



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:

***W. Krynski, PRESIDING OFFICER
I. Fraser, BOARD MEMBER
D. Pollard, 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 2014 Assessment Roll as follows:

ROLL NUMBER:	067027805
LOCATION ADDRESS:	402 8 Street, SW
FILE NUMBER:	74336
ASSESSMENT:	2,080,000

This complaint was heard on 2nd day of July, 2014 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:

- *J. Langelaar – Agent, MNP*

Appeared on behalf of the Respondent:

- *J. Young – Assessor, City of Calgary*

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

[1] Neither party objected to the composition of the Board, as introduced at the outset of the Hearing.

[2] The Complainant indicated that a number of concerns in the subject Complaints are similar in nature to those expressed in File #74360, and requested that the files be cross referenced as applicable. The Respondent and Board are in agreement.

Property Description:

[3] The Subject Property consists of a 6,511 square foot (sf.) parcel of CM-2, Zoned land located in Economic Zone DT2, in the downtown core of Calgary. The parcel is improved with a 1,271 sf. single storey retail building constructed in 1928, currently being operated as Abruzzo Ristorante.

Issues:

[4] The single issue arising from this Complaint is that the assessed land rate applied to the subject properties is in excess of market value.

Complainant's Requested Value: 1,920,000

Board's Decision:

[5] For the reasons outlined herein, the Board confirms the subject assessment at 2,080,000.

Legislative Authority, Requirements and Considerations:

[6] The Calgary Composite Assessment Review Board takes authority from the Act and associated Regulations.

Complainant's Position:

[7] The Complainant's evidence and disclosure document was presented, and labelled Exhibit C1 (166 pgs.). The Complainant is requesting that the subject assessment be predicated on a land value rate of \$295 psf., versus the currently assessed land rate of \$305.00 psf. It was

argued that the current assessment of the subject property is in excess of market value, as evidenced by the sales analysis submitted herein.

[8] The Complainant presented three property sales in his analysis via the Direct Sales Comparison Approach, as follows [C1; Pg.13]:

ADDRESS	SALE DATE	Sale Price	Influence Adj	Adj. SP	Lot Size (sq. ft.)	Price/sq. ft.
604 8 Ave SW	18-Sep-12	\$2,000,000	- 10%	\$1,800,000	6,504	\$276.75
718 8 AveSW	24-Jan-12	\$2,000,000	5%	\$2,100,000	6,506	\$322.78
617 8 Ave SW	15-Nov-11	\$1,675,000	5%	\$1,758,750	6,172	\$284.96
Average						\$309.60
Median						\$298.53

[9] The three sales presented reflect an average sale price per square foot of \$309.60 with a median value of \$298.53. All sales, it was argued, are located within a few blocks of the subject property and are within similar size ranges. The 604 8 Ave. SW sale has a -10% adjustment to reflect a transition zone adjustment, while the remaining two are adjusted +5% to reflect the subject's corner lot influence. The three market indicators, it was argued, clearly support the requested land value of \$295.00 psf.

[10] Although the three sales are improved properties, it was reasoned that the improvements are marginal, being at the end of their economic lives, and adding little to the overall property value. They are considered within the Industry as being re-development sites.

[11] In addition to third party and land title sales documents, various maps, aerials and photographs were provided to offer a visualization of the location and building characteristics of the subject and sale properties.

[12] Additionally, the Complainant submitted Rebuttal evidence (Exhibit C2; 26 pgs.), which included support for the "redevelopment site" status of the 604 8 Ave. SW sale (Barron Building), a response to the Respondent's sales and a prior year's Board Decision wherein the subject property received a reduction.

[13] Finally, the Responded presented a Barclay Street Real Estate Listing for the subject property [R1; Pgs. 13 & 14], advertising the site as having "great redevelopment potential", reflecting an asking price of \$2,500,000, which tends to support the subject's \$2,080,000 assessment.

Respondent's Position:

[14] The Respondent submitted evidentiary documentation, which was labelled Exhibit R1 (118 pgs.). In addition to third party and land title sales documents, various maps, aerials and photographs were provided, to offer a visualization of the location and building characteristics of the subject and sale properties.

