

**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:

801 SEVENTH INC (as represented by Altus Group Ltd), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

F.W. Wesseling, PRESIDING OFFICER

D. Steele, MEMBER

H.Ang, 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: 067057208

LOCATION ADDRESS: 667 7 St SW

FILE NUMBER: 67827

ASSESSMENT: \$3,550,000

This complaint was heard on 7th day of September, 2012 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 2.

Appeared on behalf of the Complainant:

- M. Cameron

Appeared on behalf of the Respondent:

- D. Grandbois

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

[1] No specific jurisdictional or procedural matters were raised during the course of the hearing, and the CARB proceeded to hear the merits of the complaint.

Property Description:

[2] Subject property is located in downtown Calgary on a corner lot. The site contains 17,527 square feet on which a commercial building is located containing 23,156 square feet. The property is connected to adjacent properties via a plus 15 walkway. The City of Calgary Land Use Bylaw designates the subject site with a "Downtown Business District" classification.

Issues:

The Complainant raised the following matter in Section 4 of the Assessment Complaint form: Assessment amount

Presentation of the Complainant and Respondent were limited to:

- Assessment market value is overstated in relation to comparable properties.
- Income Approach.

Complainant's Requested Value: \$1,850,000

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

[3] Complainant's Position: The subject property, though improved with an office building, is assessed on the basis of land value. The Complainant put forward a case that the subject property should be valued by the capitalized net income method because it is subject to long term leases (C1, p33) and is associated with and operated together with the adjacent property known as the Nexen Tower. Eight equity comparables were provided by the Complainant. In addition, the Complainant provided background information that the property had been assessed until 2010 using the income approach.

[4] It was indicated that the owner of the property had no plans to redevelop the property and there were no development permits before the City for consideration. It is argued that the

highest and best use implied redevelopment of the property. The Complainant outlined the current availability of vacant developable land in downtown Calgary as an oversupply situation and that for the subject site redevelopment would be financially unfeasible.

[5] The Complainant provided an income approach valuation for the subject property which supports the requested assessment of \$1,850,000. In support of the request, income approach valuations of comparable C class buildings in the Downtown were reviewed.

[6] Respondent's Position: The Respondent submitted that the assessment of the subject property reflects only the value of the land as the improvement is considered to contribute no additional value to the site. The methodology applied is not unique to the subject property and has been applied throughout the City where the income generated by the improvement, capitalized, do not establish a market value higher than the market value of the land, were it vacant. The income approach is deemed to be inappropriate for this site as the current building represents only a small percentage of the permitted development density (FAR) allowed for this property (R1, p25-27, CM-2 Downtown Business District). Sales information was provided for the various assessment areas within the Downtown. The focus was on DT2E and DT2W to substantiate the base rate applied in terms of the assessment.

[7] In Rebuttal, the Complainant argued that redevelopment of the subject property was neither imminent nor foreseeable and there is no information to indicate otherwise. The Complainant questioned some of the City's comparable properties and sales information and as such was suspect of the foundation of the equity argument.

Board's Decision:

[8] Upon reviewing the verbal and written evidence provided by the parties, the Board found that the Complainant failed to demonstrate that the assessment was in excess of market value.

[9] The Board confirms the assessment at \$3,550,000.

Reasons: -The Board found that the subject property is equitably assessed with due consideration to its development potential.

-The Board determined that the capitalized assessment approach as suggested by the Complainant does not reflect the market value of the subject property.

- The Board held that there was little evidence of comparable assessments provided by the Complainant that had a similar degree of being underdeveloped as is exhibited by the subject property.

DATED AT THE CITY OF CALGARY THIS 25 DAY OF September 2012.


F.W. Wesseling
Presiding Officer

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

NO.	ITEM
1. C1	Complainant Disclosure
2. C2	Complainant's 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.*

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<i>Decision No.</i>		<i>Roll No.</i>		
<u><i>Subject</i></u>	<u><i>Type</i></u>	<u><i>Issue</i></u>	<u><i>Detail</i></u>	<u><i>Issue</i></u>
CARB	Office Building	Income Approach	Highest and best use	Equity