

**CALGARY
COMPOSITE 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:

***Krita Investments Ltd.,
(represented by Altus Group Limited),***

COMPLAINANT

And

The City Of Calgary,

RESPONDENT

Before

***M. Chilibeck, PRESIDING OFFICER
J. Lam, MEMBER
K. Farn, 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: 090024399

LOCATION ADDRESS: 4007 Macleod TR SW

HEARING NUMBER: 68521

ASSESSMENT: \$4,540,000.

[1] This complaint was heard on 11th day of October, 2012 in Boardroom 8 on Floor Number 3 at the office of the Assessment Review Board located at 1212 – 31 Avenue NE, Calgary, Alberta.

[2] Appeared on behalf of the Complainant:

- A. Izard, representing the Altus Group

[3] Appeared on behalf of the Respondent:

- C. Fox, Property Assessor, representing the City of Calgary

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

[4] Neither party raised any objections to a member of the Board hearing the subject complaint.

[5] Neither party raised any preliminary matters.

Property Description:

[6] The subject property is a strip retail shopping centre with three buildings constructed in 1990 situated on 1.35 acres of land. The subject buildings are categorized as quality A-, A+ and A2 and are categorized as automotive services and retail mixed use.

The subject land is under land use designation of Commercial-Corridor 2 (C- COR2)

[7] The subject is located on the south west corner side of Macleod TR and 39 AV in the Parkhill/Stanelly Park community of SW Calgary and is referred to as the Stanley Park Retail Centre.

Issues:

[8] The Complainant identified the matters of an assessment amount and assessment classification on the Assessment Review Board Complaint (Complaint Form) and attached a schedule listing several reasons (grounds) for the complaint. At the hearing the Complainant advised that the assessment amount is under complaint and identified the following issue.

1. The assessed land rate should be reduced to \$60 per sq. ft.

Complainant's Requested Value:

[9] As per disclosure: \$3,530,000.

Board's Findings in Respect of Each Issue:

[10] Although the subject property is improved with several buildings, it is assessed at its land value only.

[11] The assessment is determined using the sales comparison method and is assessed at \$100 per sq. ft. for the first 20,000 sq. ft. and at \$60 per sq. ft. for the balance of the area plus a 5% adjustment for corner influence.

[12] The Complainant disputes the assessed rate of \$100 per sq. ft. for the first 20,000 sq. ft. of land area.

Land Rate

Complainant's Position

[13] The Complainant argued that the assessed land rate of \$100 is in excess of market value for properties located on Macleod TR and took the position that the land rate should be \$60 per sq. ft.

[14] Four sale comparables, all located along Macleod TR, were provided by the Complainant in support of the requested land rate of \$60 per sq. ft.. These are sales of improved property therefore, the land residual method was used to determine the land value for each sale and the resulting land rate. The value of the improvements was calculated by using the Marshall & Swift cost manual; to calculate the replacement cost new and deduct an amount for depreciation to recognize the age of the improvements. This building value was deducted from the sale price with the remainder (residual) attributable to the value of the land.

[15] The land residual rate range is \$54 to \$79 per sq. ft. with a mean rate of \$63 and median rate of \$59 per sq. ft.. The Complainant asserted the rate at \$54 (residual rate) per sq. ft. is the best indicator of value because it required the least number of adjustments.

Respondent's Position

[16] The Respondent stated that although the subject property is improved, a value determined by using the income method is less than the market value of the land. Therefore the subject was valued as if the parcel of land was vacant.

[17] The Respondent argued the Complainant's land residual method of calculating the land value using four sale comparables is flawed. The Respondent supported the argument by submitting additional information regarding each sale.

[18] For sale of 5720 Macleod TR, the improvement value is low because it does not include the value for the parkade. This property is assessed on the income method.

[19] For sale of 7212 Macleod TR, this property was a former McDonalds restaurant that was extensively renovated and an addition constructed in 2011/2012 subsequent to sale date. This property is assessed at land value only.

[20] For 7425 Macleod TR, the property was extensively renovated prior to the sale date. This property is valued at land value only.

[21] For 9110 Macleod TR, the improvement value is low because the gas station improvements are not included in the calculations. This property is valued on the income method.

[22] Also, the Respondent stated that no evidence was supplied to support the effective aging for the improvements when the improvement value was calculated by the Complainant. The Respondent believes the effective aging in the improvement valuation by the Complainant inflates the residual value which results in a lower land value therefore, the land value is understated.

[23] The Respondent stated there are no recent sales of vacant land on Macleod TR and that historically, land values on Macleod TR SW and 16 AV NE have been the same. The Respondent stated that the 16 AV NE and Macleod TR market areas are sufficiently similar in development and land use designations and therefore vacant land sales from 16 AV can be applied to Macleod TR. Both areas have land use designations of C-Cor, Commercial Corridor .

[24] In support of the assessed land rate, the Respondent provided four vacant land sales; one in south east Calgary, one in north west Calgary and two in north east Calgary on 16 AV. It was argued that the two sales on 16 AV in north east Calgary are the best indicators of land value. These two sales are time adjusted at \$108 and \$100 per sq. ft. and it was asserted this supports the assessed rate of \$100 per sq. ft..

Board's Reasons

[25] The Board finds the Complainant's analysis of their sale comparables to be unreliable. Sufficient evidence was not provided regarding the effective aging for the improvements (buildings). The Board understands that effective aging is a subjective process, however it believes this should be supported by as much evidence as possible. The Complainant admitted some of the improvements were not valued and the Respondent asserted that some of the improvements were not valued or over valued.

[26] However the Board found one sale of interest, that being the sale of 7212 Macleod TR. This property sold for \$64.64 per sq. ft. of land area and the sale data indicates the building was expected to be demolished.

[27] The Board was not convinced of the similarity of the 16 AV and Macleod TR market areas. No evidence was provided to the Board to show the similarity of the 16 AV market area to the Macleod market area other than the assertion they are commercial corridors (C-COR).

[28] Also, the Board finds the Respondent's 16 AV sale comparisons are not sufficiently similar to the subject. The Board finds these sales have a land use designation of C-COR1 which permits a higher density development than the subject at C-COR2 and the parcel areas, of 16,988 and 6,241 sq. ft., are significantly less than the subject at 58,866 sq. ft.

[29] However, the Board found the sale of 7212 Macleod TR to be the best evidence of land value for the subject property. This property sold for \$64 per sq. ft. of land area on the basis that the building was expected to be demolished. The Respondent recognized the improvement does not add any value to the land by valuing the land only. No improvement value is recognized in the assessment for this property. On finding insufficient evidence from the Respondent to support the assessed land rate, the Board was persuaded by the sale of 7212 Macleod TR to change the assessed rate to \$64 per sq. ft.. The Board determined the change in assessment by applying this rate to the total land area plus the corner influence adjustment.

Board's Decision:

[30] The Board's decision is to change the assessment to \$3,940,000.

DATED AT THE CITY OF CALGARY THIS 5th DAY OF November 2012.


for. **M. Chillbeck**
Presiding Officer

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

NO.	ITEM
1. C1	Complainant's Disclosure
2. R1	Respondent's 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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Decision No. 046-2078-2012-P				Roll No.090024399
<u>Subject</u>	<u>Type</u>	<u>Issue</u>	<u>Detail</u>	<u>Sub-Detail</u>
CARB	Retail	Strip Plaza	Development Land	Land Value