



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:

Genco Holdings Ltd. (as represented by Colliers International Realty Advisors Inc.),
COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

W. Kipp, PRESIDING OFFICER
R. Deschaine, BOARD MEMBER
J. Joseph, BOARD MEMBER

This is a complaint to the Calgary Assessment Review Board in respect of six property assessments prepared by the Assessor of The City of Calgary and entered in the 2013 Assessment Roll as follows:

ROLL NUMBERS:	067867408, 067867341, 067867440, 067867424, 067867382, 067867366
LOCATION ADDRESSES:	608 - 7 Street SW, Calgary AB Units 400, 100, 600, 500, 300 & 200
FILE NUMBERS:	70322, 70323, 70324, 70325, 70326, 70328
ASSESSMENTS:	\$822,500, \$715,000, \$822,500, \$822,500, \$822,500, \$822,500

These complaints were heard on the 8th day of July, 2013 at the office of the Assessment Review Board located at Floor No. 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 5.

Appeared on behalf of the Complainant:

- *B. Peacock & C. Hartley*

Appeared on behalf of the Respondent:

- *H. Neumann*

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

[1] The properties under complaint comprise all six floors of an office building registered on a condominium plan. The argument and evidence were the same for each unit. All six units have the same owner. For these reasons, it was decided that one CARB order would be prepared for all six file numbers. This order is numbered 70322 but it also pertains to files 70323, 70324, 70325, 70326 and 70328.

[2] The Complainant stated at the outset of the hearing that a rebuttal disclosure document had been filed with the Assessment Review Board (ARB). ARB records did not show that rebuttal had been filed and the Respondent did not have a rebuttal from the Complainant. The hearing proceeded with only the Complainant's initial evidentiary filing and with the Respondent's disclosure.

Property Description:

[3] The property that is the subject of this assessment complaint is a six storey office building where each floor is registered as a condominium unit on plan 9410576. The property is located within the DT2 submarket of downtown Calgary. Unit 100, the ground floor, has a unit area of 2,357 square feet and units 200, 300, 400, 500 and 600 each have an area of 2,712 square feet. The building occupies a 3,260 square foot commercial land parcel. The building was constructed in 1961 and registered as a condominium in 1994. The ground floor unit is occupied by retail tenants and all five upper floors are occupied as offices.

[4] For assessment purposes, the Respondent does not distinguish between retail and office uses. Using a sales comparison approach to value, the condominium units are each assessed at a rate of \$303 per square foot.

Issues:

[5] In the Assessment Review Board Complaint form, filed February 27, 2013, Section 4 – Complaint Information had a check mark in the box for #3 "Assessment amount".

[6] In Section 5 – Reason(s) for Complaint, the Complainant stated that the assessment is incorrect and several reasons were given.

[7] At the hearing, the Complainant pursued the following issue: The assessment rate of

\$303 per square foot is too high. Sales of other downtown office condominium units indicate that the rate should be \$288 per square foot for the ground floor unit 100 and \$220 per square foot for upper floor office units.

Complainant's Requested Values: \$678,000 for Unit 100 and \$596,000 each for Units 200, 300, 400, 500 and 600.

Board's Decision:

[8] The assessment for Unit 100 is confirmed at \$715,000 and the assessments for Units 200, 300, 400, 500 and 600 are reduced to \$596,000 each.

Position of the Parties

Complainant's Position:

[9] The Complainant provided sales information on three condominium units that had sold in the DT2 submarket. Two of the sales (800 900 – 6 Avenue SW and 100 1010 – 8 Avenue SW) involved office condominium units (\$219 per square foot in June 2011 and \$212 per square foot in October 2012) while the third sale was of a ground floor unit occupied for retail uses (\$288 per square foot in November 2010). The two office units are classified "C" quality, as are the units in the subject building. The retail unit is rated as "Good" quality which is equivalent to "C" used for offices. One of the office sales was a full floor in a building located one block west of the subject (800, 900 – 6 Avenue SW). The floor area of that unit, derived from a sales report and from an office building survey conducted by a real estate company was 5,474 square feet. All three of the comparison properties were newer than the subject (1979-1980 versus 1961).

Respondent's Position:

[10] The Respondent reported six condominium unit sales, two of which were within submarket DT9 (Chinatown). Two of the units were the same as the Complainant had reported. For one of the sales (800, 900 – 6 Avenue SW), the Respondent used a floor area of 4,575 square feet whereas the area used by the Complainant was 5,474 square feet. The Respondent relies upon areas shown on the registered condominium plan.

[11] Amongst the Respondent's sales were a total of six very small retail condominium units in Chinatown. The sizes of the units were 306, 378, 684, 138, 153 and 291 square feet. Another three units were included in one sale in a property that is described as being within DT2 but appears to be on the west side of Centre Street in an area commonly associated with Chinatown. These units were noted as "Amenity Unit/Titled Land." The Respondent did not describe the weight given to this \$160.10 per square foot sale price. One of the sales that was common to both parties was unit 800 at 900 – 6 Avenue SW. The Respondent included a July 2009 sale of unit 900 in that property which produced the highest sale price at \$361.63 per square foot.

Board's Reasons for Decision:

[12] The CARB finds that the assessed rate of \$303 per square foot for the main floor retail unit is reasonable but reduces the rate on office floor units to \$220 per square foot.

[13] The CARB rejects the DT9 sales relied upon by the Respondent. These were very small units (138 to 684 square feet) in retail buildings in Chinatown. The prices of those units tended to skew the median and mean average rates upwards. The DT2 sale that appears to be in a part of Chinatown was also rejected.

[14] The Respondent had relied upon two unit sales in the building at 900 – 6 Avenue SW. One unit sold at \$361.63 per square foot in July 2009 and the second unit sold at \$262.30 per square foot in June 2011, indicating a -27 percent price change over the two year time period.

[15] The Respondent consistently applies a sales price rate to the unit area shown on the registered condominium plan. In the comparable building at 900 – 6 Avenue SW, the unit area on the condominium plan is about 84 percent of the "grossed-up" area used by leasing and sales agents and accepted by the Complainant. Although no oral evidence regarding the differences of opinion on areas was given by either party, perusal of the registered plan in the Respondent's evidence shows that the grossed-up area appears to include things such as elevator shafts which would be common property on the condominium plan. The CARB had no evidence before it on gross floor areas for other buildings but finds that both parties agreed on the area of the DT2 retail unit sale. The CARB finds that the consistent use of registered plan areas will produce the most equitable sale price analysis.

[16] One of the sales reported by the Complainant was a "post-facto" sale because it sold almost four months after the July 1, 2012 assessment valuation date. The CARB considers this sale, even if post-facto by a few months, to be a better indicator of market conditions in July 2012 than the three year old sale that was relied upon by the Respondent.

[17] The sales that the CARB determined to be most reliable and comparable have a median/mean average price of \$237 per square foot. One of those sales was the October 2012 transaction at 1010 – 8 Avenue SW. With regard to the almost 20 year age differences between the comparables and the subject and the indicated price change over time, the Complainant's requested rate of \$220 per square foot is reasonable for the office units.

DATED AT THE CITY OF CALGARY THIS 31 DAY OF July 2013.



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 Internal Use

Appeal Type	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	OFFICE	MULTI-BUILDING COMPLEX (UNIT OWNERSHIP)	SALES APPROACH	IMPROVEMENT COMPARABLES