



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:

Petro-Canada Exploration Inc., Suncor Energy Inc., COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

K. D. Kelly, PRESIDING OFFICER

J. Mathias, BOARD MEMBER

J. Pratt, 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:	079012704
LOCATION ADDRESS:	1920 – 4 ST SW
FILE NUMBER:	76594
ASSESSMENT:	\$9,430,000

This complaint was heard on 26th day of August, 2014 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 10.

Appeared on behalf of the Complainant:

- *L. Sangdaan – Suncor Energy Inc.*

Appeared on behalf of the Respondent:

- *M. Byrne – Assessor, City of Calgary*

Regarding Brevity:

[1] The Composite Assessment Review Board (CARB) reviewed all the evidence submitted by both parties. The 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 31,005 square foot (SF) corner lot land parcel improved with a Petro Canada gas bar; car wash; and convenience store in the FS1 Beltline area of Calgary at 1920 – 4 ST SW. It is assessed using the Cost Approach to Value at \$9,430,000 (rounded) which includes a 5% "corner lot adjustment" (increase). The land portion of the assessment is assessed at \$9,278,546 at \$285 per SF (plus 5%) whereas the improvements are assessed at \$153,391.

Issues:

[4] What is the correct land value to be applied to the subject's assessment when using the Cost Approach to Value methodology?

Complainant's Requested Value

[5] The Complainant requested that the assessment be reduced to \$6,322,000 which is calculated based on \$199 per SF - including the 5% corner lot influence.

Board's Decision:

[6] The Board reduced the assessment to \$7,650,000.

Legislative Authority, Requirements and Considerations:

[7] None

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

[8] The Complainant clarified that the assessment has been established using \$285 per SF for the land portion of the "Cost Approach to Value" calculation for the subject. This value was identified by the City as a "typical" land rate for the FS1 area of the Beltline in Calgary, and used to assess all similar properties there, including the subject. It was argued that based on analysis of the market, this land rate is "too aggressive".

[9] The Complainant provided a matrix containing four market sales of properties considered similar to the subject. Two of the parcels were improved like the subject, and two were vacant land. Two of the parcels transacted in 2012, and two in 2013 – the parcel at 1501 – 15 AV SW transacting June 24, 2013 – only a month before the valuation date of July 1, 2013. All parcels were zoned C-COR1 in the City's Land Use Bylaw; were approximately one-third the size of the subject; and all demonstrated a range of market values of between \$130.45 per SF and \$189.53 per SF. Two of the parcels were corner lots and only one – the parcel at 1501 – 15 AV SW was located in the Beltline area like the subject.

[10] The Complainant argued that the average value of these four sales at \$164.70 indicates that the land portion of the subject's assessment is "inflated" at \$285 per SF, or, \$299 per SF with the 5% corner lot influence added. The Complainant provided the Commercial Edge information sheets detailing the particulars of each of the four market sales. Also provided were the individual property characteristics for each parcel, as referenced from the City's Assessment Summary Reports.

[11] The Complainant initially provided five "equity" property comparables of which two were improved and three were unimproved parcels, all of which were initially considered to be similar to the subject. However, after closer examination of a site at 2100 – 4 ST SW it was decided to delete this property from further consideration. The Complainant calculated that the remaining four sites demonstrated an average size of about 39,005 SF and an average value of \$189.44 per SF.

[12] The Complainant suggested that as a result of analysis of the market, the assessment of the subject would be more correct and equitable if the land rate was reduced to \$199 per SF (\$189.44 + 5%). Calculations determined that together with the value of the improvement, this would produce an assessment of \$6,322,000.

Respondent's Position:

[13] The Respondent clarified that in assessing Beltline properties the City does not consider the zoning that is in place on affected properties. The City found no current 2012 or 2013 land sales in Beltline zone FS1, and therefore it used market sales from other areas of the Beltline such as BL3 and BL4 to assess the subject and similar properties. The value used was \$285 per SF.

[14] The Respondent clarified that the Cost Approach to Value is used to assess all gas/service stations, including the subject. An assessor is also required by departmental Policy to assess parcels using an Income Approach to Value methodology, and then compare that value to one generated where "land only" is considered. Whichever methodology produces the greater value, then that value and methodology is used to assess a property. This was the case with the subject.

[15] The Respondent offered a critique of the Complainant's market and equity property comparables, noting that the per square foot values used to assess them were, by their locational and market nature, assessed using lesser land values – in most cases \$165 per SF. It was determined that they were not comparable to the subject.

[16] The Respondent provided four assessment equity comparable properties from the FS1 Beltline area – all of which were assessed using \$285. These assessments and property comparables are said to demonstrate that the subject is equitably assessed. The Respondent also provided three *Post Facto* market sales – one of which was in BL2 (\$230 per SF) and another in BL3 (\$278 per SF). These sales – particularly the two Beltline sales it was argued, demonstrate that \$285 per SF is appropriate for the subject. The Respondent requested that the assessment be confirmed.

Board's Reasons for Decision:

[17] The Board finds that of the Complainant's sales, none are in the Beltline like the subject, are not impacted by the same market forces as in the Beltline, and are therefore not comparable to the subject which is in the Beltline zone FS1.

[18] The Board finds that while the Complainant's assessment equity comparables are near to the subject, they are not in the Beltline or FS1, and hence are assessed at a base rate of \$165 per SF, a lesser valuation parameter than the subject at \$285 per SF. Therefore they are not comparable to the subject.

[19] Based on the evidence and argument presented, the Board accepts the Respondent's argument that BL4 land values are similar to land values in Beltline zone FS1. The Board therefore finds that the best evidence of market value for the subject is contained in the Respondent's list of market sales (page 21 of R-1) used to assess the subject and other similar properties in BL zone FS1.

[20] The Board finds that the market sale at 1515 – 8 ST SW – one of three BL4 sales used by the Respondent, demonstrates a value of \$230 per SF. This parcel, while slightly smaller, is similar in size to the subject and is zoned with the same "Commercial Corridor 'CC-COR' " zoning category as the subject. When a 5% "corner Lot" influence is added (as with the subject), the value is \$242 per SF.

[21] The Board finds that a second BL4 market sale in the Respondent's list of sales and located at 1031 – 15 AV SW, contains land use zoning similar to the subject, is of a very similar size, is already adjusted upwards by 5% due to a corner lot influence, and demonstrates a market value of \$237 per SF. This value supports the \$242 per SF demonstrated in [20] above.

[22] The Board finds the fair, correct, and equitable assessment for the subject using the Cost Approach to Value, and based on a land value of \$242 per SF, is $(31,005 \text{ SF} \times \$242 = \$7,500,000) + \$153,391 \text{ (improvement)} = \$7,650,000 \text{ (rounded)}$.

[23] The Board reduces the assessment to \$7,650,000.

DATED AT THE CITY OF CALGARY THIS 23rd DAY OF September 2014



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. 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	commercial	Service station	market value	Land value parameter