

**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-26.1, Section 460(4).

between:

Linnell Taylor Assessment Strategies, COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

***C. Griffin, PRESIDING OFFICER
I. Fraser, MEMBER
R. Glenn, MEMBER***

This is a complaint to the Comprehensive Assessment Review Board in respect of Property assessment prepared by the Assessor of The City of Calgary and entered in the 2010 Assessment Roll as follows:

ROLL NUMBER: 035139203

LOCATION ADDRESS: 725 Northmount Dr. NW

HEARING NUMBER: 57218

ASSESSMENT: \$11,010,000.

This complaint was heard on 15th day of October, 2010 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 2.

Appeared on behalf of the Complainant:

- D. Sheridan

Appeared on behalf of the Respondent:

- S. Poon

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

No Procedural or Jurisdictional matters were brought forth.

Property Description:

The property under complaint is a multi-family residential complex known as Cambrian Court. The property, which was originally constructed in 1961, is a nine (9) building complex which contains a total of 56 suites with 51 of same being 3 bedroom in size and the remaining 5 suites being 2 bedroom in size.

Issues:

The Issue(s) identified on the Assessment Review Complaint Form are:

1. The assessed value is incorrect
2. The assessed value is inequitable when compared to similar properties.
3. The typical rents applied by the Assessor are too high.
4. The vacancy rate utilized by the Assessor is too low.
5. The Gross Rent Multiplier (GIM) applied by the Assessor is too high.

Complainant's Requested Value:

\$8,900,000. **Revised at the Hearing** (Exhibit C1/pg 7) to **\$9,880,000.**

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

The Complainant provided a history (Exhibit C1 pg 8) of the assessment complaints for the subject property from 2007 to date. This history shows a pattern of reductions granted either by way of recommendation (2007), Assessment Review Board (ARB) decision (2008), or decision of the Municipal Government Board (MGB) (2009). The Complainant provided evidence (Exhibit C1 Appendix B) showing the rents being achieved at the subject property to be \$1,199/month for the 2 bedroom suites and \$1,299/month for the 3 bedroom suites as opposed to the \$1,250/mo. and \$1,350/mo. used by the Assessor. Additionally, the Complainant provided (Exhibit C1 p 4) evidence relating to the Canada Mortgage and Housing Corporation (CMHC) produced October 2008/2009 Average Rent By Zone and Bedroom Type for private row (townhouse) projects to be \$1,132 for a 2 bedroom suite in Oct. 2008 vs. \$1,023 in Oct. 2009 and \$1,251/mo. in October 2008 vs. \$1,200 in October 2009. Utilizing a six (6) month interpolation of these CMHC rents the Complainant derived an indication of \$1,078/mo. for the 2 bedroom units and \$1,226/mo. for the 3 bedroom units. The Complainant did note that the subject is achieving slightly better rents than the CMHC averages. The Complainant further introduced evidence (Exhibit C1 Appendix B) in the form of the June 2009 rent roll for the subject property indicating a vacancy rate of 16.07%. The Complainant also introduced evidence in the same Appendix in the form of CMHC produced vacancy rates for October 2008/09 by zone and bedroom type and which indicated 3.1% in October 2008 for 2 bedroom units vs. 1.9% for October 2009 and 1.5% for 3 bedroom units in October 2008 vs. 4.8% in October 2009. The Complainant contends that a reasonable vacancy rate for the subject property would be 5%. In terms of the GIM, the Complainant introduced (Exhibit C1 Appendix C) a table of multi residential property sales, excluding non arms-length, high rises, mixed use and condominiums, from both the northwest and northeast quadrants of the City. The Complainant relied upon information derived from CMHC for appropriate rental rates and vacancy rates and derived a *Weighted Average* GIM of 11.8, a *Raw Average* GIM of 13.1 and a *Median* GIM of 12.7; however, the Complainant noted the lack of townhouse sales but also noted the GIM for the two large unit count transactions to be 12.1. The Complainant also introduced evidence (Exhibit C1 pg 5) relating to 3 large unit count complexes have applied assessment GIMs of less than 12. In their final analysis the Complainant applied a GIM of 12 to generate their requested value of \$9,880,000.

The Respondent provided (Exhibit R1 pg 9) a copy of the Multi Residential Detail Report showing how the assessed value of the subject property was derived. This report indicates monthly rental rates of \$1,250 for the 2 bedroom units and \$1,350 for the 3 bedroom units, a vacancy rate of 3% a GIM of 14 and an adjustment factor of 10% to produce a value estimate of \$11,014,466. The Respondent referred the CARB to page 21 of their Exhibit R1 where 5 sales of townhouse developments are presented from which their applied GIM was extracted. Further, page 20 of this same Exhibit shows the Respondent's 3% vacancy rate as extracted from Assessment Requests For Information (ARFI) as sorted by zone. The Respondent also produced (Exhibit R1 pg 18) an equity comparison chart showing two other properties which have been assessed using the same inputs as those applied to the subject property.

The CARB noted that the sales evidence introduced by the Respondent consisted of 3 sales from 2007 and 2 sales from 2008 and all of these sales were either 4 or 5 or 6 units in size. The sales introduced by the Complainant consisted of eight sales, all recorded in 2008 and ranging in size from 4 units to 297 units, but none were the townhouse style of the subject development. The CARB notes that both parties agreed that there was a definite lack of germane sales evidence of townhouse projects in the size range of the subject. In support of their applied vacancy rate the Respondent submitted (Exhibit R1 pgs 44 – 46) the operating statement for the subject property for the year ending December 31/08 as well as the rent roll for the month of April 2009. The former indicates an annual vacancy loss of approximately 3% while the latter indicates a vacancy loss of 1.6% for the month. The CARB questioned the Respondent about the 10% adjustment applied to the valuation of the subject property (Exhibit R1 pg 9) in terms of what the adjustment is based on and why it is applied. The Respondent was unable to explain the source for this adjustment and suggested its application stemmed from the lack of sales evidence. The CARB was not persuaded as to the cause or accuracy of this adjustment based upon the answers received. In the final analysis, the CARB is of the judgment that the evidence of the Complainant outweighs that of the Respondent. The CARB acknowledges the lack of sales evidence of similar properties to the subject but it is more reasonable to derive an appropriate GIM from larger sized projects, excluding hi-rise developments, than the 4, 5 and 6 unit sized developments used by the Respondent. The CARB further notes that all of the sales introduced by the Complainant were recorded in 2008, unlike the sales of the Respondent. The CARB is also aware of the assessment history of the subject property and while it is acknowledged that the assessment is prepared annually, it is, in the judgment of the CARB, myopic to ignore the past.

Board's Decision:

The assessment of the subject property is reduced to \$9,880,000.

DATED AT THE CITY OF CALGARY THIS 26 DAY OF OCTOBER 2010.


C. J. GRIFFIN
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.*