

**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:**

***Trafalgar Investments Ltd. (as represented by Altus Group Limited), COMPLAINANT***

**and**

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

**before:**

***K. D. Kelly, PRESIDING OFFICER  
J. Massey, MEMBER  
R. Kodak, 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 2012 Assessment Roll as follows:

<b>ROLL NUMBER:</b>	<b>080055502</b>
<b>LOCATION ADDRESS:</b>	<b>602 – 22 AV SW</b>
<b>HEARING NUMBER:</b>	<b>68836</b>
<b>ASSESSMENT:</b>	<b>\$1,120,000</b>

This complaint was heard on 14th day of October, 2012 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Board 4.

Appeared on behalf of the Complainant:

- *Ms. C. Van Staden – Altus Group Limited*

Appeared on behalf of the Respondent:

- *Mr. H. Neumann - Assessor – City of Calgary*

**REGARDING BREVITY:**

[1] The Composite Assessment Review Board (CARB) reviewed all the evidence submitted by both parties. The extensive nature of the submissions dictated that in some instances certain evidence was found to be more relevant than others. The CARB will restrict its comments to the items it found to be most relevant.

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

[2] None.

**Property Description:**

[3] The subject is a 6-unit two-storey 1980's era walk-up apartment building on an 8,252 square foot (SF) corner lot in the predominantly residential and mature community of Cliff Bungalow. The subject is located on the NW corner of 5 ST SW and 22 AV SW. The suite mix of the subject is unknown. It is assessed as "Land Value" only at \$130 per square foot (SF) with an additional 5% "corner lot influence" for a total assessment of \$1,120,000.

**Issue:**

[4] What is the correct assessment for the subject when its 2012 assessed value is tested against selected valuation approaches and/or techniques?

**Complainant's Requested Value:**

[5] The Complainant requested that the assessment be reduced to \$904,500.

**Board's Decision in Respect of Each Matter or Issue:**

**Complainant's Position**

[6] The Complainant provided maps and photographs of the subject and its location in Cliff Bungalow. She argued that prior to determining that the subject should be assessed using a "land value only" technique, the Respondent Assessor should have calculated the value of the subject using firstly – a "Highest and Best Use" methodology, and secondly, an "Income Approach to Value" methodology, based on the income stream of the subject. The resulting valuation, she suggested, would provide an indication as to whether or not the land value of the subject exceeded that of the land and improvement together. She argued that there is no evidence that the City has done this, and therefore no evidence that the subject has been correctly assessed using an appropriate methodology.

[7] The Complainant outlined the generally-accepted procedures and parameters for a "Highest and Best Use" analysis, noting that the costs of demolition must be considered and factored into any such calculations. She noted that an Income Approach to Value had not been prepared for the subject by Altus.

[8] The Complainant examined the Land Use Zoning on the site and clarified for the Board, the range of alternate medium density residential land uses permitted on the site, should it be re-developed. The Complainant referenced a market sale of a similar nearby property at 1505 – 23 AV SW which contains twice the site area of the subject, and on which, eleven townhouses units are currently being constructed. She argued that there is more value in low-rise, low-density development than in high-rise higher-density development in this area, given the higher quality and character of the neighbourhood.

[9] The Complainant argued that based on analysis of the subject's zoning, the community, and the risks/rewards of re-development, the highest and best use of the subject is in its current form as a 6-unit walk-up apartment building.

[10] The Complainant provided the financial considerations and physical characteristics and details of six market sales of improved property comparables from several surrounding communities, including two from the subject's Cliff Bungalow. The six property comparables contained from five to eight units each. She concluded that a median fair market value of \$150,833 per unit was a "typical" value for properties comparable to the subject.

[11] The Complainant also provided three additional property comparables from the Mission and Sunalta communities which contained between eleven and sixteen units each. She clarified that while these three property sales indicated certain values, they were unlike the subject in numbers of suites and community location – particularly since Mission is described as a "community in transition" unlike the "more stable" Cliff Bungalow. However, she clarified that the relative market values of these properties, provide a good indication of value for the subject which is \$904,500.

[12] The Complainant provided copies of the Commercial Edge information sheets for each of her property comparables in both her main document C-1 and her Rebuttal document C-2. She clarified in detail for the Board the specific characteristics of each property and compared them to each other and the subject. She also provided the Commercial Edge information sheets for two additional vacant land sales – one in Bankview Community and the other in Mount Royal, closer to the subject. She suggested that the Bankview sale is the best indicator of value for the subject.

[13] The Complainant argued that the City has relied on only one vacant land sale at 1913 – 5 ST SW to value the subject. She argued that this information confirms that the subject is over-assessed, and the assessment should be reduced to \$904,500.

