

## **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:**

***Diversified Staffing Services Ltd., (as represented by Altus Group Ltd.), COMPLAINANT***

**and**

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

**before:**

***R. Fegan, PRESIDING OFFICER***

***J. Lam, BOARD MEMBER***

***R. Roy, 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:

<b>ROLL NUMBER:</b>	<b>067044693</b>
<b>LOCATION ADDRESS:</b>	<b>805 5 AV SW</b>
<b>FILE NUMBER:</b>	<b>71453</b>
<b>ASSESSMENT:</b>	<b>\$13,510,000</b>

This complaint was heard on the 30<sup>th</sup> day of October, 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:

- M. Cameron, (Altus Group Ltd.)

Appeared on behalf of the Respondent:

- E. Borisenko, (City of Calgary)

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

- [1] No procedural or jurisdictional matters were raised.

**Property Description:**

[2] The subject property is a 41,526 square foot parcel of land with a land used designation of Downtown Business District. The property is located on a corner lot and is improved with a 30,104 square foot single storey office building. The assessment of the subject property is based on land value only using a base rate of \$310 per square foot adjusted by 5% for the corner influence.

**Issues:**

[3] The issue in this complainant is market value, more specifically, which sales should be used to estimate the market value of the subject property and what adjustments should be made to those sales.

**Requested Value: \$10,377,347.**

**Board's Decision: The Complaint is allowed in part and the assessment is revised to \$12,600,000.**

**Position of the Parties**

**Complainant's Position:**

[4] It was the Complainant's position that the sale of 919 5 AV SW was subject to several unusual circumstances which may have had an impact on the sale price and therefore should not be used in the analysis.

[5] The Complainant argued that only the sales of 617 8 AV SW and 718 8 AV SW should

be included in the analysis.

[6] The Complainant argued that the sale of 617 8 AV SW should be adjusted by the value of the existing improvements to establish the amount of the sale price which was attributable to the land. The Complainant provided a copy of a press release indicating that the purchaser of 617 8 AV SW continued to operate the cinema located in the building.

[7] The Complainant provided several previous 2013 CARB decisions which had dealt with these issues. CARB 73268/P and CARB 73270/P rejected the use of the sale at 919 5 AV SW due to the non-typical financing arrangements. These decisions also made a deduction for the value attributable to the building on the sale of 617 8 AV SW.

[8] CARB71455/P-2013 also rejected the use of the sale at 919 5 AV SW however did not make any adjustment to the sale price of 617 8 AV SW for the value of the existing structure.

[9] In rebuttal the Complainant provided documents indicating the circumstances surrounding the sale of 919 5 AV SW as well as two additional 2013 CARB decisions which rejected the use of this sale.

[10] In rebuttal the Complainant argued that the sale of the property located at Riverfront Av and 2<sup>nd</sup> Av SW should not be relied upon for several reasons; it was post facto to the valuation date, it was a significantly larger parcel, it was located in a very different district of the downtown area and it had a different land use designation.

#### **Respondent's Position:**

[11] The Respondent had used three sales to estimate the value of the subject property (919 5 AV SW, 617 8 AV SW, 718 8 AV SW). Two of these sales had improvements in place at the time of the sales and the other was vacant at the time of the sale. It was the Respondent's position that the existing improvements had no impact on the sale price and no adjustment for existing improvements was required. The mean, median and weighted mean, sale price per square foot, of these sales was \$338.02, \$307.41 and \$353.13 respectively.

[12] The Respondent provided a map of the downtown zones used by the assessor for the purpose of applying land values for assessment purposes. The subject is in an area designated as Downtown Two East (DT2E). The base land rate applied in this zone is \$310 per square foot.

[13] The Respondent provided an additional sale of a vacant parcel of land in the Eau Claire district which sold in November 2012 for a sale price of \$451.12 per square foot.

[14] The Respondent provided a copy of CARB 70830-P-2013, in which the Board also found that the sale of 919 5 AV SW should not be included in the land value analysis, however in that case the Board did confirm the \$310 per square foot base land rate for the DT2E zone.

#### **Board's Reasons for Decision:**

[15] With respect to the three sales used by the Respondent the Board noted that the sale price per square foot of the property at 919 5 AV SW was significantly higher than either of the other two sales.

ADDRESS	SALE DATE	SALE PRICE	S.P./SQ.FT.
919 5 AV SW	11/30/2010	\$4,250,000	\$435.27
617 8 AV SW	11/15/2011	\$1,675,000	\$271.39
718 8 AV SW	01/24/2012	\$2,000,000	\$307.41

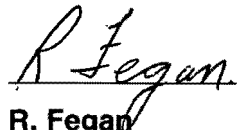
[16] The evidence of both parties indicated that the sale of 919 5 AV SW was subject to a vendor take back mortgage for an amount significantly higher than the sale price. The sale price was \$4,250,000 and the mortgage provided by the vendor to the purchaser was for \$14,000,000. No evidence was provided by either party as to the impact that this financing may have had on sale price. Without knowing the impact that this financing may or may not have had on the sale price the Board found that this sale should not be included in the analysis.

[17] The Board noted that the property at 617 8 AV SW was purchased by the owner of the adjoining property.

[18] The Board agreed with the Complainant that the November 2012 sale of the Riverfront Av property was not sufficiently similar to the subject property to provide a meaningful estimate of the value of the subject property.

[19] The Board found that the value of the subject property should be determined based on the average sale price per square foot of the two sales at 617 8 AV SW and 718 8 AV SW and applying that rate to the area of the subject property and making the 5% corner lot adjustment to arrive at an assessed value of \$12,600,000.

**DATED AT THE CITY OF CALGARY THIS 21<sup>st</sup> DAY OF November 2013.**



**R. Fegan**

**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
3. C2	Complainant Rebuttal

*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.*

**CARB Identifier Codes**

<b>Decision No.</b>		<b>Roll No.</b>		
<b><u>Complaint Type</u></b>	<b><u>Property Type</u></b>	<b><u>Property Sub-Type</u></b>	<b><u>Issue</u></b>	<b><u>Sub-Issue</u></b>
CARB	Commercial	Vacant Land	Market Value	

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