

**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:

***Kourosh Nakhostin-Assef and (as represented by Altus Group Ltd.), COMPLAINANT
Leanne Nakhostin-Assef***

and

The City Of Calgary, RESPONDENT

before:

***P. Petry, PRESIDING OFFICER
Y. Nesry, BOARD MEMBER
D. Steele, 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: 068177005

LOCATION ADDRESS: 224 – 15 Avenue S.W.

FILE NUMBER: 67927

ASSESSMENT: \$1,630,000

This complaint was heard on 15th day of October, 2012 in boardroom 3, at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue N.E. Calgary, Alberta.

Appeared on behalf of the Complainant:

- M. Cameron and D. Genereux

Appeared on behalf of the Respondent:

- J. Lepine

Property Description and Background

The subject property consists of a 7,007 square foot lot improved with a 3,370 square foot (sq. ft.) three story house built in 1912 that had been, in more recent times, converted to office space. This is a Beltline property in the community of Connaught and is classed as non-residential - commercial.

The subject property has been valued by the Assessor using the sales comparison approach which, in this case results in a value of \$232.65 per sq. ft. of land. The Complainant challenges the basis for this assessment claiming that the land rate of \$232.65 per sq. ft. is too high and should be reduced to \$195 per sq. ft..

Issues:

- 1) Does the real estate listing of the subject property reflect a reasonable estimate of its market value as of July 1, 2011?
- 2) Which sales and valuation analysis yields the best estimate of market value for the subject property?

Complainant Requested Value:

- 3) The Complainant proposes five alternative routes to value for the subject property. However, places greatest weight on its requests leading to a value of \$1,360,000.

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

- 4) The CARB decision is that the current assessment at a land rate of \$232.65 per sq. ft. is the best estimate of the subject's market value on July 1, 2011.
- 5) The real estate listing of the subject property is not a reliable indicator of market value for the subject property.

Summary of the Party's Positions

Complainant

6) The Complainant presented six sales comparables, five from the Connaught district and one from the Bankview district of the Beltline. One of these sales was post-facto as it occurred in March 2012. The five sales excluding the post-facto sale sold over a period from March 2010 through May 2011 and produce a mean land rate of \$197 per sq. ft., a weighted mean of \$188.57 per sq. ft. and a median rate of \$194. 29 per sq. ft.. These sales indicated a range in land value selling prices from a low of \$106 per sq. ft. to a high of \$266 per sq. ft..

7) These sales also were considered on the basis of their per sq. ft. value of building area with the following results. The mean value based on a building rate is \$421.40 per sq. ft., the weighted mean rate is \$425.67 per sq. ft. and the median rate is \$423.39 per sq. ft..

8) The post-facto sale date March 5, 2012 sold at a land rate of \$130.60 per sq. ft. or a rate of \$206.01 per sq. ft. based on the building area.

9) The Complainant provided a listing document for the subject property that it assumed would have taken place in early 2012. The listing was with Barclay Street Real Estate Ltd. and the asking price was \$1,500,000. The Complainant provided information for three of its sales comparisons showing that the average drop from listing price to sales price is approximately 7% for these sales. If that difference is applied to the asking price for the subject then the likely sales price would be \$1,395,000.

10) Based on this evidence the Complainant developed the following requests:

Basis for Request	Rate Applied	Resulting Request Value
Weighted Mean Land rate	\$188 per sq. ft. of Land	\$1,310,000
Median Land Rate	\$195 per sq. ft. of Land	\$1,360,000
Lowest Land Rate of the five sales	\$106 per sq. ft. of Land	\$740,000
Listing Value (\$1,500,000)	93% of listing Price	\$1,395,000
Median Building Unit Rate	\$424 per sq. ft. of Building Area	\$1,420,000

11) In rebuttal the Complainant brought forward a number of variations dealing with values based on building unit rates. In summary the Complainant relied on a value derived from three sales offered by the Respondent and one sale brought forward by the Complainant. These sale values result in a mean building unit rate of \$405 per sq. ft.. This rate when applied to the subject building area of 3,370 sq. ft. produces an end value of \$1,364,850 which, the Complainant argued supports the requested value of \$1,360,000.

