

**CALGARY
ASSESSMENT REVIEW BOARD
DECISION WITH REASONS**

In the matter of the complaint against the Property/Business assessment as provided by the *Municipal Government Act*, Chapter M-26, Section 460(4).

between:

Assessment Advisory Group, COMPLAINANT

and

The City of Calgary, RESPONDENT

before:

H. Kim, PRESIDING OFFICER

D. Pollard, MEMBER

T. Usselman, 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 2010 Assessment Roll as follows:

ROLL NUMBER:	067132803
LOCATION ADDRESS:	536 14 Ave SW
HEARING NUMBER:	58201
ASSESSMENT:	2,970,000

This complaint was heard on the 16 day of June, 2010 at the office of the Assessment Review Board located at Floor Number Four, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 6.

Appeared on behalf of the Complainant:

- *Yuan Tao*
- *Troy Howell*

Appeared on behalf of the Respondent:

- *Jim Toogood*

Property Description:

The subject property is a 19-unit 2.5 storey low-rise apartment building constructed in 1962 in the Beltline community.

Issues:

The Complainant identified two issues on the Complaint form:

1. The assessed value is not reflective of the property's market value.
2. The assessed value is inequitable with comparable property assessments.

Complainant's Requested Value: \$2,400,000 (revised to \$2,850,000 at the hearing)

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

The Complainant's initial issue related to the Gross Income Multiplier (GIM) and rental rates but there has been some agreement and the only remaining issue is the vacancy rate.

Complainant's position:

The assessment of the subject uses typical rents on the unit mix for a Potential Gross Income of \$202,200 to which a 2% vacancy rate is applied for an Effective Gross Income of \$198,156. The EGI multiplied by the GIM of 15 is \$2,972,340.

The Complainant submits that the typical vacancy should be 6%. He presented the CMHC Rental Market Report, Calgary CMA, dated Fall 2009. For the Beltline zone, the reported vacancy in October 2009 was 3.8% for bachelor units and 6.5% for 1-bedroom units. This supports his position that the appropriate vacancy applied should be 6%, which would result in an assessment of \$2,851,020 rounded to \$2,850,000. The Complainant agreed that the CMHC rates amalgamated different building types but argued there was no plausible reason why vacancy rates would differ between highrise and lowrise apartment buildings.

Respondent's position:

The Respondent disputed the accuracy of the CMHC report, as it reports vacancy rates in a particular zone regardless of building type. The Respondent bases the assessment using analysis

of information obtained from the Assessment Request for Information (ARFI) mailed annually to 2,000 multi-residential building owners with typically a 70% response rate. The Respondent identifies 9 market zones, similar to the CMHC zones, but the properties are further stratified by location and building type (lowrise, townhouse, fourplex and highrise) and age (pre-1965, 1965-1990, and newer than 1990). The rents used for the subject are rents typically achieved by low-rise 1960's apartments, \$650 for bachelors and 900 for 1-bedrooms. The ARFI return from the subject building indicates that the 1-bedrooms in the subject building rent for more than the typical rate, and that vacancy at time of reporting was zero, however the assessment is based on typical.

The Respondent submits that a typical vacancy from the CMHC report cannot be more accurate than the typical vacancy determined by analyzing returns from building owners. The vacancy rate applied is reasonable for the type, age and location of the property.

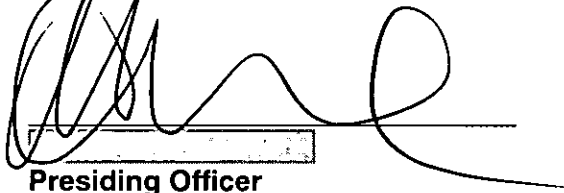
Decision and Reasons:

The Board agrees that applying vacancy rates stratified by location, type of building and age is more reasonable for arriving at an assessment than applying a single factor over an entire market area. The information obtained by the Respondent through ARFI responses would be more reliable and more detailed than the information available in the CMHC reports. There was no evidence that the subject suffers from atypical vacancy therefore the Board finds no basis on which to vary the vacancy rate used.

Board's Decision:

The complaint is denied and the assessment is confirmed at \$2,970,000.

DATED AT THE CITY OF CALGARY THIS 2nd DAY OF July 2010.



Presiding Officer

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.*