

**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:

***CSH Colonel Belcher Inc., (as represented by Ducharme, McMillen and Associates),
COMPLAINANT***

and

The City Of Calgary, RESPONDENT

before:

***C. McEwen, PRESIDING OFFICER
P. Grace, MEMBER
Y. Nesry, 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: 061064705

LOCATION ADDRESS: 1945 VETERANS WY NW

HEARING NUMBER: 63305

ASSESSMENT: \$17,220,000

This complaint was heard on the 3rd day of November, 2011 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, AB, Boardroom 5.

Appeared on behalf of the Complainant:

- M. Pierson

Appeared on behalf of the Respondent:

- S. Poon
- T. Johnson

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

There were no jurisdictional or procedural matters raised by either party.

Property Description:

The subject property is the Colonel Belcher senior's residence, constructed in 2003, located in the Parkdale district of NW Calgary. The 3.48 acre site is improved with a 4-story structure containing 175 units comprised of 72 studios, 84 one-bedroom and 19 two-bedroom suites. The total number of suites includes 15 Assisted Living units associated with the Assisted Living residence adjacent to the subject property. The subject is assessed as a Senior Citizens (Supervised) development (IS0411) using the Cost Approach to Value. The land is assessed at \$5,960,196 and the improvement at \$11,266,911.

Issues:

Is the subject property assessed higher than market value and is the assessment inequitable to comparable properties? Specifically,

1. Is the land value assessment correct?
2. Is the improvement calculation correct?

Complainant's Requested Value:

\$12,376,000

Board's Findings and Reasons in Respect of Each Matter or Issue:

The Board finds the subject's land value correctly assessed for the following reasons:

- The Complainant provided a chart of seventeen comparable land sales (C1, page 29) and argued that the comparable's average selling price of \$909,000 per acre (~\$21 per square foot) provided a better indication of value of the subject land parcel than the assessed value of \$1,712,700 per acre (~\$39 per square foot). The Complainant noted that there were few registered land sales in NW Calgary during the valuation year and so the land sales chart included properties from throughout the city.

The Respondent argued that fourteen of the Complainant's comparable land sales occurred in 2008 and that none of the sale prices had been time adjusted to the valuation date. The Respondent also argued that none of the comparables were in close proximity to the subject and none of them shared the subject's zoning (M-2). The Respondent also provided a Sales Comparable Overview Chart (R1, page 43) showing six north Calgary land sales including three properties located in the same market zone as the subject property that sold for an average of \$119 per square foot. The subject is assessed at a rate of \$45 per square foot on the first acre and \$37 per square foot on its residual area. The respondent asked the Board to confirm the assessed land rate as the Complainant's land comparables lacked any similarity to the subject property and, therefore, could not form the basis of a market comparison.

The Board agrees with the Respondent and finds the Complainant's evidence insufficient to reduce the assessment of the subject land parcel. The Complainant's land sales comparables are too dissimilar in size, location and zoning to the subject property to be used for comparison purposes. In addition, the assessed value of the subject property's land is supported by the market evidence presented and relied upon by the Respondent.

The Board finds the subject improvement incorrectly assessed for the following reasons:

- The subject improvement was costed using Marshall and Swift. The Complainant argued that the assessor had made a number of input errors regarding the subject's exterior finish and air conditioning in addition to classifying the improvement incorrectly for assessment purposes.

The Complainant provided a number of interior and exterior photographs of the subject which showed an exterior finish that was predominantly stucco combined with a small portion of decorative brick work. The Complainant also provided a Commercial Building Valuation Report (C1, page 34) that showed the subject assessment reflected a 50/50 ratio of stucco to brick whereas the actual ratio, the Complainant suggested, was closer to 95/5, stucco to brick.

The Complainant argued that the valuation report (page 34) showed the subject building was assessed as 100% air-conditioned when, in fact, only the common areas of the building were air-conditioned. The Complainant supported his argument with an email from the subject property's facility manager (C1, page 44-45) that confirmed air conditioning was not available within the residential units.

Finally, the Complainant argued that the occupancy classification of the subject building (589, Multiple Residence, Assisted Living Low Rise) was incorrect as only a small percentage of the 175 suites (<10%) were dedicated to Assisted Living. The Complainant argued that the subject property should be classified as 451, Multiple Residence, Senior Citizen (Low Rise) to better reflect the characteristics of the building.

The Complainant provided a recalculation of the subject improvement using Marshall and Swift and adjusting for the exterior finish, air conditioning and occupancy classification inputs. The recalculation resulted in a subject improvement value of

\$9,213,555.

- The Respondent admitted that the subject's exterior finish input might be erroneous.

The Respondent challenged the email string supporting the Complainant's argument regarding air conditioning as the email parties were not clearly identified. The Respondent suggested that the Board could not be sure of who the parties were and so could not be certain that the information was accurate.

The Respondent argued that the occupancy classification applied to the subject improvement was correct in that the requested classification (451) was restricted to buildings no greater than three stories in height. Given the height of the subject structure (four stories), the Assisted Living units on site and the limited kitchens within the suites, the Respondent argued that the 589 classification was appropriate.

- The Board accepts the Complainant's arguments on all three input issues. The subject photographs support the Complainant's position that the building exterior is stucco with some small percentage of architectural detail provided by brick. This matter was not really challenged by the Respondent.

The Board accepts that only the common areas of the subject building are air conditioned. The email from the facility manager is supported by the institution's brochure (R1, page 23) that refers to "air conditioning in common areas".

The Board accepts that the 451 occupancy classification is more appropriate for the subject building. Only a small fraction of the suites are Assisted Living. Photographs of the kitchens show full sized ranges and fridges, supporting the view that the suites are designed for Unassisted Living. The Board does not accept the Respondent's argument that a 451 classification is height restricted in that, under questioning, the Respondent admitted that inputs could be tweaked in order to adjust for variations within the classification definitions.

In summary, the Board finds the subject land assessment to be correct at \$5,960,196. The Board also finds the subject improvement to be incorrectly assessed, for the reasons noted above, and so reduces this component of the subject assessment to \$9,213,555 as calculated by the Complainant.

The Board recommends a site visit by the assessor to confirm the subject property's characteristics for future assessments.

Board's Decision:

The subject assessment is reduced to \$15,170,000.

DATED AT THE CITY OF CALGARY THIS 2 DAY OF December 2011.

C. McEwen

C. McEwen
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

Subject	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	Residential	Institutional	Cost Approach	Land Value Improvement Calculation