

**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:

Assessment Advisory Group, COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

S. Barry, PRESIDING OFFICER

R. Glenn, MEMBER

R. Roy, MEMBER

This is a complaint to the Calgary 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: 080123805

LOCATION ADDRESS: 824 18 Av S.W., Calgary, Alberta

HEARING NUMBER: 58443

ASSESSMENT: \$2,070,000

This complaint was heard on the 16th day of November, 2010 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 8.

Appeared on behalf of the Complainant:

- *T. Howell, Assessment Advisory Group*

Appeared on behalf of the Respondent:

- *P. Ohlinger, City of Calgary*

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

There were no Procedural or Jurisdictional matters before the Board.

Property Description:

The property under complaint is a low rise apartment building, constructed in 1964, consisting of 2.5 stories and containing 10 rental suites. It is located in the Lower Mount Royal neighbourhood within the City's Market Area Zone 2.

Issues:

The Complaint Form lists two major issues: that the assessment is incorrect and inequitable. Each issue outlines four sub-issues. At the time of the hearing the Complainant advised that the only issue under complaint was the Gross Income Multiplier (GIM) which was deemed, by the Complainant, to be too high.

Complainant's Requested Value:

The Complaint Form requests \$1,400,000. This was revised in the Complainant's Brief to \$1,230,000 and, during the course of the hearing was again revised to \$1,350,000.

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

The Complainant argued that the subject property is similar to file 58081 which was heard by this panel of the Board on November 15 and which was resolved by a recommendation from the Respondent to apply a GIM of 13. The Complainant requests similar treatment on this Complaint. The Respondent's representative is not the person who participated in the previous hearing and is not aware of the particulars of that Complaint. The Respondent noted, however, that the age of the two structures is quite different and believes that the recommendation was made at least partly on account of the age of that building. The Respondent cannot support a similar recommendation in this instance.

In support of his request for an amended assessment, the Complainant argued that an evaluation of four comparables presented in his report produced an average and equitable GIM of 10.07 as

opposed to the City's rate of 17.0. The four comparables had sales in various months of 2008 and the Complainant advised he had time adjusted those sales in accordance with the City's rate of a negative one per cent per month. Additionally, he had applied the City's accepted vacancy rate of two per cent in arriving at the effective Gross Income for the properties. The Complainant agreed that he had made calculation errors in the table, assigning a value of one per cent instead of two per cent for the vacancy rate and improperly applying the time adjustment factor to the comparables. A review of each comparable determined that the revised implied GIM was actually 11, not 10.07. As a result, the calculated assessment requested by the Complainant was \$1,350,000.

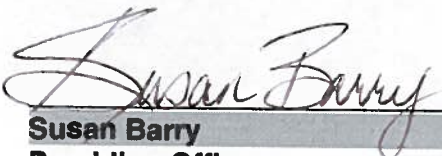
The Respondent noted that three of the four comparables presented by the Complainant were suspect if not invalid: one because it was a sale between related parties and, therefore, was not arms length; the other two because they were converted to condominiums. The Respondent's position is that these actions place the sale prices outside the parameters that would be relevant if sold as rental properties. Additionally it was noted that two of the Complainant's comparables are in different market zones than the subject and all four are in average condition rather than the good condition of the subject and are also between 12 and 14 years newer in construction than the subject. All this would have an impact on rental rates which, it is asserted, cannot simply be carried forward in the analysis from those applied to the subject property. The Respondent notes that when the comparables are recalculated using rents applicable to their stratification, the resulting projected assessments and GIM are much different from what is projected by the Complainant.

The Board accepts that there are difficulties with the validity of at least some of the comparables. Additionally, the Board does not accept the Complainant's methodology in applying typical rental rates from one kind of property to another. The Respondent has satisfied the Board that it has completed a detailed analysis of rental rates, stratified by type of structure and location and the results are equitably applied to similar properties. The Complainant has not demonstrated any errors in the City's valuation method in accordance with the legislative constraints of mass appraisal and, accordingly, the complaint fails.

Board's Decision:

The 2010 assessment is confirmed at \$2,070,000

DATED AT THE CITY OF CALGARY THIS 23rd DAY OF November 2010.


Susan Barry
Presiding Officer

APPENDIX "A"

DOCUMENTS RECEIVED AND CONSIDERED BY THE CARB:**NO. ITEM**

1. Complaint Form for Roll #: 080123805
2. Complainant's Assessment Brief
3. Respondent's Assessment Brief

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.*