

**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:

Genco Holdings Ltd. (as represented by Avison Young), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

***J. Fleming, Board Chair
D. Morice, BOARD MEMBER
B. Jerchel, 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	Location	File Number	Assessment
1.	067867341	100, 608 7 th St. SW	76620	\$681,500
2.	067867366	200, 608 7 th St. SW	76628	\$954,000
3.	067867382	300, 608 7 th St. SW	76626	\$784,000
4.	067867408	400, 608 7 th St. SW	76625	\$954,000
5.	067867424	500, 608 7 th St. SW	76623	\$784,000
6.	067867440	600, 608 7 th St. SW	76622	\$954,000

This complaint was heard on 11th day of August, 2014 at the office of the Assessment Review Board located at Floor Number 4 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 6.

Appeared on behalf of the Complainant:

- *B. Peacock, Agent, Avison Young*
- *C. Hartley, Agent, Avison Young*

Appeared on behalf of the Respondent:

- *B. Tang, Assessor, City of Calgary*

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

- [1] There were no objections to the composition of the panel, and no Board member declared a conflict.
- [2] The parties agreed that because all the properties were located in the same building, it was appropriate that only one decision be issued, and that the decision would encompass all six properties.
- [3] There were no other preliminary matters raised.

Property Description:

[4] The subject properties are six full floor office condominiums comprising the entire building. The building was constructed in 1961 and is of C quality. The properties are designated Downtown Business District and are assessed on the sales comparison method. The assessments vary from \$681,500 to \$954,000.

Issues:

[5] The Complaint forms for the properties listed three issues for each property. At the hearing, the Complainant advised they were only arguing one issue.

- 1) What is the most appropriate evidence of the value of the Office Condominiums? Is it the value per square foot calculated from all of the City sales comparables, or some subset of the comparables?

Complainant's Requested Value:

Roll Number	Address	Assessment Request
067867341	100, 608 7 th St. SW	\$500,000
067867366	200, 608 7 th St. SW	\$700,000
067867382	300, 608 7 th St. SW	\$580,000
067867408	400, 608 7 th St. SW	\$700,000
067867424	500, 608 7 th St. SW	\$580,000
067867440	600, 608 7 th St. SW	\$700,000

Board's Decision:

[6] The Complaint is allowed in part, and the assessment is reduced as outlined in the chart below.

Roll Number	Address	Board Decision
067867341	100, 608 7 th St. SW	\$624,500
067867366	200, 608 7 th St. SW	\$874,500
067867382	300, 608 7 th St. SW	\$718,500
067867408	400, 608 7 th St. SW	\$874,500
067867424	500, 608 7 th St. SW	\$718,500
067867440	600, 608 7 th St. SW	\$874,500

Legislative Authority, Requirements and Considerations:

[7] The Board derives its authority from the Municipal Government Act RSA 2000 Chapter M-26 (the Act).

[8] More specifically, the Act reads:

s 1(1)(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;

s 467(1) An assessment review board may, with respect to any matter referred to in section 460(5), make a change to an assessment roll or tax roll or decide that no change is required.

s 467(3) An assessment review board must not alter any assessment that is fair and equitable, taking into consideration

(a) the valuation and other standards set out in the regulations,

- (b) the procedures set out in the regulations, and
- (c) the assessments of similar property or businesses in the same municipality.

Position of the Parties

Complainant's Position:

- [9] The Complainant argued that the best two sales comparables were those located in the same downtown zone (DT2) as the subject. Both were located in close proximity to the subject properties (Ex. C1, pg 17), had similar quality ratings, and similar overall size, although both properties were around 20 years newer than the subjects.
- [10] The Complainant also argued that the balance of the comparables were located quite far from the subject in the east end of downtown and in Chinatown, which the Complainant argued was a different type of market. The sales prices were noticeably higher in Chinatown.
- [11] The Complainant did not adjust for time on their comparables as they concluded it was not necessary because of the reasonable proximity of the sales to the valuation date.
- [12] The Complainant noted that the ground floor value was identical to the upper floor values and that this was an agreed fact by the parties.
- [13] The Complainant requested a reduction from \$289.00 per sf to \$215.84 per sf (Ex. C1, pg. 15) in accordance with the mean and the median of the two comparables.
- [14] Finally, the Complainant also observed that there were some condition issues with the subject (part of a wall was crumbling), but it was noted that this was not a part of the complaint.

