

**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:

***Venti Investment Corporation (as represented by Colliers International Ltd.),
COMPLAINANT***

and

The City Of Calgary, RESPONDENT

before:

***C. McEwen, PRESIDING OFFICER
J. Mathias, MEMBER
S. Rourke, 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 2011 Assessment Roll as follows:

ROLL NUMBER: 200847309

LOCATION ADDRESS: 209 40 SUNPARK PZ SE

HEARING NUMBER: 63176

ASSESSMENT: \$21,390,000

This complaint was heard on the 8th day of July, 2011 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 9.

Appeared on behalf of the Complainant:

- C. Hartley
- A. Farley

Appeared on behalf of the Respondent:

- T. Neal

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

There were no procedural or preliminary matters raised.

Property Description:

The subject property is 60,204 square feet of non-contiguous space located within a stratified suburban office building, the Sunpark Professional Centre, inside the Sunpark Plaza within the Sundance district of SE Calgary. The subject is assessed using the Sales Comparison Approach to Value.

Issues:

Is the subject property assessment higher than market value and, therefore, inequitable to comparable properties?

Specifically, should the subject property be assessed using the Income Approach to Value due to the atypical characteristics of the subject?

Complainant's Requested Value:

\$14,250,000

Board's Findings and Reasons in Respect of Each Matter or Issue:

The Complainant described the subject property as an atypical suburban office condominium due to its size (54,511 square feet) and the non-contiguous nature of the subject space which is divided between twenty-three separate units. The Complainant provided a subject floor plan to demonstrate that the space lacks coherency as the units are located throughout the subject building and have little spatial relationship to one another. The Complainant argued that the subject cannot be sold as a typical condominium and, therefore, that it cannot be properly assessed using the typical Sales Approach methodology. The Complainant recommended that the Income Approach to Value be used to assess the subject as the separate units comprising the subject are leased individually. To support the Income Approach argument, the Complainant provided a subject rent roll indicating the subject lease and vacancy rates. In addition, the Complainant provided the Assessment Requests for Information supporting the subject rent roll. The Complainant provided a subject pro forma that valued the subject at \$14,250,000 using the

Income Approach to Value. The Complainant also provided the RealNet report of the sale of a comparable property located at 14505 BANNISTER RD SE. The comparable sold on September 13, 2009 for \$15,900,000 and included additional land located at 14555 BANNISTER RD SE. The comparable shares age, location, size and amenity characteristics with the subject property. The Complainant provided testimonial evidence that the comparable has one hundred and fifty underground parking stalls, unchallenged by the Respondent. In addition, the Complainant provided a summary and the Assessment Summary Reports of the City's office condominium sales within the valuation period.

The Respondent provided the Condo Assessment Explanation Summary (R1, page 17) for the subject indicating one hundred and twenty-three parking stalls assessed at \$10,000 each. The Respondent also provided the Assessment Summary Report for the vacant land at 14555 BANNISTER RD SE. This property is assessed at \$2,180,000. The Respondent also provided a sales comparable chart of two properties and an equity comparable chart of five properties to support the subject assessment.

The Board does not accept the Complainant's argument that the subject property cannot be assessed using the Sales Approach to Value. There is no evidence before the Board to suggest that the twenty-three units, in whole or in part, and which are currently leased on the open market, cannot be sold on the open market to willing buyers. The Board, therefore, ignores the evidence provided by the Complainant to support an Income Approach to Value of the subject property. The Board, however, does not accept the Respondent's evidence in support of the subject assessment as it is deemed insufficient to support the assessment conclusion.

The Board accepts the sale of the Complainant's comparable located at 14505 and 14555 BANNISTER RD SE as the best comparable from which to derive an equitable assessment for the subject property. The best comparable shares many of the characteristics of the subject property including proximity, age, quality, size, market, amenities and architecture. The Board considers the Respondent's two sales comparables from May and October, 2007 as dated and give them very little weight.

The Board uses the sale of the Complainant's comparable property to calculate the value of the subject as follows:

The comparable sold for \$15,900,000 on September 13, 2010. Although the transaction is slightly post facto, the Board accepts the sale as a reliable indicator of value on July 1, 2010. R1, page 28 assesses the vacant land, included in the comparable sale, at \$2,180,000. The comparable stand-alone building, therefore, is valued at \$13,720,000 (\$15,900,000 - \$2,180,000). As the parking stalls in the comparable are valued at \$1,500,000 (\$10,000 x 150 stalls), the comparable building, without parking, is valued at \$12,220,000 (\$13,720,000 - \$1,500,000) or ~ \$200 per square foot.

The subject property, without parking, is valued at \$12,204,000 (60,204 square feet x \$200 per square foot). The value of the subject parking is \$1,230,000 (\$10,000 x 123 stalls). The value of the subject property, therefore, is \$13,270,000 (\$12,204,000 + \$1,230,000). This value provides fairness and equity between the subject property and the valid sale of the best comparable at 14505 BANNISTER RD NE.

Board's Decision:

The assessment is reduced to \$13,270,000.

DATED AT THE CITY OF CALGARY THIS 27 DAY OF July 2011.

C. McEwen

C. McEwen
Presiding Officer

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

NO.	ITEM
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.*