Respondent

12) The Respondent argued that the Complainant's sales comparable in Bankview at 1909 – 17th Avenue S.W. is not a good comparable because of its distance out from the core area of the Beltline where values are typically lower. The Respondent also argued that the Complainant's sale located at 329 – 14 Avenue S.W. has a multi – residential designation, not

commercial, and this is likely the reason this sale reflects a very low value of \$106 per sq. ft. of land. The Complainant argued that properties under the Direct Control designation can usually be changed to commercial use or to residential use from their present designation and therefore the current land use designation is not that important.

13) The Respondent presented a table showing all house conversion sales in the City of Calgary from April 2009 through May of 2011. It then singled out the three sales from the larger group that had occurred in the Beltline. These three sales ranged in value from \$269.38 per sq. ft. of land to \$245.85 per sq. ft. of land. The Respondent argued that these sale values support the assessment of the subject at \$232.65 per sq. ft. of land.

14) The Respondent argued that the land value is the best indicator of value when analyzing the available sales as the land is where the majority of the market value lies and the variation of improvements make it extremely difficult to make appropriate adjustments.

Findings and Reasons for the Board's Decision:

Issue 1) Listing of the Subject Property

15) The Complainant proposed a value of \$1,395,000 based on a discount of 7% from the asking price shown on the listing. The CARB is hesitant to place much weight on listing values in general but in this case there are a number of reasons why the listing is not very helpful.

- Neither the date of the listing nor the date of expiry was known by the Complainant.
- There was no evidence of activity by way of offers, increases or decreases to the asking price, renewal or termination of the listing.
- How long was the listing active?

16) The CARB concludes that there was simply too little information to place any weight on the fact that the subject property may have been listed for sale at some point in the past.

Issue 2) Sales Analysis

17) The CARB agreed with the Respondent's argument respecting the lack of good comparability between the subject and the sale at 1909 – 17th Avenue S.W. given the distance this property is west of the main Beltline core. Also the selling price of property at 329 - 14 Avenue S.W. may have been affected by the Multi Residential land use designation.

18) Further the CARB narrowed its consideration to values based on the per sq. ft. of land basis rather than values determined based on the per sq. ft. of building area. There are significant differences between the subject and also among the comparables with respect to building size, age, condition and structural features. Site coverage may also be a factor in the functionality and value potential purchasers would consider. For these reasons the CARB finds that unadjusted per sq. ft. values based on the area of the respective improvements are not reliable indicators of market value.

19) The CARB agrees with the Complainant that the four Beltline sales it has analyzed in its rebuttal are those with the greatest degree of similarity to the subject property. While these sales produce a mean rate of \$405 per sq. ft. based on building area, they also produce a mean rate of \$244 per sq. ft. based on land area. In light of the CARB's conclusion respecting rates based on building area reviewed above, greater weight is placed on the mean rate of \$244 per

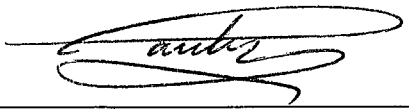
sq. ft. arising from the respective land areas. This value supports the subject property's assessed rate of \$232 per sq. ft. and therefore the CARB finds no compelling reason to alter the assessment in this case.

Summary

20) The Complainant sought to have the CARB change the assessment of the subject property based on numerous and different analysis of sales and based on a listing of the property. In the final analysis the CARB accepted one set of sales proposed by the Complainant but placed weight on the value arising from the rate per sq. ft. of land rather than the value arising from the rate per sq. ft. of building area. The land rate of \$244 per sq. ft., supports the subject's assessed rate of \$232 per sq. ft. of land and therefore the subject assessment is confirmed at \$1,630,000.

It is so ordered.

DATED AT THE CITY OF CALGARY THIS 6th DAY OF November 2012.



Paul Petry, Presiding Officer

APPENDIX "A"

DOCUMENTS PRESENTED AT THE HEARING AND CONSIDERED BY THE BOARD:

NO.	ITEM
1. C1	Complainant Disclosure
2. C2	Complainant Rebuttal
3. R1	Respondent Disclosure

An appeal may be made to the Court of Queen's Bench in accordance with the Municipal Government Act as follows:

470(1) *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.*

470(2) *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).*

470(3) *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
Non-residential	Commercial	House Conversion	Land Rate	Land Improved