

**CALGARY
COMPOSITE ASSESSMENT REVIEW BOARD (CARB)
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:

Colliers International Realty Advisors, COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

J. Fleming, PRESIDING OFFICER

D. Cochrane, MEMBER

K. Kelly, MEMBER

This is a complaint to the Calgary 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: 086090107

LOCATION ADDRESS: 4915 35th Ave. SW

HEARING NUMBER: 57242

ASSESSMENT: \$9,500,000

This complaint was heard on the 17th day of November, 2010 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 11.

Appeared on behalf of the Complainant:

- *M. Uhryn, for the Complainant*

Appeared on behalf of the Respondent:

- *E. Currie; City of Calgary for Respondent*

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

There were no procedural or administrative matters raised.

Property Description:

The property under complaint is a fee simple townhouse complex with associated parking which was constructed in 1972. The property contains 80 Units (21 - 2 Bedroom, 21 - 3 Bedroom, and 38 - 4 Bedroom) and is located in the southwest. The property is valued on the Income Approach to Value using the Gross Income Multiplier (GIM) method. Of interest in the valuation is that the property receives an adjustment factor of .90 reflecting a reduction in value for townhouse complexes larger than 40 units. This adjustment was not under appeal.

Issues:

An attachment to the Complaint form identified 11 issues but the Complainant reduced those to 4 at the hearing (Numbers 1, 2, 4 & 7 on the complaint form). The actual issues argued by the Complainant may be summarized as;

1. What is the appropriate method of valuation for the subject property?
2. What are the best attributes to be used based on the method of valuation selected?

Complainant's Requested Value:

\$8,110,000

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

1. There is insufficient support for the Capitalized Income Approach to Value (IAV) to be accepted as the best method of valuation.
2. The Gross Income Multiplier (GIM) used by the City is the best supported approach for valuation.

Board's Decision:

The complaint is denied and the assessment is confirmed at \$9,500,000

REASONS:

The Complainant provided 8 comparable sales (Doc 1C pg 9) all of which were for high rise apartments. Six of the sales were located in the Downtown or Beltline and the remaining two were located in the northwest area of the City. Acknowledging the large distance and different market zone and neighbourhood between the subject and the comparables, the Complainant represented that these were the best sales available.

The Complainant first argued that the sales provided enough data to apply an Income Approach to Value (IAV) by using the Median Capitalization Rate and Expense Ratio from the Comparable Sales (Doc 1C pg. 9). In their Capitalized IAV analysis they also used the "typical" apartment rents derived by the City and the "typical" vacancy rates. This resulted in the requested value of \$8,110,000 (Doc 1C pg 25).

The Complainant also indicated that using their median calculated GIM of 11.50 and the City's typical rents and vacancy rate would also yield an acceptable but slightly higher value than the Capitalized IAV.

The Respondent's evidence centred on an equity comparable argument (Doc 1R pg. 22) which showed 3 comparables assessed with the same attributes (Vacancy of 3% and GIM of 13). The comparables were all residential townhouse complexes and 2 of them were located in the same neighbourhood. The Respondent said this demonstrated that similar properties were assessed on an identical basis. The Respondent's argument rested principally on the fact that the Complainant's comparables were not comparable because they were a different type of property located in a different market zone some distance from the subject properties.

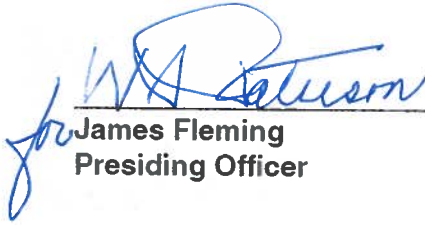
The CARB considered all the evidence and argument. The Complainants comparables had been used in previous hearings (held on the previous two days) where questions and evidence had been carried forward to this complaint. In the previous decisions, the CARB had determined that the attributes put forward by the Complainant had not been developed in a method which would permit application to the typical income developed by the City. The Complainant had used "total" income from all sources from the Comparables to compute the capitalization rate and the GIM, which they had then applied to the City's typical income (which reflected suite only income). The CARB had determined in those decisions and would continue in this decision to conclude that this mixing of methods in calculation of the Capitalized IAV was flawed. Accordingly, the CARB found that Capitalized IAV was not a dependable (well enough supported) method of valuation in this case.

Turning to the GIM method of Valuation, again the CARB found that the Complainant was asking that a GIM derived from total actual/stabilized income be applied to typical suite only income which was lower. The CARB concluded that this was not consistent methodology, and so put little weight on the numbers from the Complainant. Of more concern to the CARB however was the fact that the comparable properties of the Complainant were dissimilar to the subject and located in different market zones. The Complainant produced little evidence to establish comparability, and this further limited the CARB's confidence in the Complainant's request.

The City too was unable to provide the CARB with any evidence on the basis for choosing the GIM of 13.

So, in the final analysis, while the City did not provide strong evidence to support their use of their GIM (although they did provide equity comparables which supported the assessment), the CARB recognized that the onus was on the Complainant to demonstrate that the assessment was incorrect, and the CARB concluded that based on the methodology issues and the poor comparables, the Complainant did not meet this obligation. Accordingly, the assessment is confirmed as noted above.

DATED AT THE CITY OF CALGARY THIS 30 DAY OF NOVEMBER 2010.


James Fleming
Presiding Officer

APPENDIX "A"

DOCUMENTS RECEIVED AND CONSIDERED BY THE CARB

No.	Item	
1.	Document 1C	Complainant's Brief
2.	Document 1R	Respondent's 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.*