

**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:**

***La Caille Properties Inc. (as represented by Altus Group), COMPLAINANT***

**and**

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

**before:**

***R. Mowbrey, PRESIDING OFFICER***

***K. Coolidge, MEMBER***

***J. Kerrison, MEMBER***

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

<b>ROLL NUMBER</b>	<b>LOCATION</b>	<b>FILE NUMBER</b>	<b>ASSESSMENT</b>
200844710	924B 5 Av SW	67082	\$ 824,000
200844728	924A 5 Av SW	67083	\$ 640,000
200844744	918A 5 Av SW	67178	\$1,710,000
201193562	912 5 Av SW	66661	\$ 617,000
201193596	485 8 St SW	66660	\$ 577,500
201193604	475 8 St SW	66659	\$ 670,500
201193612	465 8 St SW	66658	\$ 492,000

These complaints were heard on the 31<sup>st</sup> day of July 2012 at the office of the Assessment Review Board located at Floor Number three, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom nine.

Appeared on behalf of the Complainant:

- D. Hamilton

Appeared on behalf of the Respondent:

- D. Grandbois

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

- [1] Upon questioning by the Presiding Officer, the parties indicated they had no objection to the composition of the Board. In addition, the Board members stated they had no bias on these files.
- [2] With the agreement of both parties, the property complaint was heard in conjunction with six related files, making seven in total. The parties advised the Board that the evidence was identical in all files. The Board agreed with the parties' position and the Board would only hear the evidence from both parties on the one file.
- [3] The Complainant requested that the files be heard today rather than when they were scheduled on July 30, 2012 due to a scheduling conflict. The Board agreed to hold the files over, however; the Respondent wanted it noted that he was prepared to proceed with the files on July 30, 2012.

**Property Description:**

- [4] The subject property is a retail condominium located in the 900 block of 5<sup>th</sup> Ave. SW. The subject property and other similar properties are assessed using the direct sales comparison approach and as such, are assessed at \$500 per square foot. The subject property was built in 2006 and has a 2012 assessment of \$824,000.

**Issues:**

- [5] What is the market value on the subject property?
- [6] Is the assessment of the subject property fair and equitable in relation to other similar properties?

**Complainant's Requested Values:**

ROLL #	FILE #	ASSESSMENT	RATE (\$/FT)	REQUESTED VALUE
200844710	67082	\$824,000	\$340	\$ 560,320
200844728	67083	\$640,000	\$340	\$ 435,200
200844744	67178	\$1,710,000	\$340	\$1,098,880
201193562	66661	\$617,000	\$340	\$ 419,560
201193596	66660	\$577,500	\$340	\$ 392,700
201193604	66659	\$670,500	\$340	\$ 455,940
201193612	66658	\$492,000	\$340	\$ 334,560

**Complainant's Position:**

- [7] The Complainant filed this complaint on the basis that the subject property assessment of \$824,000 was inequitable in relation to other similar properties and was in excess of market value. In support of this position, the Complainant presented the Board with 169 page evidence package (Exhibit C-1). The Complainant stated that the assessment increase year over year was 56%, and this has been considered excessive.
- [8] The Complainant presented the Board with six equity comparables and stated these equity comparables were assessed much lower than the subject property (Exhibit C-1 page 6). The average equity assessment per square foot for the four newer retail condos is \$325 and the median is \$340 per square foot. The average assessment per square foot for the older two restaurants is \$252 and the median is \$278 per square foot. In addition, the Complainant advised the Board that these retail condos were not the traditional drive-to retail units and these retail units catered to people living in the immediate area (Exhibit C-1 pages 69-87).
- [9] The Complainant presented the Board with five other equity comparables and stated these assessments were much lower than the subject properties under appeal. These other retail assessments were single occupant units. The average assessment rate for the five retail units was \$302 per square foot and the median assessment rate was \$315 per square foot. Four of the equity comparables presented by the Complainant were valued using the income approach to valuation using parameters derived from the sales of similar buildings (Exhibit C-1 pages 88-102).
- [10] The Complainant advised the Board that the equity comparable at 219 8<sup>th</sup> Ave. SW was more desirable than the subject property and was assessed at \$387 per square foot (Exhibit C-1 pages 88-91).
- [11] The Complainant further advised the Board that the equity comparable at 120 8<sup>th</sup> Ave. SW was assessed at \$317 per square foot. The Complainant advised the Board that the

property was much older than the subject property, but had been completely redeveloped (Exhibit C-1 92-93).

