



DECISION WITH REASONS

In the matter of the complaints against the property assessments as provided by the *Municipal Government Act*, Chapter M-26, Section 460, Revised Statutes of Alberta 2000 [the Act].

between:

CEP LP Investment Corp.
(as represented by Altus Group Ltd.), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

J. Dawson, PRESIDING OFFICER
R. Roy, BOARD MEMBER
T. Livermore, BOARD MEMBER

These are complaints to the Composite Assessment Review Board [CARB or the Board] in respect of property assessments prepared by the Assessor of The City of Calgary and entered in the 2014 Assessment Roll as follows:

ROLL NUMBER:	See Appendix 'A'
LOCATION ADDRESS:	396 11 AV SW
FILE NUMBER:	See Appendix 'A'
ASSESSMENT:	See Appendix 'A'

These complaints were heard on the 2nd day of July, 2014 at the office of the Calgary Assessment Review Board [ARB] located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 1.

Appeared on behalf of the Complainant:

- *D. Chabot* *Agent, Altus Group Ltd.*

Appeared on behalf of the Respondent:

- *R. Natyshen* *Assessor, City of Calgary*

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

- [1] The Complainant and Respondent agreed to hear the thirty (30) complaints in one hearing as they are owned by the same property owner.
- [2] There are no additional preliminary, procedural, or jurisdictional issues.

Property Description:

- [3] The subject properties are 'A' class office condominium units located at the NE corner of 11 AV and 4 ST SW in the same building within the Beltline Non-Residential Zone [NRZ] of BL3. The condominiums are listed in Appendix 'A' and are assessed using the Direct Sales Comparison Approach to value. The Respondent found a rate of \$425 per square foot and applied it equally to each condominium unit.

Issues:

- [4] The single issue before the Board is the value per square foot for each condominium unit. The Complainant is asking for a value of \$392 per square foot.

Complainant's Requested Value: See Appendix 'B'

Board's Decision:

- [5] The Board found the value of \$392 per square foot to be fair and equitable and adjusted and truncated the assessments accordingly. See appendix 'C' for final assessment values.

Legislative Authority, Requirements and Considerations:

The Municipal Government Act.

Revised Statutes of Alberta 2000 Chapter M-26

Interpretation

1(1) In this Act,

- (n) 'market value' means the amount that a property, as defined in section 284(1)(r), might be expected to realize if it is sold on the open market by a willing seller to a willing buyer;

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

[6] The Complainant provided '2014 Property Assessment Notices', 'Property Assessment Detail Reports' from some of the 30 subject properties to show the approximate twenty-one percent (21%) year over year increase in assessment and to show the details of how the assessment was derived. (C1 pp. 7-12).

[7] The Complainant presented a chart of sales provided by the Respondent through a '2014 Property Assessment Information Request' [PAIR]. Each sale is reported by; submarket area or NRZ, sub-property coding, quality (or class), Actual Year of Construction [AYOC], area, sale date, sale price, adjusted sale price, number of titled parking stalls included in sale, the value attributed to the titled parking space, and the net value after adjustments (C1 pp. 20-22).

[8] The Complainant explained that the sales are from the Downtown and the Beltline areas and included both retail use (labelled CM0610 under 'subproperty use') and office use (labelled CS0610 under 'subproperty use').

[9] The Complainant manipulated the sales information provided by the Respondent to segregate the retail uses from the office uses, removed downtown sales, removed sales from different quality (class) ratings, and performed an Assessment to Sales Ratio [ASR] test to arrive at a value of 1.07, which is outside of the normal target of between 0.95 and 1.05. The results also illustrate that 'A' class retail condominiums sell for a median value of \$463.52 per square foot while 'A' class office condominiums sell for a median of \$382.31 (C1 pp. 23-25).

[10] The Complainant included a 'Property Assessment Summary Report' for each of the eight comparable 'A' class office condominium sales. The Complainant further analysed the sales removing two sales because their assessed value is substantially different from the subjects and the other six sales. The results suggest that the two office condominiums are not comparable with the subjects. The remaining six 'A' class office condominium sales arrive at a median of \$391.72 per square foot, which calculate an ASR of 1.0 if they are assessed at \$392 per square foot. One sale of the six is from within the subject building and sold on October 8, 2010. It is considered too dated to request the assessment at the actual sale value (C1 pp. 26-40).

[11] In analysing the sales information, the Complainant relied on the 'Time Adjustment' analysis completed by the Respondent and disclosed through a PAIR request (C1 pp. 41-44).

[12] The Complainant provided assessment information of 'B' class office buildings assessed using the Income Approach within the same Beltline area of BL3 to illustrate that the Respondent typically finds higher rental values for the retail use versus office use supporting its findings of higher value for retail condominium sales versus office condominium sales (C1 pp. 47-53).

