

**COMPOSITE
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:

Colliers International Realty Advisors, COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

*C. Griffin, PRESIDING OFFICER
A. Zindler, MEMBER
R. Roy, MEMBER*

This is a complaint to the Composite Assessment Review Board (CARB) 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: 066141003

LOCATION ADDRESS: 1802 – 12 Avenue SW

HEARING NUMBER: 57920

ASSESSMENT: \$4,410,000.

This complaint was heard on 19th day of October, 2010 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:

- M. Uhryn

Appeared on behalf of the Respondent:

- P. Ohlinger
- L. Wong

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

There were no Procedural or Jurisdictional matters brought forward.

Property Description:

The subject property is a low rise, walk-up, wood framed apartment building which was originally constructed in 1970. This Beltline located property contains a total of 32 suites consisting of 26 one bedroom suites and 6 two bedroom suites.

Issues:

The grounds for appeal identified on the Complaint Form are as follows:

1. The assessed value is not reflective of the income potential of the subject property and therefore the subject is assessed in excess of market value.
2. The comparable sales for the subject in the relevant time frame suggest that the assessed value is in excess of market value.
3. The allowances from Potential Gross Income for the property are insufficient in determining the appropriate Net Operating Income for the subject property.
4. The Gross Income Multiplier (GIM) or stabilized expense/capitalization rate used in preparation of the assessment does not reflect the risk factor and return requirements necessary for the property to transact within the market place between a willing buyer and a willing seller at the most probable price.
5. The assessment of similar or competing properties suggests that the assessment is inequitable with these and other properties.
6. The assessment of superior properties suggests that the assessment is inequitable these and other properties.
7. The subject's assessment was not prepared in accordance with the Municipal Government Act.
8. The physical features of the property have not been properly reflected in the subject's assessed value.
9. The location of the property has not been properly reflected in the subject's assessed value.
10. The input factors used by the Assessor in preparing the assessment are erroneous.
11. The modelling process utilized by the City of Calgary failed to achieve the valuation standards.
12. Changes in the investment market have not been properly reflected in the assessment modelling process and therefore resulted in an incorrect assessed value for the subject property.

At the Hearing the Complainant confirmed with the CARB that the single Issue to be considered by the CARB is that of applied GIM utilized in preparation of the assessment.

Complainant's Requested Value:

\$1,100,000. Revised at the Hearing to **\$4,020,000.** (Exhibit C1 cover)

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

The Complainant introduced (Exhibit C1 pg 11) a chart of *Multi-Family Residential Sales July 2007 – June 2009* which they maintain originated with the City of Calgary Assessment Department. This chart provides a summary of the sales details of 13 properties having various locations throughout the city. The Complainant contends that the concrete hi-rise buildings, of which there are three, should not be given consideration in this case as they differ dramatically

from the wood framed walk-up style of the subject too greatly to be of consideration. Utilizing the reported GIM of the 6 non hi-rise sales produces an average GIM of 12.3. The Complainant suggested that two properties in particular (2022 – 11 Ave. SW & 4348 – 4 St. NW) are more comparable to the subject as they are 11 and 16 suite in size respectively and these two sales have reported GIMs of 12.3 and 12.1 respectively. The Complainant also brought to the attention of the CARB the different Land Use Designations of some of the reported sales and contended that this was a significant influence in determining the sales prices of the properties.

The Respondent introduced 4 equity comparables (Exhibit R1 pg 22) all of which have been assessed on the basis of a 13.5 GIM, as has the subject, and which indicate an assessment/suite ranging from a low of \$145,824 to a high of \$150,293 vs. the subject's assessment indicated at \$144,428/suite. Additionally, the Respondent provided (Exhibit R1 pg 27) their *Low Rise GIM Study* which they contend fully supports the GIM of 13.5 used in the valuation of the subject property.

The CARB agrees with the Complainant that comparing the subject property to concrete hi-rise buildings will not produce any reliable sales indicators that could be applied to the subject. Obviously it is better to use properties that are as similar as possible for comparative purposes as the more comparable a property is to the subject, the fewer adjustments need be applied and this serves to enhance the accuracy of the process. The CARB was curious about the Complainant's contention that the Land Use Designation of the site underlying various multi-family sales formed a critical input to the overall sales price of the property. When asked how this has an impact on the sales price the Complainant referred to the development potential for the underlying site as having a significant influence. The CARB then asked how this influence could be measured in the market place when income properties are, normally, purchased or sold on the strength of their income stream or their potential income stream. The Complainant was unable to provide the CARB with a reasonable answer and withdrew his contention that the underlying Land Use Designation has an impact upon the value of an income producing property.

Referring to the Respondent's brief (Exhibit R1) the CARB notes that the assessment per suite calculations shown on page 22 of same are all wrong. This is a simple calculation and the CARB is dismayed that the Respondent would not proof their material more closely prior to submitting same as an Exhibit to this Board. The CARB further notes that the Respondent's 2010 Low Rise GIM Study (Exhibit R1 pg 27) refers to only two properties one of which shows an indicated GIM of 13.52 and the other a GIM of 10.52 and from these two the Respondent was able to derive a GIM of 13.5 which was then applied to the subject. Asked how they could possibly derive a 13.5 GIM from the aforementioned two numbers, the Respondent, not surprisingly, was unable to answer. The CARB finds the Exhibit of the Respondent to be so poorly proofed and full of errors that it is of no use to this Board at all.

Board's Decision:

The assessment is reduced to: **\$4,020,000.**

DATED AT THE CITY OF CALGARY THIS 27 DAY OF October 2010.


C. A. 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.*