

**CALGARY
ASSESSMENT REVIEW BOARD
DECISION WITH REASONS**

In the matter of the complaints against these property assessments as provided by the *Municipal Government Act*, Chapter M-26, Section 460, Revised Statutes of Alberta 2000 [the Act].

between:

***First Capital (McKenzie Towne Lands) Corporation
(as represented by Altus Group Limited), COMPLAINANT***

and

The City of Calgary, RESPONDENT

before:

***J. Dawson, PRESIDING OFFICER
D. Pollard, MEMBER
J. Lam, MEMBER***

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

ROLL NUMBER:	200349751	200425056
LOCATION ADDRESS:	142 McKenzie Towne Link SE	97 McKenzie Towne Boulevard SE
LEGAL DESCRIPTION:	Plan 0312030; Block 24; Lot 8	Plan 0312030; Block 50; Lot 5
HEARING NUMBER:	67984	67987
ASSESSMENT:	\$ 1,050,000	\$ 1,000,000

- [1] These complaints were heard on the 1 day of November, 2012 at the office of the Assessment Review Board [ARB] located at Floor Number 4, 1212 31 Avenue NE, Calgary, Alberta, Boardroom 2.
- [2] Appeared on behalf of the Complainant:
- B. Neeson Agent, Altus Group Limited
- [3] Appeared on behalf of the Respondent:
- R, Farkas Assessor, City of Calgary

SECTION A: Preliminary, Procedural or Jurisdictional Issues:

Preliminary Issue 1 - Common Hearing:

- [4] The Complainant requested that two properties adjacent to each other with identical ownership and issues before the Board be heard in one hearing. The Respondent supported the Complainant's request.
- [5] **The Board agreed to hear the two roll numbers listed above as a single hearing before the Board.**

Preliminary Issue 2 - Evidence

- [6] The Complainant and the Respondent requested to bring forward all evidence, comments, questions, and answers articulated during previous hearings, and heard before this Board to this hearing: CARB 2328/2012-P.
- [7] **The Board determined, from decision CARB 2328/2012-P, that all evidence, comments, questions, and answers, is to be brought forward and incorporated just as if it were presented during this hearing.**
- [8] No additional preliminary, procedural, or jurisdictional matters were identified.

SECTION B: Issues of Merit

Property Description:

ROLL NUMBER: 200349751

- [9] The subject – 142 McKenzie Towne Link SE, is vacant land with a Direct Control [DC] land use designation [LUD] (which mirrors Commercial – Neighbourhood [C-N2]). The subject is located at the intersection of McKenzie Towne Link and 52 Street SE in McKenzie Towne.
- [10] The Respondent prepared the assessment on the direct comparison approach. The site has an area of 43,488 square feet.

ROLL NUMBER: 200425056

- [11] The subject – 97 McKenzie Towne Boulevard SE, is a vacant land property with a Direct Control [DC] land use designation [LUD] (which mirrors Commercial – Neighbourhood [C-N2]). The subject is located at the intersection of McKenzie Towne Boulevard and 52 Street SE in the community of McKenzie Towne.
- [12] The Respondent prepared the assessment on the direct comparison approach. The site has an area of 37,783 square feet.

Matters and Issues:

- [13] The Complainant identified two matters on the complaint forms:
- Matter #3 - an assessment amount*
Matter #4 - an assessment class
- [14] Following the hearing, the Board met and discerned that this is the relevant question which needed to be answered within this decision:
1. *What is the correct value for the subject property?*

Complainant's Requested Value:

ROLL NUMBER:	200349751	200425056
On complaint form:	\$826,000	\$717,000
Within disclosure:	\$741,035	\$643,882
Confirmed at hearing:	\$741,000	\$643,500

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

Matter #3 - an assessment amount

Question 1 *What is the correct value for the subject property?*

Complainant's position

- [15] The Complainant argued that the Respondent's method of assessing neighbourhood commercial property is flawed and does not consider location. \$17.04 per square foot is a better indication of value versus the \$55 per square foot assessed for the first 15,000 square feet. (C1 p. 2 and C2 p. 2)
- [16] The Complainant reviewed the subject's details including; 2012 Property Assessment Notices, Property Assessment Summary Reports, 2012 Assessment Explanation Supplement –

Commercial Land reports, maps and photos. (C1 pp. 9-20 and C2 pp. 8-17)

- [17] The Complainant provided a chart of recent commercial vacant land sales showing seven transactions between September 28, 2010 and December 15, 2011. The southeast sales derived a median and mean of \$15 per square foot. The Complainant added the following comment to the bottom of the chart; *"Copperpond and Skyview Ranch are developing areas on the perimeter of the city while Centre, 16th and Elbow are all located in far superior developed areas in the city of Calgary. Vacant land is valued based on LOCATION, LOCATION, LOCATION. The highest vacant land value is Downtown Calgary."* (C1 pp. 22-30 and C2 pp. 19-27)
- [18] The Complainant included excerpts from a document sent from the Respondent June 21, 2012 explaining the valuation of commercial land. (C1 pp. 31-33, 44-53, C2 pp. 28-30 and 41-50)
- [19] The Complainant presented information contained on the Respondent's website regarding valuation of commercial property. The key factors are identified as; 1) Location, 2) Size, 3) Land Use, and 4) Influences. Additional information briefly explained the variances in non-residential land use designations. (C1 pp. 34-43 and C2 pp. 31-40)

Respondent's position

- [20] The Respondent indicated that the subject assessed value is correct and was derived using sales information. (R1 p. 3 and R2 p. 3)
- [21] The Respondent reviewed the subject properties including; map, photos, and 2012 Assessment Explanation Supplement – Commercial Land and Cost report. (R1 pp. 5-8 and R2 pp. 5-8)
- [22] The Respondent explained the key factors of; 1) Land Use, 2) Size, 3) Location, and 4) Influences and that these influences were applied to non-residential land. (R1 pp. 10-13 and R2 pp. 10-13)
- [23] The Respondent provided the study of 2012 Commercial Land Values to validate their conclusion that C-V vacant land is valued at \$55 per square foot for the first 15,000 square feet and \$8 per square foot for the remainder on a city-wide basis. (R1 p. 14 and R2 p. 14)
- [24] The Respondent concluded that the assessment is correct, fair and equitable and requested that the Board confirm the assessment. (R1 p. 16 and R2 p. 16)

Board's findings

- [25] The Board finds that location is a key factor in the assessment of property and that understanding the value found in the marketplace based on location requires careful analysis.
- [26] The Board considered the land sales presented by the Complainant. Below are the addresses, size and sales prices reported:

COMPLAINANTS SALES

Address	Area	Land Use	Reported Sales Price	Value per square foot
101 Copperpond Boulevard SE	87,120	C-N2	\$900,000.00	\$10.33
101A Copperpond Boulevard SE	40,946	C-N2	\$779,190.00	\$19.03
111 Skyview Ranch Way NE	86,684	C-N2	\$1,496,480.00	\$17.26
5103 Elbow Drive SW	13,504	C-N2	\$805,000.00	\$59.61
3624 Centre Street NE	10,182	C-N2	\$640,000.00	\$62.86
4024 16 Street SW	12,500	C-N2	\$1,000,000.00	\$80.00
9940 Elbow Drive SW	22,254	C-N2	\$1,000,000.00	\$44.94
MEDIAN	22,254			\$44.94
MEAN	39,027			\$42.00

[27] Using the sales above the median works out to \$45 per square foot – very close to the assessments; however, the median size is nearly half that of the subjects.

[28] Below the data is culled. During the hearing the Complainant suggested the locations below are in similar development stage making them the best comparables:

COMPLAINANTS SALES (Culled for location)

Address	Area	Land Use	Reported Sales Price	Value per square foot <15001
101 Copperpond Boulevard SE	87,120	C-N2	\$900,000.00	\$10.33
101A Copperpond Boulevard SE	40,946	C-N2	\$779,190.00	\$19.03
111 Skyview Ranch Way NE	86,684	C-N2	\$1,496,480.00	\$17.26
MEDIAN	86,684			\$17.26
MEAN	71,584			\$15.54

[29] Analysing the culled sales the median works out to \$17.25 per square foot – very close to the requested assessments; however, the median size is about two times that of the subject.

[30] The Board then considered the land sales presented by the Respondent using the addresses, size and sales prices as reported. The Board notes that the Complainant and Respondent have different values for size 101 Copperpond Boulevard SE and the Respondent seem to have missed the 'A' within the address. 101 Copperpond Boulevard SE has two sales; one for 2 acres and then another for nearly an acre for 101A Copperpond Boulevard SE. In addition, the sale reported by the Complainant at 111 Skyview Ranch Way NE is reported as 55 Skyview Ranch Way NE by the Respondent. The sales are the same dollar value, same date and nearly identical area:

RESPONDENT SALES

Address	Area	Land Use	Time Adjusted Sales Price	Influence Adjustment	Value per square foot
101 Copperpond Boulevard SE	43,560	C-N2	\$779,190.00	5%	\$17.04
55 Skyview Ranch Road SE	89,115	C-N2	\$1,459,068.00	5%	\$15.59
5103 Elbow Drive SW	13,504	C-N2	\$805,000.00	5%	\$56.77
6108 Bowness Road NW	7,322	C-N1	\$399,000.00		\$54.49
3501A 18 Street SW	3,099	C-N2	\$250,000.00		\$80.67
517 23 Avenue NW	2,997	C-N1	\$289,000.00		\$96.43
8650 112 Avenue NW	416,869	C-C2	\$8,604,000.00	5%	\$19.66
MEDIAN	13,504				\$54.49
MEAN	82,352				\$48.66

