



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:

ENCANA CORPORATION
(as represented by MNP LLP), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

Earl K. Williams, PRESIDING OFFICER
K. B. Bickford, MEMBER
A. Maciag, 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: 068056506

LOCATION ADDRESS: 149 5 AV SE

FILE NUMBER: 70865

ASSESSMENT: \$2,480,000

This complaint was heard on 28th day of August, 2013 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 5.

Appeared on behalf of the Complainant:

- G. Worsely Agent, MNP LLP

Appeared on behalf of the Respondent:

- D. Grandbois Assessor, The City of Calgary

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

[1] The parties identified to the Board that the evidence and arguments to be presented in respect of the hearing on the Downtown Land Rates for the subject property will be as presented in respect of File #71206 for Property Roll #067073908 requested that the evidence and arguments be carried forward to the subject property. It was accepted that the Board's findings and decision regarding the land rate issue would therefore be common to the subject property. The Board found this to be an appropriate approach to the matters at hand.

[2] No additional Procedural or Jurisdictional Matters were raised by the parties.

Property Description:

[3] The subject property at 149 5 AV SE is a 14,471 square foot (sq. ft.) building on 0.17 acre (7,364 sq. ft.) of land with a 1954 approximate year of construction (ayoc), with the Property Use: Commercial and Sub Property Use: CS3150, a CM-2 (pre1P2007) Land Use in the Downtown Commercial Core in Downtown Zone 1 (DT1).

[4] The assessment was prepared on the Sales Approach and valued as Land Only using the DT1 land rate of \$355 per square foot (psf) which is adjusted as required for the influence to recognize corner lot (+5%) and transition zone (-10%).

Issues:

[5] Should the land rate for DT1 be reduced from \$355 psf to \$275 psf?

Complainant's Requested Value: \$2,120,000

Board's Decision:

[6] Based on the evidence and argument presented the Board supports a vacant land price of \$308 psf.

[7] The assessment is reduced to \$2,260,000

Position of the Parties

[8] The Complainant and Respondent presented a wide range of evidence consisting of relevant and less relevant evidence. In the interests of brevity, the Board will restrict its comments to those items the Board found relevant to the matters at hand. Furthermore, the Board's findings and decision reflect on the evidence presented and examined by the parties before the Board at the time of the hearing.

[9] The Complainant's evidence package included a Summary of Testimonial Evidence, a map identifying the location of the property, photographs of the exterior of the subject property, the City of Calgary 2013 Property Assessment Notice, the 2013 Assessment Explanation Supplement Industrial & Commercial Vacant Land and Cost Approach and the Downtown Vacant Land Base Rate Map. In support of the land rate the evidence included a number of land sale analysis with supporting documentation. In support of its position, the evidence included excerpts from legislation, technical documents, as well as decisions of the Alberta Court of Queen's Bench and Board decisions.

[10] The Respondent's evidence package included a Summary of Testimonial Evidence, a map identifying the location of the property, photographs of the exterior of the subject property, the City of Calgary 2013 Property Assessment Notice, the 2013 Assessment Explanation Supplement Industrial & Commercial Vacant Land and Cost Approach, the Assessment Request for Information and the Downtown Vacant Land Base Rate Map, 2013 Downtown Land Rates by Zone with supporting documentation by zone. In support of the land rate the evidence included a number of land sale analysis with supporting documentation. Also, in support of its position the evidence included excerpts from legislation, technical documents, as well as Board decisions.

[11] Both parties placed technical, professional and academic excerpts before the Board in support of their position. This Board finds that any specific passage or quote (i.e. excerpt) from a larger document may not capture the true intent of the document and is, therefore, seen by the Board as incomplete material and may be given limited weight.

[12] As noted above, both parties placed before this Board a number of Alberta Court of Queen's Bench, Assessment Review Board and Municipal Government Board decisions in support of their position. These decisions were made in respect of issues and evidence that may however be dissimilar to that before this Board.

Issue – Land Rate

Complainant's Position:

[13] As support the Complainant reviewed 4 comparable market transactions reported during the period June 29 2011 to July 27, 2012 (page 18 of Exhibit C1). The following table presents the details on each of the 4 transactions:

Address	300 6 Ave SE	604 8 Ave SW	718 8 Ave SW	617 8 Ave SW
Date Sold	29 June 2011	27 July 2012	24 Jan. 2012	15 Nov. 2011
Price	\$13,700,000	\$2,000,000	\$2,000,000	\$1,675,000
Influence Adjustment	+15%	-5%	0%	0%
Adjusted sale price	\$14,385,000	\$1,900,000	\$2,000,000	\$1,675,000
Lot size square foot (sq. ft.)	62,451	6,504	6,506	6,172
Price per square (psf)	\$229.91	\$292.13	\$307.41	\$271.39

Zoning	DC	CM-2	CM-2	CM-2
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[14] As each of the comparable transactions are improved properties the Complainant prepared three additional approaches to value:

- 1) Extraction Method - Sale Price adjusted for Cost of Improvements
- 2) Land Residual Method – Sale Price adjusted for interim Income Stream
- 3) Adjusted Sale Price Comparable – adjusted only for influences and location differences

Details on each analysis are provided on pages 19-25 of Exhibit C1. The table on page 25 of Exhibit C1 summarizes the sale prices of the comparables for the 3 methods outlined in paragraph [14].