[13] The Complainant reviewed CARB 2850/2011-P where the Board found a different, lower

value for a 'B' class office condominium units versus 'B' class retail condominium units (C1 pp. 54-58).

Respondent's Position:

[14] The Respondent explained that assessing commercial condominiums is not simple. The Beltline 'A' class condominium sales of both retail and office have been combined because of lack of sales in other classes. The location and AYOC are the primary indicators of value versus quality. An adjustment is made for different projects and in one case AYOC (Testimony and R1 pp. 7, 8 and 107).

[15] The Respondent provided photographs of the exterior of the subject condominium building (R1 pp. 10-13).

[16] The Respondent disclosed '2014 Property Assessment Notice', 'Property Assessment Detail Report', and '2014 Assessment Explanation Supplement' for each of the thirty (30) properties under complaint (R1 pp. 16-105).

[17] The Respondent presented 'Beltline A Class Commercial Condo Sales Sample' to show the sales used to defend the assessment. The median is \$439.14 per square foot and the mean is \$418.26 per square foot. The ASR results in a median of 1.0. These sales support the assessment of \$425 per square foot (R1 p. 107).

[18] The Respondent included the supporting documents for the presented sales (R1 pp. 109-235).

[19] The Respondent argued that despite there being sufficient sales to assess 'A' class office condominiums separate from retail condominiums, not all classes had enough sales to split them out; therefore, for consistency sake, the 'A' class were combined and treated the same. Overall the ASR result is 1.0.

Board's Reasons for Decision:

[20] The Board is not satisfied with the explanation provided by the Respondent. There are sufficient sales to show that 'A' class office condominiums sell for substantially less value per square foot than 'A' class retail condominiums. The manner in which the Respondent assessed the 'A' class commercial condominiums means that retail condominiums are being assessed lower than market value and the subject office condominiums are being assessed higher than market value. While the Board agrees that it is difficult to assess the other classes of commercial condominiums based on available data, the subject properties should not have to suffer with a higher assessment to make the Respondent's job easier.

[21] The Board is not comfortable with adjustments being applied without explanation or market data to support. The Respondent admitted that a project adjustment is being made with two sales receiving what amounts to a 25 to 30% assessment reduction with no explanation. From an equity standpoint the Complainant might have requested a greater reduction.

[22] The Board is satisfied that the sales presented by the Complainant from the Respondent's data clearly show that 'A' class office condominiums within the Beltline are achieving a market value of \$392 per square foot rather than the assessed \$425 per square foot.

DATED AT THE CITY OF CALGARY THIS 23rd DAY OF July 2014.

A handwritten signature in black ink, appearing to read 'Jeffrey Dawson', is written over a horizontal line.

Jeffrey Dawson
Presiding Officer

APPENDIX 'A'**SUBJECT PROPERTIES
ORIGINAL ASSESSMENT**

ROLL NUMBER:	LOCATION ADDRESS:	FILE NUMBER:	ASSESSMENT:
201259256	610, 396 11 AV SW	75450	\$866,500
201260221	540, 396 11 AV SW	75433	\$868,000
201260213	530, 396 11 AV SW	75434	\$887,000
201260205	520, 396 11 AV SW	75435	\$489,500
201260197	510, 396 11 AV SW	75436	\$866,500
201260189	450, 396 11 AV SW	75437	\$900,000
201259298	650, 396 11 AV SW	75438	\$901,000
201259306	710, 396 11 AV SW	75439	\$860,500
201259314	720, 396 11 AV SW	75440	\$488,000
201260171	440, 396 11 AV SW	75442	\$880,500
201260163	430, 396 11 AV SW	75443	\$958,000
201260155	420, 396 11 AV SW	75444	\$486,500
201260148	410, 396 11 AV SW	75445	\$871,000
201260130	350, 396 11 AV SW	75446	\$900,000
201259280	640, 396 11 AV SW	75447	\$871,500
201259272	630, 396 11 AV SW	75448	\$888,000
201259264	620, 396 11 AV SW	75449	\$491,000
201260239	550, 396 11 AV SW	75451	\$896,500
201260122	340, 396 11 AV SW	75489	\$871,000
201260114	330, 396 11 AV SW	75490	\$889,000
201260098	310, 396 11 AV SW	75491	\$871,000
201260080	210, 396 11 AV SW	75492	\$462,000
201260072	240, 396 11 AV SW	75493	\$569,500
201260056	220, 396 11 AV SW	75494	\$787,500
201260064	230, 396 11 AV SW	75497	\$1,000,000
201259348	750, 396 11 AV SW	75498	\$893,500
201259462	1020, 396 11 AV SW	75593	\$485,000
201260106	320, 396 11 AV SW	75793	\$486,500
201259330	740, 396 11 AV SW	76221	\$872,000
201259322	730, 396 11 AV SW	76222	\$889,500

