

## 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:

***Berdaland Company Limited (as represented by Colliers International Valuation & Advisory Services), COMPLAINANT***

and

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

before:

|                            |                                 |
|----------------------------|---------------------------------|
| <b><i>K. Thompson,</i></b> | <b><i>PRESIDING OFFICER</i></b> |
| <b><i>P McKenna,</i></b>   | <b><i>BOARD MEMBER</i></b>      |
| <b><i>P Loh,</i></b>       | <b><i>BOARD MEMBER</i></b>      |

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>067095109</b>    |
| <b>LOCATION ADDRESS:</b> | <b>530 11 Av SW</b> |
| <b>FILE NUMBER:</b>      | <b>76604</b>        |
| <b>ASSESSMENT:</b>       | <b>\$1,850,000</b>  |

This complaint was heard on 8 day of July, 2014 at the office of the Assessment Review Board located at Floor Number 4 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 10.

Appeared on behalf of the Complainant:

- T. Howell                      *Agent, Colliers International Valuation & Advisory Services*

Appeared on behalf of the Respondent:

- L. Wong                      *Assessor, City of Calgary*
- R. Ford                      *Assessor, City of Calgary*

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

[1] No procedural or jurisdictional issues were brought forward. The Board continued with the merits of the complaint.

**Property Description:**

[2] The subject property is located at 530 11 Av SW in the Beltline area (BL3 market area) and consists of 6,502 square feet (sf) of surface parking with no improvements.

[3] The property is assessed using the sales comparison method of valuation and the assessment is based on a land only value. The assessed land rate for BL3 is \$285.00 per square foot (PSF). The subject property has no Influences that impact its assessed value.

**Issues:**

[4] Issue 1: The value of the subject property would better reflect market if it was based on a land rate of \$200.00 psf.

[5] Issue 2: The economic impact of the flood on this property was listed as a second issue and was withdrawn at the hearing. The Complainant asked that the Board include comments on the flood impact in the decision, but is not requesting a reduction in value based on this issue.

**Complainant's Requested Value: \$1,300,000**

**Board's Decision:**

[6] The assessment is confirmed at \$1,850,000

**Legislative Authority, Requirements and Considerations:**

[7] By the Act, Section 460.1(2), subject to Section 460(11), a composite assessment review board has jurisdiction to hear complaints about any matter referred to in Section 460(5) that is shown on an assessment notice for property, other than property described in Subsection (1)(a).

**Position of the Parties****Complainant's Position:****Issue 1**

[8] The Complainant contends that the City did not use a correct methodology when analyzing the sales to determine a typical 2014 land rate for market area BL3. In arriving at a typical land rate the City first removed the site specific influences of the sale properties from the sale value and then determined the typical land rate per square foot. The City calls this the base land rate. The Complainant stated that no adjustments should be done to the sales at the analysis stage; applying influences should only be done at the assessment stage.

[9] The Complainant used six sales in the analysis of the land rates for the BL3 market area to arrive at a rate of \$200.00 psf [C1, pg 16].

[10] The Complainants Analysis is as follows:

| Address      | Submarket area | Area in sf | Sale date | Sale Price         | Sale Price psf |
|--------------|----------------|------------|-----------|--------------------|----------------|
| 901 10 Av SW | BL4            | 29,185     | 9/19/2011 | \$7,300,000        | \$250.13       |
| 614 10 Av SW | BL3            | 65,775     | 3/15/2012 | \$17,000,000       | \$258.45       |
| 1515 8 St SW | BL4            | 22,738     | 7/4/2012  | \$5,500,000        | \$241.88       |
| 214 11 Av SW | BL2            | 26,005     | 7/6/2012  | \$4,500,000        | \$173.04       |
| 120 13 Av SE | BL2            | 52,490     | 11/4/2011 | \$5,400,000        | \$102.88       |
| 218 10 Av SE | BL2            | 46,174     | 8/2/2011  | \$7,850,000        | \$170.01       |
|              |                |            |           | Mean               | \$199.40       |
|              |                |            |           | Requested Rate psf | \$200.00       |

[11] The Complainant provided a map showing the location of subject property and the six sales, along with information from RealNet for the six sale properties [C1, pg 17-40]. Information on the assessment calculation and details of the subject property and the City's beltline land rate analysis was also provided [C1, pg 5-14].

