

**CALGARY
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, Section 460(4).

between:

Issak Tesfu, COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

L.R. Loven, PRESIDING OFFICER

B. Kodak, MEMBER

T. Usselman, MEMBER

This is a complaint to the Calgary Combined 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: 081085508

LOCATION ADDRESS: 1737 26 Avenue S.W.

HEARING NUMBER: 56798

ASSESSMENT: 2,400,000

This complaint was heard on the 29th day of October, 2010 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 9.

Appeared on behalf of the Complainant:

- T. Yohannes, representing 1190410 Alberta Ltd., on behalf of Issak Tesfu

Appeared on behalf of the Respondent:

- M. Ryan, representing the City of Calgary

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

Both the Respondent and the Complainant confirmed to the Board that they had no procedural or jurisdictional matters to be raised.

Property Description:

The subject property consists of a 2.5 story, 12 suite lowrise apartment building, built in 1962, and located in the South Calgary (SOC) community within market zone 4. The assessment is \$2,400,000. The Board notes that the City of Calgary 2010 Information Multi-Residential Detail Report shows the subject property in market zone 2.

Issues:

1. Assessed value is greater than the market value.

Complainant's Requested Value: \$1,300,000.

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

Issue 1: Value

Firstly, the Complainant submitted an appraisal, effectively dated March 23, 2010 stating the market value to be \$1,525,000 based on the income approach to value estimate of \$1,500,000 and a direct comparison approach to value estimate of \$1,525,000.

The appraisal included a summary of the March 2010 rent roll showing one bachelor renting for \$500 per month, five 1-bedroom suites at \$750 per month, and six 2-bedrooms at \$900 per month, giving a gross annual income of \$115,800. The appraisal then provided a table showing the net operating income of \$70,447 and applied a capitalization rate of 4.75% derived from the sale of six comparables to equal a value of \$1,483,095.

The appraisal also included a table of the same six comparables as above showing a sale price per unit ranging from \$118,182 to \$154,167 per suite. The appraisal then applied a sales rate of \$130,000 per unit for 12 units to determine an indicated market value of \$1,560,000, and \$230.00 per square foot for 6,643 square feet for an indicated market value of \$1,527,890.

Secondly, the Complainant submitted a comparative market analysis, dated September 16, 2010, showing three comparative properties: one sold, listed at \$2,450,000 and sold at \$2,000,000 or \$125,000 per suite; and, the other two listed at \$1,399,000 or \$139,900 per suite, and \$2,500,000 or \$208,333 per suite. The table also showed downward adjustments of \$500,000 for the sold property and \$1,000,000 for the second of the listed comparables.

The Respondent provided a table containing three assessment and sales comparables, including the subject, all located within the South Calgary community within market zone 4, from 6 years older to 1 year newer, with from 6 fewer to 6 more suites, all assessed at the same typical rent rates, a vacancy of 2.00% and a GIM of 17.00. The table showed a assessment per suite of \$200,337 for the subject, versus \$174,930 and \$211,582 for the two comparables; \$58,635 assessment per room for the subject and \$58,310 and \$57,704 for the two comparables; and a total assessment of \$2,404,038 for the subject and \$3,148,740 and \$1,269,492 for the two comparables. The table also included the sale of the subject dated December 10, 2005 for \$1,000,00 or \$83,333 per suite and March 7, 2003 at \$1,240,000 or \$68,889 per suite and August 7, 2005 at \$600,000 or \$100,000 per suite for the two comparables.

Based on its consideration to the foregoing evidence and argument, the Board finds that both the appraisal and the comparative market analysis are dated after the assessment period and therefore the board places less weight on this evidence; however, the rent roll for the subject property and the the comparables contained in the appraisal support a lower value. Even though the Respondent's comparables support both the assessment as equitable, the same comparables as sales, including the sale of the subject, are dated approximately from 5 to 7 years old and no time adjustment was given. Therefore, the board finds that the rents for the subject property contained in the appraisal is less than the typical rent assessed and support a reduction in assessment.

Summary

The only issue argued by the Complainant was to decrease the assessed amount from \$2,400,000 to \$1,300,000.

The Board accepts appraisal submitted by the Complainant was dated approximately eight months after the assessment date; however, it contained rent roll information that the subject property was achieving rents less than typical or assessed and that the rent rates of the subject property were similar to comparable properties.

The comparative market analysis submitted by the Complainant gave no reason for the \$1,000,000 downward adjustment one of the listed properties, and was unclear to the Board as to how the recommended price of \$1,500,000 was determined, and was dated approximately fifteen months after the assessment; therefore, the Board can place little weight on this evidence.

The Respondent's comparables support the assessed value in equity.

In conclusion, the Board therefore finds based on its consideration of the evidence and argument given, that subject property appears to have been assessed unfairly with respect to value.

Board's Decision:

For the reasons set forth above, the assessment of the subject property is hereby reduced as follows: \$1,920,000.00

	Bachelor	1 Bdrm	2 Bdrm	
# Suites	1	5	6	
Rent	500	750	900	
Potential Gross /Mo	500	3,750	5,400	
Potential Gross Income/Yr				115,800
2010 Vac				0.98
2010 GIM				17
2010 Asmt by Suite				160,769
2010 Assessment				1,929,228

DATED AT THE CITY OF CALGARY THIS 8 DAY OF December 2010.



L.R. LOVEN

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.*