APPENDIX 'B'**SUBJECT PROPERTIES
COMPLAINANT REQUESTED ASSESSMENT**

ROLL NUMBER:	LOCATION ADDRESS:	FILE NUMBER:	REQUESTED ASSESSMENT:
201259256	610, 396 11 AV SW	75450	\$797,720
201260221	540, 396 11 AV SW	75433	\$798,869
201260213	530, 396 11 AV SW	75434	\$816,536
201260205	520, 396 11 AV SW	75435	\$450,800
201260197	510, 396 11 AV SW	75436	\$797,328
201260189	450, 396 11 AV SW	75437	\$828,296
201259298	650, 396 11 AV SW	75438	\$829,472
201259306	710, 396 11 AV SW	75439	\$791,840
201259314	720, 396 11 AV SW	75440	\$449,232
201260171	440, 396 11 AV SW	75442	\$810,264
201260163	430, 396 11 AV SW	75443	\$881,608
201260155	420, 396 11 AV SW	75444	\$448,056
201260148	410, 396 11 AV SW	75445	\$801,640
201260130	350, 396 11 AV SW	75446	\$828,296
201259280	640, 396 11 AV SW	75447	\$802,032
201259272	630, 396 11 AV SW	75448	\$817,320
201259264	620, 396 11 AV SW	75449	\$451,976
201260239	550, 396 11 AV SW	75451	\$825,160
201260122	340, 396 11 AV SW	75489	\$801,640
201260114	330, 396 11 AV SW	75490	\$818,104
201260098	310, 396 11 AV SW	75491	\$801,640
201260080	210, 396 11 AV SW	75492	\$425,320
201260072	240, 396 11 AV SW	75493	\$524,104
201260056	220, 396 11 AV SW	75494	\$724,808
201260064	230, 396 11 AV SW	75497	\$923,944
201259348	750, 396 11 AV SW	75498	\$822,416
201259462	1020, 396 11 AV SW	75593	\$446,488
201260106	320, 396 11 AV SW	75793	\$448,056
201259330	740, 396 11 AV SW	76221	\$802,816
201259322	730, 396 11 AV SW	76222	\$818,496

APPENDIX 'C'**SUBJECT PROPERTIES
BOARD DECISION - REVISED ASSESSMENT**

ROLL NUMBER:	LOCATION ADDRESS:	FILE NUMBER:	BOARD DECISION:
201259256	610, 396 11 AV SW	75450	\$797,500
201260221	540, 396 11 AV SW	75433	\$798,500
201260213	530, 396 11 AV SW	75434	\$816,500
201260205	520, 396 11 AV SW	75435	\$450,500
201260197	510, 396 11 AV SW	75436	\$797,000
201260189	450, 396 11 AV SW	75437	\$828,000
201259298	650, 396 11 AV SW	75438	\$829,000
201259306	710, 396 11 AV SW	75439	\$791,500
201259314	720, 396 11 AV SW	75440	\$449,000
201260171	440, 396 11 AV SW	75442	\$810,000
201260163	430, 396 11 AV SW	75443	\$881,500
201260155	420, 396 11 AV SW	75444	\$448,000
201260148	410, 396 11 AV SW	75445	\$801,500
201260130	350, 396 11 AV SW	75446	\$828,000
201259280	640, 396 11 AV SW	75447	\$802,000
201259272	630, 396 11 AV SW	75448	\$817,000
201259264	620, 396 11 AV SW	75449	\$451,500
201260239	550, 396 11 AV SW	75451	\$825,000
201260122	340, 396 11 AV SW	75489	\$801,500
201260114	330, 396 11 AV SW	75490	\$818,000
201260098	310, 396 11 AV SW	75491	\$801,500
201260080	210, 396 11 AV SW	75492	\$425,000
201260072	240, 396 11 AV SW	75493	\$524,000
201260056	220, 396 11 AV SW	75494	\$724,500
201260064	230, 396 11 AV SW	75497	\$923,500
201259348	750, 396 11 AV SW	75498	\$822,000
201259462	1020, 396 11 AV SW	75593	\$446,000
201260106	320, 396 11 AV SW	75793	\$448,000
201259330	740, 396 11 AV SW	76221	\$802,500
201259322	730, 396 11 AV SW	76222	\$818,000

APPENDIX 'D'**DOCUMENTS PRESENTED AT THE HEARING
AND CONSIDERED BY THE BOARD:**

NO.	ITEM
1. C1 – 64 pages	Complainant Disclosure
2. R1 – 243 pages	Respondent Disclosure
3. C2 – 6 pages	Complainant Rebuttal 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.*

Municipal Government Board use only: Decision Identifier Codes				
Appeal Type	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	Office	High Rise (Unit Ownership)	Sales Approach	Land & Improvement Comparables