



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:

612961 Alberta Ltd.

(as represented by Avison Young Property Tax Services), COMPLAINANT

and

The City of Calgary, RESPONDENT

before:

H. Kim, PRESIDING OFFICER

J. Kerrison, BOARD MEMBER

D. Pollard, BOARD MEMBER

This is a complaint to the Calgary Assessment Review Board (the Board) in respect of property assessments prepared by the Assessor of The City of Calgary and entered in the 2014 Assessment Roll as follows:

ROLL NUMBERS:	067076000	067076109
LOCATION ADDRESS:	532 8 Ave SW	730 5 St SW
FILE NUMBER:	76860	76861
ASSESSMENT:	\$2,270,000	\$2,170,000

This complaint was heard on the 28th day of July, 2014 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 5.

Appeared on behalf of the Complainant:

- C. Hartley, Avison Young Property Tax Services
- A. Farley, Avison Young Property Tax Services

Appeared on behalf of the Respondent:

- D. Grandbois, Assessor

Preliminary Matters:

[1] The two files under complaint are adjacent vacant parcels with the same owner. The Complainant requested that they be heard as one hearing and a single decision issued for both. With the agreement of the Respondent, the Board agreed to proceed on that basis.

Property Description:

[2] The subject properties are two adjacent vacant lots in the Non Res DT1 Sub Market area of downtown Calgary. 730 5 St SW is a 6,178 square foot (sf) parcel of land located on the northeast corner of the intersection of 5th Street and 8th Avenue SW. 532 8 Ave SW is a 6,161 sf parcel located immediately to the east. The two parcels have an aggregate parcel size of 12,339 sf and are used together as a single surface parking lot but have not been consolidated. An A class office building, Watermark Tower, is located to the east, and an older 3-storey office building, City TV, is located across the lane to the north of the subject parcels. 5 St SW is the dividing line between the DT1 Non Res Zone (NRZ) and the DT2 East NRZ.

[3] The parcels are assessed using the DT1 base rate for vacant land of \$370/sf. The east parcel is assessed at \$370/sf with no adjustments. The west parcel has a +5% Corner Lot adjustment to the base rate, and a -10% Transitional Zone Decrease applied to properties on the border of a lower value NRZ for a net adjustment of -5% on the base land rate to \$351.50. , The land rates applied to the respective parcels result in values of \$2,279,570 and \$2,171,567 which, truncated, are the assessments under complaint.

Issues:

[4] The Complaint form listed a number of issues as Reason(s) for Complaint, however at the hearing the only issue argued was whether the land rates applied were correct.

Complainant's Requested Values:

ROLL NO.	ADDRESS	FILE NUMBER	ORIG. REQUEST	REVISED
067076000	532 8 Ave SW	76860	\$1,300,000	\$1,890,000
067076109	730 5 St SW	76861	\$1,100,000	\$1,990,000

Board's Decision:

[5] The assessments are set at:

ROLL NO.	ADDRESS	FILE NUMBER	ASSESSMENT
067076000	532 8 Ave SW	76860	\$2,160,000
067076109	730 5 St SW	76861	\$2,170,000

Complainant's Position:

[6] The Complainant submitted that the new development to the east precludes amalgamation with the subject parcels, and therefore development potential is limited to a small floor plate building, being the aggregate parcel size less required setbacks. This small site could not be developed to realize the maximum available under the zoning.