[15] The Respondent takes the position that the subject property represents a highly desirable corner lot development site, in a market area where a limited inventory of such sites exists.

[16] A market value rate of \$305.00 psf. was applied to the subject properties, based on the following Sales Analysis [R1; Pg. 70]:

\$305 Land rate Support Analysis

Roll #	ADDRESS	Prop Type	LUD	Parcel Size	Influ.	Area Infl.	Adj. Factor	Sale Date	Sale Price	Sp psf	Adj. Sp psf	2014 Asmt	ASR
067072702	718 8 Ave SW	LI	CM-2	6,506				01/24/12	\$2,000,000	\$307	\$307	1,984,330	0.99

Assessed: \$305

[17] The Respondent reasoned that of the three sales presented by the Complainant, only one (718 8 Ave) could be considered comparable. Coincidentally, that happens to be the one sale the City relied on in their analysis. It is the Respondent's position that the sale at 604 8 Ave. should be excluded, due to the costly development restrictions that would be associated with the property's impending heritage status, and furthermore, the intention is not to demolish the building, but rather, extensively renovate. The sale at 617 8 Ave. should be excluded as it is a more dated sale (Nov. 2011), and includes the Globe Cinema, a fully functioning and going concern, not reflective of land value alone.

[18] The Complainant submits that, excluding the two non-comparable sales leaves the single sale at 718 8 Ave. SW, which mirrors the City analysis, and, at an indicated \$307 psf., supports the \$305 psf. assessed value.

[19] In further support of the assessed land value, the Respondent referenced an Assessment to Sale Ratio for this sale (see chart above), wherein the 2014 assessment was compared to the sale price of the property. The sale, considered marginally improved, is assessed as vacant at the prescribed 2014 land rate. The Respondent submits that the resulting ASR of 0.99 supports the accuracy of the assessed land rate.

[20] Additionally, the Respondent referenced a March 2013 sale at 631 4 Ave. SW [R1; pgs.53 – 67], for \$395 psf. The property is located immediately adjacent to 404 6 St. SW., which was purchased by PBA Land Development Ltd., owners of the property under complaint. The sale is marginally improved, and appears to be part of a land assembly for future redevelopment. The Respondent reasons that the City did not use this sale in their analysis, as it was leased back to the Vendor, and City policy is to exclude such transactions from analysis. Notwithstanding this, the high purchase price by the subject property owners supports the assessed \$305 land rate, even if one was to adjust for the lease-back and purchaser motivation.

Board's Reasons for Decision:

[21] The Board is in agreement with the Respondent that location is a major factor driving value for properties such as the subject lands. The limited availability of prime development sites in the City's Downtown core has a very positive effect on land values in this region.

[22] The Board reviewed the Sales Analysis submitted by the Complainant, and for reasons similar to those stated by the Respondent, places minimal weight on the sales at 604 and 617 8 Ave. SW. This leaves a single sale at 718 8 Ave. SW., which is common to both parties' analyses.

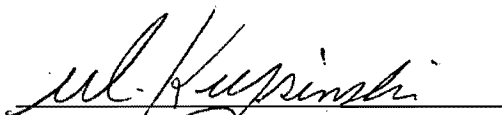
[23] While the Board has concerns with the City's valuations predicated on a single sale, the sale is common to both parties' valuations, and though the property is marginally improved, the RealNet Report [R1; Pg. 105] states, "Subsequent to the date of sale, the building was in the process of being demolished, in order to facilitate the redevelopment of the property with a five

storey office building". Clearly, this was a vacant land transaction, and of the limited market data provided by either party, provides the best indicator of market value for the subject property.

[24] On review and consideration of all the evidence before it on this issue, the Board finds the Complainant's evidence is not sufficient to warrant a variance in the assessed land rate.

[25] The Board confirms the subject assessment at 2,080,000.

DATED AT THE CITY OF CALGARY THIS 18 DAY OF July 2014.



Walter Krynski

Presiding Officer

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

NO.	ITEM
1. C1	Complainant Disclosure
2. C2	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.*

FOR ADMINISTRATIVE USE

Appeal Type	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	Commercial	Vacant Land	Land Rate	