



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:

PBA Land Development Ltd. (*as represented by MNP LLP*), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

M. Axworthy, PRESIDING OFFICER

P. Pask, BOARD MEMBER

I. Fraser, BOARD 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 2013 Assessment Roll as follows:

ROLL NUMBER: See Appendix A

LOCATION ADDRESS: See Appendix A

FILE NUMBER: See Appendix A

ASSESSMENT: See Appendix A

These complaints were consolidated and heard together on the 8th day of July, 2013 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 6, with File 70838 as the Lead File.

Appeared on behalf of the Complainant:

- *J. Langelaar (MNP LLP)*
- *Y. Lau (MNP LLP)*

Appeared on behalf of the Respondent:

- *L. Wong (City of Calgary)*

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

[1] No procedural or jurisdictional matters were raised.

Property Description:

[2]

Address	Lot size square feet (sq. ft.)	Current use	Zoning
314 6 ST SW	3,482	Surface parking lot	CM-2
312 6 ST SW	6,316	Surface parking lot	CM-2
634 4 AV SW	5,920	Surface parking lot	CM-2
404 6 ST SW	3,265	Surface parking lot	CM-2
636 4 AV SW	3,877	Surface parking lot	CM-2

Issues:

[3] What is the correct market assessment for the subject properties?

Other matters and issues were raised in the complaint forms filed with the Assessment Review Board (ARB), on March 1, 2013; however, the only issue that the parties sought to have the Board address at the July 8, 2013 hearing is the one referenced above.

Complainant's Requested Value: See Appendix A

Board's Decision:

[4] The correct land rate for the subject property is \$289 per sq. ft. and the assessment is reduced to the amounts noted in Appendix A.

Position of the Parties**Complainant's Position:**

- [5] The vacant land rate for the DT2E portion of the Downtown (\$310 per sq. ft.) is too high and should be \$250-\$260 per sq. ft. In support of its position the Complainant provided the following market transactions for improved properties and applied influence adjustments to make them more comparable to the unimproved subjects.

Index	Address	Date sold	Influence adjust.	Adjusted price	Lot size (sq. ft.)	Adj. price /sq. ft.	Zoning
C1	300 6 AV SE	29-Jun-11	-5%	\$13,700,000	62,451	\$208.40	DC 86Z2008
C2	617 8 AV SW	15-Nov-11	0%	\$1,675,000	6,172	\$271.39	CM-2
C3	718 8 AV SW	24-Jan-12	0%	\$2,000,000	6,506	\$307.41	CM-2
C4	604 8 AV SW	18-Sep-12	-15%	\$1,700,000	6,504	\$261.38	CM-2

- [6] There are very few sales of vacant land in the Downtown that can be used as comparables to assist in establishing market value for the subject property. The Complainant asserted that the value of the improvements on properties indexed C1-C4 should be discounted to establish residual land values. The Complainant outlined three approaches that could be used to discount the value of the improvements: adjust for demolition costs; the extraction method to value; and the land residual method to value. The Complainant's preferred approach is the extraction method as described in the Appraisal Institute of Canada's, Appraisal of Real Estate, Second Canadian Edition and as employed by The City of Calgary in the assessment of Beltline properties in the 2012 assessment cycle.

- [7] The Complainant disputed the Respondent's inclusion of the November 10, 2010 sale of Index R1 (919 5 AV SW) at \$435 per sq. ft., noting that the sale is questionable as the property has been sold five times since 2006 and has recently transferred back to the original owners.

Respondent's Position:

- [8] In support of its position, the Respondent provided the following market sales, two of which (Index R2 and R3), are common to both parties. Index R1 was a sale of land only [p.23 R-1].

Index	Address	Date sold	Influence Adjust.	Sale price	Lot size (sq. ft.)	Price/sq. ft.	Zoning
R1	919 5 AV SW	30-Nov-10	N/A	\$4,250,000	9,764	\$435.27	CM-2
R2	617 8 AV SW	15-Nov-11	N/A	\$1,675,000	6,172	\$271.39	CM-2
R3	718 8 AV SW	24-Jan-12	N/A	\$2,000,000	6,506	\$307.41	CM-2

- [9] The Respondent disagrees with the Complainant's assertion that the value of improvements should be discounted to establish residual land value. The Respondent noted that the demolition cost of improvements was generally a consideration in the purchase price and the extraction method to value was not supported in 2012 CARB hearings.
- [10] The Respondent objected to the inclusion of Index C1 as it is located in a different land rate zone of the Downtown (MUNI) and Index C4 as it is a *post facto* sale dated September 18, 2012.

Board's Reasons for Decision:

- [11] The Board agrees with the Respondent that neither Index C1 nor C2 should be included and agreed with the Complainant that the sale of Index R1 is questionable and should not be included.
- [12] The Board accepts the sales at 617 and 718 8 AV SW which are in the same land rate zone as the subjects, have the same land use designation as the subjects and are included in the list of comparables provided by both the Complainant and the Respondent (Index C3 and C4 and R2 and R3). The *post facto* sale of Index C2 could be a consideration in the next assessment year.
- [13] The Board finds the average (mean) value of these two agreed transactions is \$289 per sq. ft.
- [14] The Board notes that the parties do not agree on whether improvements for the comparable properties should be discounted to arrive at a residual land value. The Board could find no evidence to support the Complainant's position that improvements should be discounted to arrive at residual land value and relied on the sale prices with no discount for improvements to establish market value.

DATED AT THE CITY OF CALGARY THIS 1 DAY OF August 2013.


M. Axworthy, Presiding Officer

APPENDIX "A"**Property particulars and Complainant's requested value:**

Roll Number	Address	File #	Assessment	Requested value
067228601	314 6 ST SW	70838	\$1,070,000	\$818,000
067228502	312 6 ST SW	70847	\$2,050,000	\$1,550,000
067228403	634 4 AV SW	70850	\$1,830,000	\$1,390,000
067025304	404 6 ST SW	70824	\$1,010,000	\$767,000
067022608	636 4 AV SW	70826	\$1,200,000	\$911,000

Board's decision:

Address	File #	Assessment	Requested value	Board's decision	Revised Assessment
314 6 ST SW	70838	\$1,070,000	\$818,000	Reduce	\$1,000,000
312 6 ST SW	70847	\$2,050,000	\$1,550,000	Reduce	\$1,820,000
634 4 AV SW	70850	\$1,830,000	\$1,390,000	Reduce	\$1,710,000
404 6 ST SW	70824	\$1,010,000	\$767,000	Reduce	\$940,000
636 4 AV SW	70826	\$1,200,000	\$911,000	Reduce	\$1,120,000

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

NO.	ITEM
1. C1 and C2	Complainant Disclosure
2. C3	Complainant Rebuttal
3. 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.*