[7] There were four sales of vacant parcels in the downtown core between June 2012 and April 2013 which determined the land rates in the various Non Res Zones:

NRZ	Address	LUD	Parcel Size (sf)	Influences	Sale Date	Sale Price	SP/sf
MUNI	515 Macleod Trail SE	DC-CM-2	118,299	CL	21-Jun-12	\$36,500,000	\$309
	216/240 2 Ave SW	DC-					
DT1	215/227 Riverfront Av SW	88D2008	107,728	CL	14-Nov-12	\$49,500,000	\$459
DT2	718 8 Ave SW	CM-2	6,506		21-Jan-12	\$ 2,000,000	\$307
DT2	1111 9 Ave SW	DC53Z95	136,296	CL, Track	16-Apr-13	\$24,800,000	\$182

Muni and DT1 were combined for the 2014 tax year, and the \$370/sf DT1 base land rate was derived from the first two sales. The Complainant argued that they were sales of much larger parcels with much greater development potential and not comparable to the subject. The sale at 718 8 Ave SW determined the \$305/sf rate for DT2 East, and the sale at 1111 9 Ave SW was the basis for the \$200/sf rate in DT2 West.

[8] The best comparable to the subject parcels is the sale at 718 8 Ave SW: it is similar in size and located just a block and a half to the west. It is currently being developed for a small office and retail building, about what would be possible on the subject parcels. The Complainant argued that the dividing lines between sub-market zones were arbitrarily set - there was no comparison of sales on each side of 5th Street to support it as the boundary between DT1 and DT2 East. The Respondent relies on just one sale to set the rates for each zone, and in the subject case the best comparable is the sale at 718 8 Ave SW for \$307/sf.

[9] Accordingly, the Complainant requested that the land rate be set at \$307/sf for the two parcels, with a +5% corner influence added to the corner lot.

Respondent's Position:

[10] The Respondent stated that transactions do not happen in a vacuum. Downtown land provides the highest densities available, and prices clearly go up closer to the downtown core. It would be useful to have a lot of sales to clearly support the demarcation lines, but notwithstanding the lack of sales there is an obvious difference in value between core and outer areas. Recent sales suggest the DT1 rate may have been low – the large vacant site at 4th Street between 5th and 6th Avenues SW, in close proximity to the subject, sold in November 2013 for \$1,377/sf.

[11] Only the parcel immediately adjacent to the boundary is given the Transitional Zone influence adjustment, and this is applied in the same way throughout the City. The Respondent presented CARB 71562P-2013 confirming the 2013 assessment of the east subject property. In that decision, the Board agreed that allowing the transitional influence on the east parcel would disturb equity for other properties.

Board's Reasons for Decision:

[12] The Board agrees that where the sales are in close proximity, parcels in excess of 100,000 sf are not as good of a comparable as parcels within a reasonable range of the size of

the subject. The sale at 718 8 Ave SW is a similar size to each of the subject parcels and in reasonable proximity to be considered a good comparable. However, the Board is of the opinion that this parcel is clearly inferior to the subjects for two reasons:

- The subjects are two adjacent parcels that can be developed, while the comparable was a single 50' lot bounded on both sides by development. The development potential of two halves of a 100' lot is much greater than that of an individual 50' lot. The fact they are adjacent, even if independently owned, allows the potential and likelihood of development as an aggregate parcel.
- The aggregate subject parcel is on a corner, which provides better access and again increases development potential.
- The subject parcels are closer to the core area of Downtown.

[13] Due to those differences, the Board did not accept that the \$307/sf sale price of 718 8 Ave SW provided a reasonable estimate of value of the subject parcels. At the same time, the Board did not consider the \$370/sf value based on sale prices of very large parcels to provide a reasonable estimate. The \$351.50/sf assessment of the west parcel is between the two values and is a reasonable rate. Accordingly its value is confirmed.

[14] With respect to the east parcel, while it is not immediately adjacent to the DT1/DT2 boundary, the Board did not find it reasonable to assess a mid-block parcel at a higher rate than the adjacent corner parcel. Accordingly, the Board determined that it should also be assessed at the \$351.50 rate.

DATED AT THE CITY OF CALGARY THIS 25 DAY OF AUGUST 2014.


R. Kim

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.*

For Administrative Use Only

Property Type	Property Sub-Type	Issue	Sub-Issues
(6) Other	Vacant Land	Sales Approach	Land Value