

**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: 080019607

LOCATION ADDRESS: 1719 – 10A Street SW

HEARING NUMBER: 58684

ASSESSMENT: \$1,920,000.

This complaint was heard on 20th 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:

- D. Porteous

Appeared on behalf of the Respondent:

- J. Toogood

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 1955. This Beltline located property contains a total of 11 suites, all of which are 1 bedroom in size.

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 Issues to be considered by the CARB are those of the applied *vacancy rate*, the applied *rental rates* utilized in preparation of the assessment together with *equity* when the assessment of the subject is compared to similar properties.

Complainant's Requested Value:

\$480,000. Revised at the Hearing to **\$1,340,000**. (Exhibit C1 cover)

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

The Complainant introduced (Exhibit C1 pgs 66 - 68) extractions from the *Fall 2009 Rental Market Report* as prepared by *Canada Mortgage and Housing Corporation* (CMHC) which provides tables relating to: 1) Private Apartment Vacancy Rates by Zone and Bedroom Type, 2) Private Apartment Rents By Zone and Bedroom Type, 3) Private Apartment Vacancy Rates By Year of Construction and Bedroom Type, 4) Private Apartment Average Rents by Year of Construction and Bedroom Type, 5) Private Apartment Vacancy Rates by Structure Size and Bedroom Type and 6) Private Apartment Average Rents by Structure Size and Bedroom Type. It is the contention of the Complainant that the aforementioned information clearly supports their use of a 5% vacancy rate together with an applied rental rate of \$850/month per suite. In support of their equity argument, the Complainant introduced (Exhibit C1 pgs 70 - 85) information pertaining to the assessments of three properties, all of which are located with good proximity to the subject property. The assessed values of these properties range from a low of \$121,875/suite to a high of \$130,000/suite vs. the subjects assessment which equates to \$175,000/suite.

In questioning the Complainant, the Respondent pointed out that the referenced CMHC information was based upon a report released in the Fall of 2009 and suggested this information would not have been available to the Assessor at the time the assessment was prepared. The Respondent also referred the CARB to a recent decision (ARB 0536/2010-P) in which the CARB for that Hearing rejected the use of the CMHC based data. The Respondent indicated that their evidence (Exhibit R1 pgs 32 - 36) includes the Assessment Request For Information (ARFI) for the subject property which clearly shows the subject is generating rents that are higher than what has been applied by the Assessor in preparation of the assessment. The Respondent further pointed out to the Complainant and the CARB that the equity argument of the Complainant was based upon assessment data pertaining to the wrong year (2008 vs. 2009). The respondent provided (Exhibit R1 pg 21) 4 equity comparables, all with good proximity to the subject and all of which are of a similar size, with assessments/suite similar (2 cases exactly the same) as that of the subject. The Respondent also introduced (Exhibit R1 pg 23) their 2010 Low Rise GIM Study that relates to two properties, one of which shows an indicated GIM of 16.9 while the other shows a GIM of 15.75.

The Complainant introduced (Exhibit C2) a Rebuttal which addressed issues relating to some of the sales evidence presented by the Respondent; however, the CARB found this to be somewhat confusing as the Complainant had not brought forth any argument relating to these sales.

The CARB is of the judgment that the evidence and argument of the Complainant pertaining to the issue of rental rates fails as the ARFI provided by the property owner to the Assessor clearly shows the subject property is generating higher rents than those applied by the Assessor. Additionally, this same ARFI indicates the subject property is not suffering the vacancy rate suggested by the Complainant. The CARB is further of the judgment that the evidence and argument of the Complainant relating to the issue of equity fails as they have used assessment data from the wrong year to support their position. The CARB did question the Assessor as to how a GIM of 17 could have possibly been derived from the examples shown on page 23 of their Exhibit R1. The Assessor was unable to provide an answer and did acknowledge that the Exhibit should have been more closely proof read. Be that as it may, in the final analysis the CARB finds the evidence and arguments of the Complainant fail to support the requested reduction in the assessed value.

Board's Decision:

The assessment is **confirmed** at: **\$1,920,000**.

DATED AT THE CITY OF CALGARY THIS **28** 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.*