[15] The following table presents the average, median and rounded sale price (\$ psf) determined by each approach outlined in paragraph [14] for the sample of 4 transactions:

Approach	Average	Median	Rounded
Extraction Method	\$241.91	\$242.89	\$245.00
Land Residual Method	\$229.46	\$234.21	\$230.00
Adjusted Sale Price Comparable	\$275.32	\$281.76	\$280.00

[16] The Complainant concluded that the most reasonable rate obtained from the market transactions is the adjusted sale price approach when the price is adjusted only for influences and location differences. The average as noted in the paragraph [15] table is \$275.32 which is rounded to \$275 psf. When this price is adjusted for the corner lot influence adjustment of +5% the adjusted rate is \$288.75 psf which is rounded to \$289.

[17] In summary, the Complainant argued that the analysis of the comparables yield a DT1 land rate of \$275 psf which when adjusted is \$289 psf. Based on the lot size of 7,364 the requested assessment is \$2,120,000 is supported.

Respondent's Position:

[18] The Respondent reviewed details on the City of Calgary 2013 Downtown Vacant Land Zones, 2013 DT Land Rates and 2013 DT Land Influences presented on pages 59-65 of Exhibit R1. The subject property is in DT1 with a base assessed rate of \$355 psf which is adjusted as required for influences.

[19] The Respondent acknowledged that there have been no transactions in the DT1 zone in the last 30 months. The most recent 4 transactions in the DT1 zone are in the period May 2007 to November 2008 (page 67 of Exhibit R1); the median for these transactions is \$627.75 psf.

[20] In order to establish a land rate for 2013 the Respondent examined historical changes in land prices in the different zones with particular attention to zones adjacent to DT1. As well the Respondent reported specifics on recent transactions in DT3 Municipal (page 228 Exhibit R1) and DT9 which support the 2013 DT1 land rate. Specifically;

- 1) DT3 Municipal Zone - 2 transactions dated June 2011 and June 2012 which reported a median sale price of \$266.19 which supports the DT3 land rate of

\$260 psf. (page 228-248 Exhibit R1)

- 2) DT9 Chinatown - a September 2012 transaction located at 201 1 St SE with a sale price of \$199.39 psf supporting the DT9 land rate of \$180 psf; this transaction is in close proximity to the subject property.

[21] In summary the Respondent argued that the DT1 land rate of \$355 is supportable based on historical changes in sale price and relationship between the various land zones in downtown. The application of the influence adjustments to the base rate supports the requested assessment for the subject property.

Board's Reasons for Decision:

[22] Following a review of the evidence and argument presented by the parties the Board was concerned with the absence of strong comparables to the subject property which support the land rate requested. Specifically;

- 1) The Complainant based their argument on 4 transactions, 3 of which are in DT2 East and some distance geographically from the subject. The fourth comparable at 300 6 Ave SE with a site area of 62,451 sq. ft. is in DT3 Municipal Land which is east of the subject by approximately 4 blocks.
- 2) The Respondent argued that the DT1 land rate is supported by analysis of the historical changes in land prices without detailing the methodology of arriving at the \$355 psf land rate. Of the 3 comparables presented by the Respondent, as further support for the land rate, the best comparables presented by the Respondent were the transactions in DT3 Municipal Land.

Therefore, the Board was unable to place much weight on the land rates purposed by the parties.

[23] Following a review of the DT3 Municipal Land transactions, the Board identified the June 21, 2012 transaction of 515 Macleod Trail SE as the best comparable to the subject property.

[24] The 515 Macleod Trail SE transaction reported a sale price of \$308.54 psf for an 118,299 sq. ft. site with a corner location across the street from the subject. It is recognized that the subject property is smaller in site area at 7,364 sq. ft. with limited development potential by nature of its location adjacent to the Bow Building.

[25] In summary, the Board selected the sale price of \$308.54 psf rounded to \$308 psf for 515 Macleod Trail SE as the best comparable. Further no influence adjustment is required for the corner lot as both the comparable and the subject are located on corners.

DATED AT THE CITY OF CALGARY THIS 21 DAY OF November 2013.



Earl K. Williams
Presiding Officer

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

NO.	ITEM
1. C1	Complainant Disclosure Subject Property Disclosure
2. C2	Complainant Rebuttal
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	Retail	Stand Alone	Sales Approach	Land value