

**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:

<b>ROLL NUMBER:</b>	<b>081089807</b>
<b>LOCATION ADDRESS:</b>	<b>1535 26 Av S.W., Calgary, Ab</b>
<b>HEARING NUMBER:</b>	<b>58309</b>
<b>ASSESSMENT:</b>	<b>\$2,980,000</b>

This complaint was heard on the 18th 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:

- *B. Thompson, City of Calgary*

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

As a preliminary matter, the Complainant noted that a table on page 7 of his Assessment Brief was not reproduced correctly and that part of the table was missing. The full information had been disclosed electronically. With the Respondent's consent, a paper copy of the full table was accepted as Exhibit 3 by the Board.

**Property Description:**

The subject property is a low rise, 3.5 storey apartment building constructed in 1972 containing 20 suites. It is located in the South Calgary neighbourhood in Market 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 three issues under complaint are the vacancy rate, the time adjustment calculation and the Gross Income Multiplier (GIM).

**Complainant's Requested Value:**

On the Complaint Form, the requested assessment was \$2,000,000. This was revised at the time of the hearing to \$2,590,000

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

The Complainant is requesting that a vacancy rate of four per cent be applied to the Potential Gross Income (PGI) as opposed to the two per cent used by the City. It is the Complainant's contention that the property is located in Market Zone 4 and, therefore, relied on information for that Zone in Canada Mortgage and Housing Corporation (CMHC) reports, specifically alluding to a vacancy rate spread of 2.6 per cent to 3.2 per cent for the period October 2008 to October 2009 as well as another CMHC table that lists vacancy rates for the same period for apartments constructed within the time frame of the subject property. The range of rates in the latter is 2.0 per cent to 5.4 per cent. The Complainant also references a CB Richard Ellis (CBRE) report from the fourth quarter of 2009 that shows a vacancy rate of 3.2 per cent for Market Area 4. The CBRE report cites CMHC as the source of this information. The Complainant did not have historical vacancy records from the subject property and did not conduct his own vacancy rate study.

The Board is satisfied from the Respondent's documentation that the subject property lies within Market Zone 2. In any event, the Respondent pointed out that while the CMHC reports are a valuable tool for some applications, the data is not specific to low rise apartments and includes both high and low rise buildings. The City, through its Assessment Request for Information (ARFI) process, canvasses a significant number of rental properties and stratifies them as to type, market zone, year of construction, vacancy, rental rates and other factors. While the City typically achieves a 70 per cent response rate, no ARFI was received for this property relative to the assessment year.

Regardless of Market Zone, it is the time range in the CMHC charts and the lack of stratification information evidenced in the report before the Board that raises concerns. There is no evidence presented by the Complainant to show the vacancy rates relative to the valuation date of July 1, 2009. The Board agrees with the Respondent that the CMHC reports cannot be relied on, alone, for assessment purposes having regard to the legislated requirements of the *Municipal Government Act*, RSA 2000 (MGA) and, specifically, ss.2 and 3 of *Matters Related to Assessment and Taxation Regulation* AR 220/2004 (M.R.A.T). These stipulate the requirement for a mass appraisal approach estimating property value on July 1 of the assessment year. The Board finds that the Complainant has not met the burden of proof required to substantiate a change in the vacancy rate.

The Complainant requests that a GIM of 12 be applied to the subject property instead of the GIM of 13.5 used by the City. In coming to that number, the Complainant identifies four properties that he deems to be comparable to the subject. They are located in three different neighbourhoods; specifically, two in Bankview, one in Lower Mount Royal and one in Altadore. In developing his financial calculations, the Complainant interpolated into the other four examples, typical rents used by the City to calculate the assessment of the subject property without regard for typical rents that would be applied by the City to these specific properties.

As well, in developing time adjusted sales prices for these four examples, the Complainant used the City's rate of negative one per cent per month and added to that a 32 per cent decrease in sales price for buildings with less than 40 suites. This latter amount was derived from a CBRE report that quantified changes in sales prices of rental properties from 2008 to 2009. The resulting product was then divided by two to achieve the Complainant's time adjustment factor for these sales. The implied GIM using these typical rents and time adjustments is 12.02 supporting, the Complainant believes, his request for a GIM of 12.

The Respondent referenced the lack of comparability of the examples proffered by the Complainant. The years of construction for the examples range from 1964 to 1976. Two of the properties contain only 12 suites as compared to 20 for the subject. The sale of one of the properties on which the Complainant relies is not considered to be an arm's length transaction because the buyer is a corporation of which the seller is a director and which shares the same address as the seller. Additionally, two of the properties are condominium conversions with sales dates proximal to the date of conversion. These sales are problematic in terms of comparability to sales of rental properties that have not undergone such a conversion.

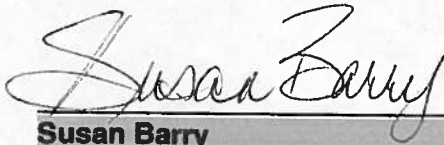
The City has developed time adjustments specific to low rise, multifamily properties using paired sales and calculating the percentage difference in sales prices divided by the number of months between sales. The overall median was rounded up to a negative one per cent per month for the twenty-four month period between July 1, 2007 and June 30, 2009. The Complainant's time adjustment calculations are not supported by either logic or external analysis. There is no evidence to give the Board confidence in the time adjusted sales price as of the valuation date of July 1, 2009 nor is the Board confident that the sample properties provided are relevant to the subject.

The Board does not accept the Complainant's methodology; therefore, his arguments with respect to GIM fail. The burden of proof has not been met by the Complainant

**Board's Decision:**

The 2010 assessment is confirmed at \$2,980,000

DATED AT THE CITY OF CALGARY THIS 1<sup>st</sup> DAY OF December 2010.



**Susan Barry**  
Presiding Officer

**APPENDIX "A"**

**DOCUMENTS RECEIVED AND CONSIDERED BY THE CARB:**

<b>NO.</b>	<b>ITEM</b>
1.	Complaint Form for Roll #: 081089807
2.	Complainant's Assessment Brief
3.	Addendum to the Complainant's Assessment Brief
4.	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.*