Complainant's Rebuttal

- [15] In its Rebuttal, the Complainant produced a leasing brochure for the property with the disputed area showing that the property was being marketed with a size of 5,810 sf (Ex. R2, pg 11) and also showing a vacancy study from a different real estate company that highlighted a floor plate of 5,625 (Ex. R2., pg 19). Both of these pieces supported the Complainant's size as argued.
- [16] Finally, the Complainant included a copy of a 2014 CARB decision (75586P-2014) on a similar property which it pointed out 1.) rejected the Chinatown sales, and 2.) based the value on the closest comparable which was one of the Complainant's comparables as well (Ex. R2, pg 30).

Respondent's Position:

- [17] The Respondent objected to the exclusion of the east end sales. The Respondent noted that it had rejected sales evidence from the Chinatown Dragon City Mall as not comparable, but it was concluded that the other DT 9 sales were valid and comparable. (Ex. R1, pg. 18).
- [18] In addition, the Respondent noted that in its records, the comparable at 800, 900 6th Ave. SW was listed with an area of 4,575 sf which it asserted was taken from the registered Condominium plan. The Complainant was showing 5,474 sf which was shown as agreeing with

the data from the Realnet Report on the sale (Ex. C1, pg, 25).

[19] The impact of this difference was that the Complainant showed a sales price of \$219.22 per sf for the sale based on their area, while the Respondent showed a value of \$262.30 per sf based on their area.

[20] The Respondent further argued that a time adjustment was necessary and was demonstrated in the market. It argued that on a time adjusted basis, the values for the Complainant's proposed comparables increased to \$304.90 and \$224.43. The change in sales price was around \$11.00 per sf for the 8th Ave. comparable, but \$42.00 for the 6th Ave. property (Ex. R1, pg. 16).

[21] In summary, the Respondent argued that by time- adjusting the sales, using the correct area for the comparable, and including comparable east end sales, there was more than adequate support for the assessed values, and it asked for confirmation of the assessments for all of the properties.

Board's Reasons for Decision:

[22] The CARB reviewed the evidence.

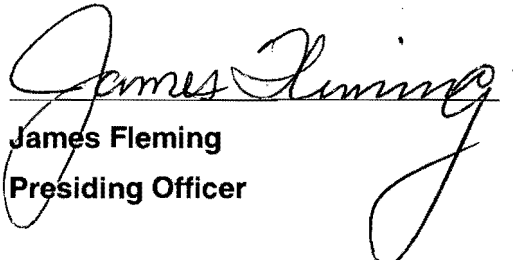
[23] The CARB concludes that, with the support of the CARB 75586P decision (Ex. C2, pg. 30) in the Rebuttal, the CARB agrees with the Complainant and concludes that the Chinatown land sales are NOT comparable to the subjects.

[24] Based on the information provided by the Respondent, the CARB accepts that a time adjustment must be applied to the sales comparables. There was no contrary evidence provided by the Complainant, and the concept of the necessity for time adjustments where necessary, is an accepted principle of property assessment. It was noted that there were some significant adjustments for time made to some of the comparable sales thereby demonstrating the importance of the adjustment (Ex R1 pg. 16).

[25] While the Complainant made a reasonable argument with evidentiary support for its estimate of the size of the Comparable, the CARB concludes that the Respondent generally researches the areas of properties very thoroughly and uses good sources. Consequently, in the absence of a certified area measurement from a qualified professional, the CARB accepts the size of the disputed comparable reported by the Respondent.

[26] Accordingly, by time adjusting the sales prices per sf of the two best comparables and using the area of the comparable in the Respondent record, the average price per sf is \$265.00. This price, when applied to the subjects, produces the values noted in the decision chart.

DATED AT THE CITY OF CALGARY THIS 26 DAY OF SEPTEMBER 2014.


James Fleming
Presiding Officer

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

NO.	ITEM
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.*

For Official Use:
