

**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:

Grand Cathay Centre Ltd. (as represented by Altus Group), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

W. Kipp, PRESIDING OFFICER

Y. Nesry, MEMBER

D. Pollard, 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 2011 Assessment Roll as follows:

ROLL NUMBER:	201 065 687
LOCATION ADDRESS:	307 – 1 Street SE, Calgary AB
HEARING NUMBER:	64631
ASSESSMENT:	\$5,100,000

This complaint was heard on the 28th day of September, 2011 at the office of the Assessment Review Board located at Floor No. 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 12.

Appeared on behalf of the Complainant:

- *S. Sweeney-Cooper (Altus Group)*

Appeared on behalf of the Respondent:

- *B. Tang (Assessment Business Unit)*

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

There were no procedural or jurisdictional issues to be decided.

Property Description:

The property that is the subject of this complaint is a surface parking lot located in the Chinatown district of downtown Calgary. The site comprising eight lots occupies the southwest corner of the 3 Avenue and 1 Street SE intersection. Area of the site is 24,318 square feet.

The 2011 assessment is \$5,100,000 (\$209.72 per square foot). The base land assessment rate for this area of downtown is \$200 per square foot. The subject assessment reflects a 5% upwards adjustment for its corner location.

Issues:

The Assessment Review Board Complaint form filed March 7, 2011 had check marks in boxes 3 (Assessment amount) and 4 (Assessment class) in Section 4. For Section 5 – Reasons for Complaint, there was an attachment to the form setting out 13 grounds for the complaint.

At the hearing, the Complainant argued for a reduction in the land rate.

Issue: "What is the correct base land rate applicable to the subject land?"

Complainant's Requested Value: \$4,498,830 (\$185.00 per square foot with no corner influence adjustment)

Party Positions on the Issues:

Complainant's Position:

The land is assessed at a base rate of \$200 per square foot with a 5% increase for corner influence.

There have been few sales of downtown land and many of those were distress or court-ordered sales so the Complainant also presented some sales that occurred in the Beltline which is the district immediately south of the Canadian Pacific Railway line that passes through downtown.

Details of four downtown sales are provided in the Complainant's evidence. Three are reported as "Distress Court Order" sales. The dates of the sales were from October 2009 to July 2010. Prices were from \$125.13 to \$358.70 per square foot. The median and average of the four prices are \$192.04 and \$216.98 per square foot, respectively.

Eight Beltline sales are in evidence as well. Three of these were marked as "Distress Court Order" or "Distress Foreclosure." Prices are from \$116.42 to \$214.84 per square foot. When these eight sales are combined with the four downtown sales, the median and average rates are \$183.65 and \$183.59, respectively.

Having regard to the sales data in the Respondent's evidence, the Complainant argues that the sales do not support the \$200 per square foot rate used in Chinatown. For example, four sales in the DT1 zone have mean and median prices of \$589.82 and \$566.73 per square foot respectively. For the five sales in zone DT2 East, the mean and median are \$421.58 and \$316.96. Seven sales in DT2 West have mean and median prices of \$241.79 and \$243.51. In Chinatown, there were two sales, one in 2006 at \$328.57 per square foot and one in 2007 at \$353.12 per square foot. The Respondent apparently adjusts historic sales by -1% per month to reflect changes in market conditions (time adjustment). Since 2006-2007 was at the peak of the market, those sales should have been given a discount of more than 1% per month. The Complainant questioned the \$200 per square foot Chinatown base rate when none of the Respondent's evidence supported that rate.

Finally, an analysis of assessments of improved properties in the Beltline indicates that assessments have dropped as much as 32% but the downtown land assessment rate only declined by 6%.

The sale evidence of the Complainant supports the requested \$185 per square foot base rate.

Respondent's Position:

Having regard to the base land rate, the Respondent argued that the majority of the Complainant's comparable property sales were invalid for valuation purposes because they were distress/court order sales, they involved land exchanges, they were government purchases or sales that were motivated by conditions other than those applicable to arms-length buyers and sellers. Beltline properties cannot be compared to downtown properties.

The aforementioned DT1, DT2 and Chinatown sales were presented as supporting evidence for the downtown base land rates, including the \$200 rate for Chinatown.

Board's Decision:

The 2011 assessment is confirmed at \$5,100,000.

Reasons for the Decision:

All four of the Complainant's downtown sales have characteristics that make them less reliable as indicators of market activity. The prices varied widely (from \$125.13 to \$358.70 per square foot) which makes comparison difficult when there are only four sales in total. It is interesting that the mean and median of these four sales support the base assessment rate more than they support the Complainant's requested rate.

The Beltline is a different market area and there is no evidence before this Board that shows that sales activity there is influenced by the same market conditions as in downtown.

The Respondent was unable to clearly convey the method of applying the time adjustment of 1% per month, however, that point is irrelevant because of the Board finding that the Complainant's evidence does not establish a reliable alternative base land value. The Complainant did not provide evidence of a different time adjustment rate.

Percentage changes in assessments of income producing improved properties in the Beltline cannot be used to imply that downtown land assessments should have changed at an equivalent rate.

DATED AT THE CITY OF CALGARY THIS 25th DAY OF October 2011.



W. Kipp
Presiding Officer

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

NO.	ITEM
1. C1	Complainant Disclosure
2. 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.*

For Administrative Use:

Appeal Type	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	Other	Vacant Land	Sales Approach	Land Comparables