

**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**

***Armor Holdings Inc  
(represented by Altus) COMPLAINANT***

**and**

***The City Of Calgary, RESPONDENT***

**before**

***L. Yakimchuk, PRESIDING OFFICER  
A. Blake, MEMBER  
J. Pratt, 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:

<b>ROLL NUMBER:</b>	<b>067023507</b>
<b>LOCATION ADDRESS:</b>	<b>512 4 Ave. SW</b>
<b>HEARING NUMBER:</b>	<b>64536</b>
<b>ASSESSMENT:</b>	<b>\$2,920,000</b>

This complaint was heard on October 20, 2011 at the office of the Assessment Review Board located at Floor Number 4, 1212 - 31 Avenue NE, Calgary, Alberta, Boardroom 6.

Appeared on behalf of the Complainant:

- *S. Sweeney-Cooper, Altus, complainant*

Appeared on behalf of the Respondent:

- *D. Lidgren, City of Calgary Assessment Business Unit*

**Jurisdictional and Procedural Matters:**

There were no jurisdictional or procedural matters.

**Property Description:**

512 – 4 Ave. SW was assessed as 7,811 sq. ft. of land located in the Downtown Commercial Core of Calgary. The improvement on it is a freestanding restaurant commonly known as Caesar's Steakhouse. The current assessment is \$2,920,000.

**Issues:**

Does the highest and best use approach to valuing this property best reflect its market value?

**Complainant's Requested Value:** \$2,590,000 (income approach) or  
\$1,523,145 (sales approach)

**Board's Reasons for Decisions in Respect of Each Matter or Issue:**

Ms. S. Sweeney-Cooper (Altus), on behalf of Armor Holdings Inc., said that the assessment of the subject property is unfair and inequitable considering the market sales of comparable properties. The assessment was incorrectly calculated based upon the unfounded assumption that its highest and best use is as redevelopment land.

She stated that the City sales comparables (C-1, p. 96) were largely unacceptable as most were not between willing buyer and willing seller, or within the assessment period. Further the vacant land sales commonly had improvements, many of which were being used for income. Most of them did not have development permits for redevelopment, so the current use was the expected use for the year.

To support her argument, Ms. Sweeney-Cooper presented a list of sales of vacant land which had a median value of \$183.65 per square foot and a mean value of \$183.59 per square foot (C-1, p.17). She stated that the number of sales was limited and she used beltline rather than downtown core sales (comparable to the subject). She conceded that there would have to be an adjustment of 35% to accommodate the difference in location, thus making the rate \$263 per square foot for a requested assessment of \$2,054,000.

However, as the vacant land sales were so limited, and because she believed that the current

use is the Highest and Best Use at this time, Ms. Sweeney-Cooper went on to calculate the value of the property using the Income Approach, with a rate of \$21.00 per square foot, vacancy of 12% and 9% CAP rate. This resulted in a value of \$2,590,000.

Mr. D. Lidgren, on behalf of the City of Calgary, stated that *"the City of Calgary is legislated to derive fair and equitable assessments which reflect market value as of July 1 of the previous year which in this case is 2010 July 1."* As well, *"the City of Calgary is not legislated to apply one specific approach to value in arriving at market value, as suggested in ... Board Decision ARB 0522/2010-P."* (R-1, p.19).

Further Mr. Lidgren believed that, although offices had shown some distress in the assessment period, the Complainant had not demonstrated that this was true for the subject property, which is a restaurant. He showed that the subject property has a land use designation of CM-1 with a base FAR of 7.0 (maximum 20.0). The buildable improvement size would be 54,677 square feet at the base FAR. Currently, the dated improvement is 14,300 square feet in size.

The Respondent went on to say that if capitalized income value is incapable of reflecting market value, then a different approach must be taken. The current Land Value for the property is more reflective of Market Value. He presented four (dated) comparable DT1 Land Sales ranging in sale date from May, 2007 to November, 2008, with a median value of \$567 per square foot and a mean of \$589 per square foot (R-1, p.96). Rates for DT2E and DT3 lands were also shown with more recent supporting land sales (R-1, p.97), indicating that the market value of land had dropped about 20% from the previous assessment period. The subject property was assessed at \$375 per square foot.

The Board observed that a lack of land sales in the DT1 area during the assessment period made it difficult for either party to clearly prove market value. The Income Approach value for this property does not reflect any of the available land sale values, including time-adjusted dated sales, distress sales, adjacent DT area sales, or post facto sales. Although these sales are not perfect indicators of true market value, they indicate that the Income Approach is inaccurate.

Properties which indicate a higher Land Value than Income Approach Value are typically assessed at Land Value. This creates equity within the assessment group. This is the goal of mass assessment.

The Complainant, Ms. Sweeney-Cooper (Altus), did not show a more equitable approach to the assessment than the one the City used. Without this proof of value, the Board could not accept her requested values.

**Board's Decision:**

Assessment is confirmed at \$2,920,000.

DATED AT THE CITY OF CALGARY THIS 14<sup>th</sup> DAY OF November 2011.

  
**Lana Yakimchuk**  
Presiding Officer

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

<b>NO.</b>	<b>ITEM</b>
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.*

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**This information is for MGB Records Only**

File Number	Roll Number	Subject Type	Issue	Detail	Sub-Detail
2548	067023507	CARB	HBU	Land Value	Retail

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