#### **Respondent's Position**

[14] The Respondent argued that although it is a very important valuation component in the marketplace, the Complainant has not considered "suite mix" in her alternate calculations of value for the subject. He noted however that he too was unable to accurately identify the suite mix for the subject, since he had focused on the land value and not the income value of property.

[15] The Respondent also questioned whether or not any of the Complainant's property comparables were located on corner lots and hence received an additional assessment for a "corner lot influence"? He argued that his investigations led him to believe that none were, and therefore he considered that in that regard, they were not comparable to the subject. He also argued that the Complainant's sales comparables were largely from different communities than Cliff Bungalow, and the Complainant had not accounted for (un-defined) community differences when comparing them to the subject.

[16] The Respondent provided a matrix containing the details of the Complainant's market sales, including their individual suite mix, assessment per suite, total assessment, etc. to identify certain site characteristics which he proposed to compare to the subject. However, he noted pursuant to questions that he did not have the identical data for the subject, and therefore it was not possible to compare the examples to the subject.

[17] The Respondent argued that the Complainant has not adjusted her market sale comparables to account for such differences as 6 suites on an 8,000 SF lot, to 6 suites on a 6,000 SF lot for example. He also argued that the Complainant's property comparable sale at 1903C – 5A ST SW, which transacted at \$150,000 per suite, is not comparable to the subject because it sold with all the chattels as "fully-furnished" suites. He suggested that this property was operating much like a hotel, and therefore is not comparable to the subject, or any of the other Complainant comparables, which are typical (unfurnished) low-rise apartment buildings.

[18] The Respondent argued that the Complainant's sale of a 5-unit walk-up apartment property at 517 – 19 AV SW in Cliff Bungalow at \$196,000 per suite, supports the value apparent in the community, and the assessment of the subject. He also argued that the Complainant's vacant land sale example at 836 Royal AV SW, is approximately four blocks from the subject, and it sold for \$185 per SF which supports the assessment of the subject at \$130 per SF.

[19] The Respondent argued that while he has provided only one valid vacant land sale at 1913 – 5 ST SW, it is within two blocks of the subject and its \$130 per SF value is supported by three other sales of improved low-rise apartment properties in very close proximity to the subject. He provided a map outlining the location of the subject and his four sale comparables.

[20] The Respondent provided copies, and referenced selected portions of several Calgary Composite Assessment Review Board (CARB) Decisions which he argued support various principles he has used to assess the subject. He requested that the assessment be confirmed at \$1,120,000.

### **Board Findings**

[21] The Board finds that neither party has provided an Income Approach to Value calculation for the subject to demonstrate to the Board that the subject is properly assessed using a "land value only" "Highest and Best Use" methodology as advocated by the Respondent and challenged by the Complainant.

[22] The Board finds that the Complainant was unable to provide the Board with a definitive suite mix of the subject, and therefore it was not possible for the Board to draw any conclusions of comparability to any of the improved property market sales provided to it by the Complainant.

[23] The Board finds that both parties cast doubt on certain aspects of most of the market sale comparables of each party – improved and vacant sites, and therefore the Board was unable to draw any conclusive determinations of alternate value for the subject from this often conflicting information.

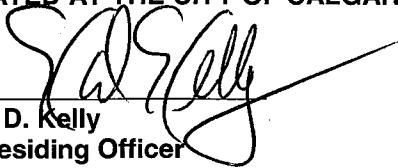
[24] The Board finds that of the two vacant land sales provided by the Complainant, the Lower Mount Royal sale, which is closest to the subject, supports the assessment. Notwithstanding the Complainant's arguments to the contrary, the Board does not consider the Bankview sale to be comparable, given its location remote from the subject and the differences in the characteristics of the community, and hence its market value, as described by the parties.

[25] The Board finds that the only clear evidence of relevant vacant land value is the Respondent's valid market sale at 1913 – 5 ST SW which sold at \$130 per SF and was used to assess the subject and other similar properties in the area. While normally one sale may not represent the market, it is the only clear evidence before the Board in this regard and supports the assessment by default.

**Board's Decision:**

[25] The assessment is confirmed at \$1,120,000.

DATED AT THE CITY OF CALGARY THIS 21<sup>st</sup> DAY OF November 2012.

  
K. D. Kelly  
Presiding Officer

**APPENDIX "A"**

**DOCUMENTS PRESENTED AT THE HEARING  
AND CONSIDERED BY THE BOARD:**

NO.	ITEM
1. C-1	Complainant Disclosure
2. C-2	Complainant Disclosure – Rebuttal
3. R-1	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 Only

Appeal Type	Property Type	Property Sub-type	Issue	Sub-Issue
CARB	residential	Multi-family	Market value	Land value only