because of the lack of sales. In the final analysis the CARB adopted the amended proposal of the Complainant which was based on a straight average of four reasonably recent sales. These sales produced an average selling price of \$205 per sq. ft.

[15] The \$205 per sq. ft. value applied to the subject property yields an amended assessment for the subject property of \$2,520,000.

It is so ordered.

DATED AT THE CITY OF CALGARY THIS 8th DAY OF Aug 2012.



Presiding Officer

APPENDIX "A"

DOCUMENTS PRESENTED AT THE HEARING AND CONSIDERED BY THE BOARD:

NO.	ITEM
1. C1	Complainant Disclosure
2. C2	Complainant Rebuttal

2. R3

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 ADMINISTRATIVE USE

Subject	Property Type	Property Sub-Type	Issue	Sub-Issue
Land	Parking Use		Unit Rate	