

**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

Cidex Developments Ltd.
(as represented by *Altus Group Limited*), **COMPLAINANT**

and

The City of Calgary, **RESPONDENT**

before

L. Yakimchuk, **PRESIDING OFFICER**
H. Ang, **MEMBER**
D. Julien, **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: 067105908

LOCATION ADDRESS: 1010 12 Av SW

FILE NUMBER: 67904

ASSESSMENT: \$1,000,000

This complaint was heard on July 17, 2012 at the office of the Assessment Review Board located at Floor Number 4, 1212 - 31 Avenue NE, Calgary, Alberta, Boardroom 3.

Appeared on behalf of the Complainant:

- *D. Genereux, Altus Group Limited*

Appeared on behalf of the Respondent:

- *E. Currie, City of Calgary Assessment*

Property Description:

[1] 1010 12 Av SW is a 5,375 square foot (sf) office building located on 6,502 sf of property on the north side of 12th Av between 9 and 10 St SW, in Calgary's Beltline district. The "B" class building was built in about 1910 and renovated in 1950. It is currently assessed for land value, at \$1,000,000.

Issues:

[2] Is the property assessed equitably when compared to similar properties? Is Highest and Best Use (HBU) the appropriate assessment approach? If the Income Approach is used, is the property classified correctly and are the correct rates applied to that classification to determine market value?

Complainant's Requested Value: \$610,000

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

Evidence and Arguments

[3] The Complainant, D. Genereux, Altus Group Limited, stated that the subject property is a small office building located in Calgary's City Centre Mixed District. He argued that the Land Value assessment is much too high and the property would more equitably be assessed on the Income Approach, using a "C" classification rather than the current "B" classification.

[4] Mr. Genereux included an equity comparison chart of "B" class buildings which were assessed from \$108/sf to \$228/sf, with a median of \$168/sf. He proposed that the subject be assessed at \$126/sf, stating that although it was rated "B" it had the characteristics of a "C" class building. Mr. Genereux also went on to demonstrate how the rates applicable to this building should be calculated, using an 8.25% capitalization rate and a \$12.00/sf rental rate, to arrive at the requested value of \$610,000.

[5] The Complainant also submitted documentary evidence to support his argument that Land Value is not a true value unless the owner is planning to change the use of the property in the foreseeable future. He suggested that there is a large bank of land available for

development in the downtown area and it is highly unlikely that all of it will be used in the next year.

[6] The Respondent, E. Currie, City of Calgary Assessor showed two comparative assessments where property assessed through the Income Approach had significantly lower assessed values than they were subsequently sold for. When the properties were assessed at the Land Rate, the assessment was much closer to the Market Value. She stated that in the past landowners had complained that their properties had been assessed inequitably because adjacent Income producing properties were assessed at less than their Market Value. Assessing the properties at HBU was intended to rectify the problem.

[7] Ms. Currie presented a list of five property sales in the Beltline district which had occurred between July 1, 2010 and July 1, 2011. Some had existing improvements and the value of those improvements was subtracted from the Sale Price to calculate the Land Value. The weighted mean of the residual land rates was \$160/sf and the median was \$153/sf, resulting in the current assessment rate of \$155/sf for this area.

Board Findings

[8] The Board found that, although the Complainant asked for the subject property to be assessed as a "C" class Income producing property, there were no "C" class equity or sales comparable properties presented to support his argument. Therefore it is not possible to establish whether the request by the Complainant would create an equitable assessment. Further, as this request would be applied to this property in isolation, it would likely not reflect equity with other properties.

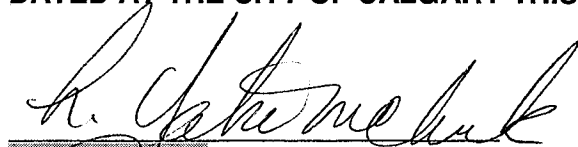
[9] The Respondent's Land Sales comparables required some adjustment, but the Board accepted that these comparable sales confirmed that the subject was assessed at a fair value. Mass assessment requires that all similar properties be assessed in the same way in order to create equity. Highest and Best use equalizes the assessment process when it is applied appropriately.

[10] The Board accepts that the subject property was assessed appropriately for its Land Value.

Board's Decision:

[10] The Board confirms the assessment at \$1,000,000.

DATED AT THE CITY OF CALGARY THIS 16 DAY OF August 2012.



L. Yakimchuk
Presiding Officer

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

NO.	ITEM
1. C1	Complainant Disclosure
2. R2	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:

Decision No. 0808-2012-P

Roll No. 092028703

Subject	Type	Issue	Detail	Issue
CARB	Land	HBU	Approach	Income Approach