



## 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:

<b>ROLL NUMBER:</b>	<b>Various (Refer Schedule A)</b>
<b>LOCATION ADDRESS:</b>	<b>Various (Refer Schedule A)</b>
<b>FILE NUMBER:</b>	<b>Various (Refer Schedule A)</b>
<b>ASSESSMENT:</b>	<b>Various (Refer Schedule A)</b>

This complaint was heard on 2<sup>nd</sup> 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 – 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] Upon the request and consent of both parties the Board agreed to consolidate Lead File #74345, with Files #74347, #74348, #74349, #74350, #74351, #74352, #74353, #74354, #74356, #74357, #74358 into a single Hearing, as both parties' evidence packages for the twelve accounts were the same.

[3] 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:**

[4] The Subject Properties are comprised of four separate groupings of vacant land parcels located in Calgary's Downtown central core, in what is referred to as Economic Zone DT2E. The properties form sites of commercial parking lots, and are zoned CM-2 and DC/93D2008

#### **Issues:**

[5] 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:** Refer Schedule A.

#### **Board's Decision:**

[6] For the reasons outlined herein, the Board confirms the assessments of the properties as noted in Schedule A.

#### **Legislative Authority, Requirements and Considerations:**

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

**Complainant's Position:**

[8] The Complainant's evidence and disclosure document was presented, and labelled Exhibit C1 (166 pgs.) The Complainant is requesting that the subject assessments be predicated on a land value rate of \$280.00 per square foot (psf.), versus the currently assessed land rate of \$305.00 psf. It was argued that the current assessments of the subject properties are in excess of market value, as evidenced by the sales analysis prepared by the Complainant.

[9] The Complainant requested that Page 16 of Exhibit C1 titled "Valuation Method 2" be stricken from the record, along with any further reference to it.

[10] The Complainant presented three property sales in his analysis via the Direct Sales Comparison Approach, as follows [C1; Pg.14]:

ADDRESS	SALE DATE	Sale Price	Influence Adj	Adj. SP	Lot Size (sq. ft.)	Price/sq. ft.	Zoning
604 8 Ave SW	18-Sep-12	\$2,000,000	-15%	\$1,700,000	6,504	\$261.38	CM-2
718 8 AveSW	24-Jan-12	\$2,000,000	0%	\$2,000,000	6,506	\$307.41	CM-2
617 8 Ave SW	15-Nov-11	\$1,675,000	0%	\$1,675,000	6,172	\$271.39	CM-2
Average						\$280.06	

[11] The three sales presented reflect an average sale price psf. of \$280.06. All sales, it was argued, are located within a few blocks of the subject properties and are within similar size ranges. The 604 8 Ave. SW sale has a -15% adjustment to reflect it's superior "corner lot" location (-5%) as well as a transition zone adjustment (-10%). The three market indicators, it was argued, clearly support a land value of \$280.00 psf.

[12] Although the three sales were 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.

[13] 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.

[14] Additionally, the Complainant submitted Rebuttal evidence (Exhibit C2; 30 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 calculations and a prior year's Board Decision wherein some of the subject properties received a reduction.

**Respondent's Position:**

[15] The Respondent submitted evidentiary documentation, which was labelled Exhibit R1 (138 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.

[16] The Respondent takes the position that the subject properties, being currently utilized as surface parking lots, represent highly desirable development sites, in a market area where a limited inventory of such sites exists.

[17] A market value rate of \$305.00 psf. was applied to the subject properties, based on the

following Sales Analysis [R1; Pg. 90]:

### \$305 Land rate Support Analysis

Roll #	ADDRESS	Prop Type	LUD	Parcel Size	Area Infl.	Adj. Infl.	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

[18] The Respondent indicated 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.

[19] 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 supports the assessed value of \$305 psf.

[20] In further support of the assessed land values, the Respondent referenced an Assessment to Sale Ratio study (ASR) [R1; Pg. 91], wherein the 2014 assessments were compared to the sale prices of twelve sites within the downtown as a whole. The sales are vacant or marginally improved and assessed as vacant at the prescribed 2014 land rates. The Respondent submits that the resulting ASR of 1.00 supports the accuracy of the City's downtown land rates.

[21] Additionally, the Respondent referenced a March 2013 sale at 631 4 Ave. SW [R1; pgs.69 – 83], for \$395 psf. The property is located immediately adjacent to 404 6 St. SW., one of the Subject Complaint properties, and was purchased by PBA Land Development Ltd., owners of the properties 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.

[22] The Respondent further referenced another purchase by PBA Land Development Ltd., at 410 6 St. SW, [R1; Pgs. 84-87], a marginally improved property, also adjacent to subject property 404 6 St. SW, wherein the subject property owners paid \$652 psf. in March, 2014. The Respondent reasoned that they did not use this sale in their analysis, as it is a *post facto* sale, however, even if adjusted for purchaser motivation due to land assembly, the sale reflects a vigorously increasing downtown land market, that well supports the assessed \$305 psf. land rate.

**Board's Reasons for Decision:**

[23] 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.

[24] 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.

[25] 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 properties.

[26] 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.

[27] The Board confirms the subject assessments as noted in Schedule "A".

DATED AT THE CITY OF CALGARY THIS 22<sup>nd</sup> DAY OF July 2014.



Walter Krysincki

Presiding Officer

## SCHEDULE A

<u>File #</u>	<u>Owner</u>	<u>Roll #</u>	<u>Address</u>	<u>Assessment</u>	<u>Requested Assessment</u>
74347	PBA Land Dev. Ltd.	067020206	724 4 Ave. SW	1,310,000	1,200,000
74348	PBA Land Dev. Ltd.	067020305	726 4 Ave. SW	992,500	911,000
74349	PBA Land Dev. Ltd.	067020404	728 4 Ave. SW	992,500	911,000
74350	PBA Land Dev. Ltd.	067020503	730 4 Ave. SW	992,000	911,000
74351	PBA Land Dev. Ltd.	067020602	732 4 Ave. SW	992,000	911,000
74352	PBA Land Dev. Ltd.	067020701	736 4 Ave. SW	1,980,000	1,820,000
74353	PBA Land Dev. Ltd.	067022608	636 4 Ave. SW	1,180,000	1,080,000
74354	PBA Land Dev. Ltd.	067025304	404 6 St. SW	995,500	914,000
74356	PBA Land Dev. Ltd.	067228403	634 4 Ave. SW	1,800,000	1,650,000
74357	PBA Land Dev. Ltd.	067228502	312 6 St. SW	2,020,000	1,850,000
74358	PBA Land Dev. Ltd.	067228601	314 6 St. SW	1,060,000	974,000

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

<b>NO.</b>	<b>ITEM</b>
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	