- [12] The Complainant advised the Board that the equity comparable at 108 8<sup>th</sup> Ave. SW was assessed at \$315 per square foot. Once again, the Complainant advised the Board, while the property was much older than the subject property but had been completely redeveloped (Exhibit C-1 pages 95-98).
- [13] The Complainant advised the Board that the equity comparable at 113 8<sup>th</sup> Ave. SW was assessed at \$262 per square foot (Exhibit C-1 pages 99-100). The Complainant advised the Board that this property was a high end restaurant.
- [14] The equity comparable at 100 118 8<sup>th</sup> Ave. SW was assessed at \$230 per square foot and was the only comparable valued on the sales comparison approach (Exhibit C-1 pages 101-102).
- [15] The Complainant presented one sale to the Board (Exhibit C-1 page 104). The selling price per square foot was \$304 and was considered to be in average condition.
- [16] The Complainant advised the Board that the properties under appeal, with the exception of roll #200844744, have been reclassified from retail condo to office condo (Exhibit C-1 page 62).
- [17] The Complainant advised the Board that two previous Composite Assessment Review Boards had reduced the subject properties under appeal to \$350 and \$320 per square foot. The previous Boards had established that the subject properties under appeal were similar to Buchanan's Restaurant. In addition, the Boards mentioned that office condominiums are not considered comparable to retail condominiums. The previous Boards were satisfied that the Complainant's argument regarding equity could stand on its own merit, without regard to market value, or the use of comparable sales data (Exhibit C-1 pages 107-117).
- [18] During argument, the Complainant stated that the subject properties under appeal have been assessed at \$500 per square foot, whereas other downtown properties have been assessed at \$340 per square foot.
- [19] The Complainant pointed out the principle of substitution. The Complainant posed the question of why someone would pay \$500 per square foot for the subject properties, when you would only have to pay \$340 in comparable properties in the downtown or the beltline district. The Complainant mentioned that the beltline had similar traffic patterns as the subject properties.
- [20] During argument, the Complainant mentioned that the Respondent's sales analysis regarding the two retail sales at \$298 per square foot and the median of the 2011 office sales was \$456 per square foot. The conclusion being that values are declining while the subject properties were given a 56% year-over-year increase.
- [21] During cross examination, the Complainant noted that there was limited parking available for the subject properties during the morning and afternoon rush hour traffic.
- [22] The Complainant asked the Respondent a question regarding the fact that all office and retail condos are assessed the same for all similar quality classifications and the Respondent answered in the affirmative.
- [23] In conclusion, the Complainant requested the Board reduce the 2012 assessments to the requested amounts based on \$340 per square foot.