[12] The Respondent questioned the Complainant on its choice of the six land sales used in its analysis. In particular the Respondent asked why only six sales were used and of the six why three were from BL2 market area when the sale price psf on those sales was very different from that of BL3/4 market area and the subject property.

[13] The Complainant stated that, in its opinion, the sales it analysed were considered to be the best comparables, based on location and sale dates as close to the valuation date as possible. The Complainant stated that it used RealNet to establish which sales would be good to use.

[14] In questioning, the Respondent asked why the land sale at 633 10 Av SW was not included in the analysis, especially since the sale at 614 10 Av SW was included. The Complainant replied that the sale at 633 10 Av SW didn't facilitate the analysis.

[15] The Complainant, when asked, stated that there was no reason to doubt the City's sales, but simply didn't use them for the Complainant's analysis.

The Complainant repeated that removal of the influences in the analysis is not supported in the market place. The sale is the sale and the properties sell with the influence.

## Issue 2

[16] The Complainant withdrew its request for a value reduction on the subject property based to the effects of the 2013 flood. It was requested however, that the argument be included in the decision write-up. The Complainant contends that there is not sufficient data to determine value for the subject property as of July 1, 2013, the legislated valuation date. There was no market on July 1, 2013 due to the flooded state of the downtown and Beltline areas. The Complainant stated that it was not in agreement with the method the City used to determine the effects of the flood [C1, pg 42-66].

## Respondent's Position:

[17] The Respondent provided details and calculations on the assessment of the subject property.

[18] The City's influence code descriptions and related adjustments were provided [R1, pg 9]. Relevant adjustments are;

- |                                      |       |
|--------------------------------------|-------|
| 1) Corner lot (CL)                   | +5%,  |
| 2) Abutting a Train Track            | -15%, |
| 3) Transitional zone increase (Tran) | +10%  |
| 4) Transitional zone decrease (Tzd)  | -10%  |

[19] The land rate psf for the subject property was based on the analysis of nine BL3 and BL4 land sales. The Respondent explained that the purpose of the sales analysis was to develop a typical base rate psf to use to value all land in the BL3 market area. In order to arrive at that base rate psf, all influences on the sale properties need to be removed to get at an unadjusted base rate. Appropriate adjustments are then applied back to each individual property at the assessment stage. The Respondent argued that this is common appraisal practice

[20] The Respondent also provided the City's 2014 land rate analysis for the Beltline market area [R1, pg12-15]. This analysis included nine sales for the subject property market area (BL3 and BL4 were analysed together) and five sales in other Beltline submarkets.

[21] The median of the nine sales in BL3 and BL4 was \$288 psf and the mean \$274 psf, the range was \$113 psf to \$417 psf.

[22] The analysis is as follows, BL3 land rate analysis is outlined in heavy black:

|                      | Submarket area | Area in sf    | Sale date         | Sale price          | influence        | Adjusted sale price | Sale price psf adjusted |
|----------------------|----------------|---------------|-------------------|---------------------|------------------|---------------------|-------------------------|
| 218 10 Av SE         | BL2 *          | 46,370        | 08/02/2011        | \$7,850,000         | CL, Track, Tzd   | \$9,812,500         | \$212                   |
| 120 13 Av SE         | BL2 *          | 52,411        | 11/01/2011        | \$5,400,000         | CL               | \$5,142,857         | \$98                    |
| 214 11 Av SW         | BL2 *          | 26,076        | 07/06/2012        | \$4,500,000         |                  | \$4,500,000         | \$173                   |
| <b>633 10 Av SW</b>  | <b>BL3</b>     | <b>16,261</b> | <b>12/23/2011</b> | <b>\$3,500,000</b>  | <b>CL</b>        | <b>\$3,333,333</b>  | <b>\$205</b>            |
| <b>614 10 Av SW</b>  | <b>BL3 *</b>   | <b>65,619</b> | <b>03/15/2012</b> | <b>\$17,000,000</b> | <b>CL, Track</b> | <b>\$18,888,889</b> | <b>\$288</b>            |
| <b>301 11 Av SW</b>  | <b>BL3</b>     | <b>55,939</b> | <b>10/24/2012</b> | <b>\$17,000,000</b> | <b>CL, Tran</b>  | <b>\$17,894,737</b> | <b>\$320</b>            |
| <b>524 10 Av SW</b>  | <b>BL3</b>     | <b>80,848</b> | <b>10/29/2012</b> | <b>\$30,350,000</b> | <b>CL, Track</b> | <b>\$33,722,222</b> | <b>\$417</b>            |
| <b>1501 6 St SW</b>  | <b>BL3</b>     | <b>13,014</b> | <b>10/18/2012</b> | <b>\$4,500,000</b>  | <b>CL-2402</b>   | <b>\$4,285,714</b>  | <b>\$329</b>            |
| <b>709 15 Av SW</b>  | <b>BL3</b>     | <b>3,223</b>  | <b>10/09/2012</b> | <b>\$1,070,000</b>  |                  | <b>\$1,070,000</b>  | <b>\$332</b>            |
| <b>901 10 Av SW</b>  | <b>BL4 *</b>   | <b>29,334</b> | <b>09/19/2011</b> | <b>\$7,300,000</b>  | <b>CL, Track</b> | <b>\$6,952,381</b>  | <b>\$237</b>            |
| <b>1031 15 Av SW</b> | <b>BL4</b>     | <b>9,768</b>  | <b>10/04/2011</b> | <b>\$1,100,000</b>  |                  | <b>\$1,100,000</b>  | <b>\$113</b>            |
| <b>1515 8 St SW</b>  | <b>BL4 *</b>   | <b>22,804</b> | <b>07/04/2012</b> | <b>\$5,500,000</b>  | <b>CL</b>        | <b>\$5,238,095</b>  | <b>\$230</b>            |
| 103 17 Av SE         | BL8            | 25,240        | 06/01/2012        | \$4,200,000         | CL               | \$4,000,000         | \$158                   |

\*Sales used by the Complainant

[23] The Respondent provided the City's Sales Request for Information, photographs, Commercial Edge reports, RealNet reports, titles and transfers to support the sales used in the analysis [R1, pg 26-224].

## Issue 2

[24] The Respondent introduced three *post facto* sales to show the flood didn't impact the market in this market area. As the flood was no longer an issue the Respondent made no more than a mention of this page [R1, pg 17].

## Board's Reasons for Decision:

### Issue 1

[25] The Board reviewed the evidence provided by both parties and will limit its comments to the relevant facts pertaining to this case.

[26] The subject property is in a well established economic zone in the beltline market area and this subject's placement in this zone was not challenged by the Complainant. The subject property's land rate however was challenged.

[27] Both the Complainant and the Respondent used the sales comparison approach to value this property, however only three of the same sales were used by both parties and those sales were analysed using different methodologies to arrive at different results.

[28] The Complainant gave no reason as to why it didn't use the other six sales shown in the City land analysis, only that different sales were selected for its analysis.

[29] In review of the sales evidence from both parties, there was no evidence before the Board to question any of the nine sales used in the Respondent's analysis. In addition, when reviewing the six sales used by the Complainant, the Board agreed with the Respondent that the three sales in BL2 appeared to be at a considerably lower rate than those in BL3 and 4, suggesting that the markets were different.

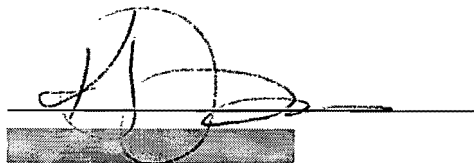
[30] As to methodology employed to create the base rates for the land in BL3, the Board accepts the Respondent's argument that the purpose of the analysis is to develop a typical base rate psf to apply to land in BL3 and for this reason it would be appropriate to remove any influences found on the sale properties before applying those rates to the rest of the properties in BL3. This is reasonable appraisal practice, especially if there are a limited number of sales and each type of influenced property can't be analysed on its own.

[31] The results from the Respondent's analysis satisfied the Board that market value and equity were attained. Ultimately, this is more important than the process and components of the process.

[32] The Board notes that while it is not bound by previous Board Orders, it did consider those that were submitted (for general principles); this decision is based on the evidence before this Board.

[33] The Board finds insufficient evidence to alter the land rate applied to this property. The assessment is confirmed.

DATED AT THE CITY OF CALGARY THIS 31<sup>st</sup> DAY OF July 2014.



**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  |

*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.*

| Property Type | Property Sub-Type | Issue    | Sub issue |
|---------------|-------------------|----------|-----------|
| other         | land              | Rate psf |           |