- [31] Using the sales above the median is \$54 per square foot – very close to the subjects assessed values for the first 15,000 square feet as explained by the Respondent. However, the median size is much smaller than that of the subject.
- [32] Below the data is culled, again using the Complainant's suggested locations that are in similar development stage:

RESPONDENT SALES (Culled for location)

Address	Area	Land Use	Time Adjusted Sales Price	Influence Adjustment	Value per square foot
101 Copperpond Boulevard SE	43,560	C-N2	\$779,190.00	5%	\$17.04
55 Skyview Ranch Road SE	89,115	C-N2	\$1,459,068.00	5%	\$15.59
8650 112 Avenue NW	416,869	C-C2	\$8,604,000.00	5%	\$19.66
MEDIAN	89,115				\$17.04
MEAN	83,181				\$17.43

- [33] Analysing these culled sales the median works out to \$17 per square foot – again very close to the requested assessment; however, the median size is still more than double that of the subject.
- [34] The Board compared the results of the Respondent's analysis to the 2012 Commercial Land Values chart and is somewhat confused. It appears the Respondent derived the value of \$55 per square foot for the first 15,000 square feet based on the time adjusted sale amounts divided by the total area of each sale. Then somehow the Respondent arrived at a value of \$8 per square foot for area greater than 15,000 square feet.
- [35] Using the 2012 Commercial Land Value chart and applying the value of \$8 per square foot for area greater than 15,000 square feet and then calculating the residual value and allocating the result as the value for the first 15,000 square feet results in a range in values.
- [36] The results as reported in the chart below suggest that the stratification employed by the Respondent is incorrect; the values range from \$34.12 to \$330.59 per square foot. It doesn't seem reasonable to calculate a value for the whole area and then applying it to just one part:

Address	Area	Land Use	Time Adjusted Sales Price	INFLUENCE	>15000	<15001	Value per square foot <15001
101 Copperpond Boulevard SE	43,560	C-N2	\$779,190.00	5%	\$228,480.00	\$511,750.50	\$34.12
55 Skyview Ranch Road SE	89,115	C-N2	\$1,459,068.00	5%	\$592,920.00	\$793,194.60	\$52.88
5103 Elbow Drive SW	13,504	C-N2	\$805,000.00	5%	\$-	\$764,750.00	\$56.63
6108 Bowness Road NW	7,322	C-N1	\$399,000.00	0%	\$-	\$399,000.00	\$54.49
3501A 18 Street SW	3,099	C-N2	\$250,000.00	0%	\$-	\$250,000.00	\$80.67
517 23 Avenue NW	2,997	C-N1	\$289,000.00	0%	\$-	\$289,000.00	\$96.43
8650 112 Avenue NW	416,669	C-C2	\$8,604,000.00	5%	\$3,214,952.00	\$4,958,848.00	\$330.59

[37] The Board carefully considered all the evidence and finds these two sales best derive a value for the subject and accept the median value of \$18 per square foot for the assessed value of the subject:

SALES ACCEPTED BY THE BOARD

Address	Area	Land Use	Reported Sales Price	Value per square foot <15001
101A Copperpond Boulevard SE	40,946	C-N2	\$779,190.00	\$19.03
111 Skyview Ranch Way NE	86,684	C-N2	\$1,496,480.00	\$17.26
MEDIAN and MEAN	63,815			\$18.15
SUBJECT 200349751	43,488	C-N2	\$782,784.00	\$18.00
SUBJECT 200425056	37,783	C-N2	\$680,094.00	\$18.00

Matter #4 - an assessment class

[38] The Board did not hear any evidence requesting a change in an assessment class from its current non-residential designation.

Board's Decision:


ROLL NUMBER: 200349751

[39] After considering all the evidence and argument before the Board it is determined that the subject's assessment is changed to a value of \$782,500 which reflects market value and is fair and equitable.

ROLL NUMBER: 200425056

[40] After considering all the evidence and argument before the Board it is determined that the subject's assessment is changed to a value of \$680,000 which reflects market value and is fair and equitable.

DATED AT THE CITY OF CALGARY THIS 21 DAY OF December 2012.


J. Dawson
Presiding Officer

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

NO.	ITEM
1.	C1 Complainant Disclosure Roll # 200349751 – 75 pages
2.	C2 Complainant Disclosure Roll # 200425056 – 71 pages
3.	R1 Respondent Disclosure Roll # 200349751 – 33 pages
4.	R2 Respondent Disclosure Roll # 200425056 – 33 pages

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.*

Municipal Government Board use only: Decision Identifier Codes				
Appeal Type	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	Other Property Types	Vacant Land	Sales Approach	Land Value