**Respondent's Position:**

- [24] The Respondent presented the Board with a 208 page assessment brief (Exhibit R-1). The assessment brief included sales comparables and equity comparables, as well as evidence rebutting the Complainant's argument.
- [25] The Respondent explained to the Board that the subject assessment and similar assessments were prepared using the direct sales comparison methodology. The Respondent stated that non-residential condominiums citywide were valued using the sales approach. The Respondent emphasized that it has been determined that for 2012 non-residential condominium units, there is no difference in assessed rates between office and retail condo units. The analysis has not indicated a conclusive difference in the sale price per square foot between office and retail condos of similar location, year of construction and quality. However, there is one adjustment for size. All condos greater than 10,000 square feet are assessed at \$200 per square foot (Exhibit R-1 page 13).
- [26] The Respondent presented a sales chart to the Board that showed 13 A+ class condo sales and 2 A class condo sales. The average sale price per square foot of the sales was \$554.79 and the median was \$563.97. However, the Respondent advised the Board that if you only counted those sales for the last 12 months, the average sale price per square foot was \$526.21 and the median was \$555.85, the inference being the market had dropped somewhat. The Respondent indicated that the sales definitely supported the 2012 assessment of the subject properties (Exhibit R-1 page 23).
- [27] The Respondent presented a sales chart to the Board that showed nine A class condominium sales in the beltline district. The average sale price per square foot for these sales was \$371.75 and the median was \$381.41. The Respondent further noted that the last twelve months produced an average sale price per square foot of \$348.24 and the median was \$340.64 (Exhibit R-1 page 24).
- [28] The Respondent presented a sales chart to the Board that showed five B class sales in the beltline district. The average sale price per square foot for these sales was \$310.84 and the median was \$320.75. If one takes just the last twelve months, the average sale price per square foot was \$271.21 and the median was \$247.60. There were no market sales for class B buildings in the downtown district and the rate for class B in the beltline was applied to the downtown properties (Exhibit R-1 page 25).
- [29] The Respondent provided the Board with a chart from the City of Calgary's transportation department. The chart showed the number of vehicles per day driving on different roads in Calgary (Exhibit R-1 page 17).
- [30] The Respondent provided a chart to the Board showing the Complainant's equity comparables. The chart depicted the assessed rate per square foot, the class of condo and the year of construction (Exhibit R-1 page 26).
- [31] The Respondent produced a chart to the Board that showed all condos over 10,000 square feet of assessed area was assessed at \$200 per square foot (Exhibit R-1 page 27).
- [32] During argument, the Respondent noted some of the differences in traffic patterns between the subject properties under appeal and the Complainant's comparables. The subject properties have between 19,000 to 20,000 vehicles going by daily, whereas the

subject properties have between 19,000 to 20,000 vehicles going by daily, whereas the Complainant's comparables are in areas, where the traffic is not even counted and an example would be less than 7,000 vehicles per day. The Respondent noted that the subject properties have high, high exposure.

- [33] In addition, the subject properties are in newer constructed buildings as opposed to the Complainant's comparables being in older buildings.
- [34] During summary, the Respondent challenged the Complainant's comparables on grounds including but not limited to inferior locations and older buildings. In addition, the subject properties have more retail units, thus increasing the overall business.
- [35] The Respondent addressed the issue of CARB #2549/2011-P. Last year's appeal was a post facto sale and the Respondent had asked for an increase in assessment to \$550 per square foot, which would be similar to other newer constructed non-residential condominiums in the downtown core. The hearing was held October 21<sup>st</sup> 2011 and the decision was rendered November 24<sup>th</sup> 2011. The subject property sold for \$340,000 and the transaction went through land titles on November 29<sup>th</sup> 2011. Thus, the sale of the property approximated the assessed value (Exhibit R-1 page 36).
- [36] In conclusion, the Respondent asked the Board to confirm the 2012 assessments of the subject properties.

**Boards Decision:**

- [37] The decision of the Board is to confirm the 2012 assessments of the subject properties.

**Reasons for the Decision:**

- [38] The Board was persuaded by the Respondent's sales chart that showed A+ class condo sales had an average sale price per square foot of \$526 and a median sale price per square foot of \$556. The sales comparables of these condo sales supports the assessed value of \$500 per square foot.
- [39] The Board put little weight on the Complainant's sale comparables, as there was only one sale and the Board could not rely on one sale to adjust the assessment.
- [40] With equity being an issue, the Board was persuaded by the fact that all A+ class condo assessments were assessed at \$500 per square foot.
- [41] Regardless, the Board finds that market sales provided a superior estimate of value.
- [42] The Board recognizes the income approach is a valid methodology for establishing market value. However, the Board is persuaded by the Respondent's reasoning that a large percentage of condos are owner-occupied, and as such, have no income attributed to it.
- [43] The Board was persuaded with the Respondent's rebuttal regarding the Complainant's equity comparables. Three of the Complainant's equity comparables were class B condo units, which makes the comparability most difficult.
- [44] The Board distinguished the previous decisions as those particular Boards were not afforded the market sales provided at this hearing which supported the \$500 per square

foot rate applied by the Respondent.

DATED AT THE CITY OF CALGARY THIS 10 DAY OF Aug 2012.

  
Robert Mowbrey  
Presiding Officer

**APPENDIX "A"**

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

<b>NO.</b>	<b>ITEM</b>
1. C1 169 pages	Complainant Disclosure
2. R2 208 pages	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
CARB	Condo	Retail Condo	Market Value	Direct sales Equity