

**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, Section 460(4).

between:

Mangalji Imran, COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

L. Wood, PRESIDING OFFICER

M. Peters, MEMBER

R. Kodak, 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: 067174607

LOCATION ADDRESS: 1403 5 STREET SW

HEARING NUMBER: 56961

ASSESSMENT: \$2,090,000

This complaint was heard on 12th day of November, 2010 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 6.

Appeared on behalf of the Complainant:

- Mr. M. Imran

Appeared on behalf of the Respondent:

- Mr. J. Toogood

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

There were no procedural or jurisdictional matters raised by the parties during the hearing.

Property Description:

The subject property is a 2.5 storey multi- residential apartment building. The building is comprised of approximately 10,200 sq ft, constructed in 1959, and is located on a 0.15 acre site in the Beltline district. The subject property was assessed based on 5 bachelor and 12 one- bedroom suites.

Issues:

1. The subject property was assessed with an incorrect suite mix. The assessment record should reflect all 17 units as bachelor units.
2. Based on the sales comparable, the assessment of the subject property is too high.
3. Based on the equity comparables, the assessment of the subject property is too high.

Complainant's Requested Values: \$1,615,000- \$1,750,000

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

1. The subject property was assessed with an incorrect suite mix. The assessment record should reflect all 17 units as bachelor units.

The Complainant submitted that the assessment record for the subject property does not accurately reflect the suite mix in the subject property (Exhibit C1 page 4). He stated there are 17 bachelor units as opposed to 5 bachelor and 12 one- bedroom suites. He indicated there are temporary partitions in the suites between the living rooms and the bedrooms. However, they are not truly separated to constitute one- bedroom suites as this would not be in accordance with the building code. As bachelor units, the Complainant derived a new calculation based on the typical market rent of \$625/month per unit for a potential gross income of \$127,500. He then applied a vacancy rate of 2% and a gross income multiplier of 14.00 to derive a new value of \$1,749,300.

The Respondent submitted that multi-residential properties are assessed based on the income approach to value using typical market rents, vacancy rates and effective gross income multipliers (Exhibit R1 pages 7- 15). The Respondent submitted that the suite mix is accurately reflected on the assessment record. The assessor did not personally inspect this property although his former colleague had inspected it in 2001 (Exhibit R1 page 21). The Respondent applied a typical rental

rate of \$625/month for the bachelor units and \$800/month for the one- bedroom suites. Deriving a potential gross income of \$152,700, he then applied a vacancy rate of 2% and a gross income multiplier of 14.00 to arrive at the assessment of \$2,090,000 or \$123,238/suite. The Respondent also indicated the subject property's actual gross income in 2009 was \$149,260 as reflected on the completed Assessment Request for Information form (Exhibit R1 page 31).

The Board finds that there was insufficient evidence presented to show an error in the suite mix. The Board would have found it helpful had the Complainant provided photographs in support of his argument as the Board found the Complainant's description of the "temporary partitions" confusing. Although the inspection by the assessor's former colleague is somewhat dated, it is the best evidence that the Board has to rely upon in regards to the suite mix in the building.

2. Based on the sales comparable, the assessment of the subject property is too high.

The Complainant submitted the sales comparable located at 515 22nd Avenue SW, which sold in March 2010 for \$1,920,000, is a superior property to the subject. It is a 16- suite apartment building, comprised of 9 one- bedroom and 7 two- bedroom suites. It was assessed in 2010 for \$2,110,000. The Complainant made various adjustments for the larger lot size (0.21 acres), larger suite size (750 sq ft), parking and balconies.

The Respondent indicated that this was not an arm's length transaction but a court ordered sale and therefore not much weight should be applied to it (Exhibit R1 page 27).

The Board placed little weight on the sales comparable because there was no evidence to suggest that this court ordered sale is indicative of market value. In addition, the Board noted that this is a post facto sale as it occurred nine months after the valuation date of July 1, 2009. The Board also placed little weight on the Complainant's adjustments which lacked supporting evidence.

3. Based on the equity comparables, the assessment of the subject property is too high.

The Complainant submitted four equity comparables in support of a reduction for the subject property; however, he withdrew the comparable located at 310 19 Avenue SW (Exhibit C1 page 6). The remaining three comparables are low rise apartments with 16- 36 units, that were assessed between \$1,520,000- \$3,160,000 (Exhibit C1 page 6). Two of the comparables are located in the Mission district, which the Complainant indicated is a superior location than Beltline. The Complainant made adjustments to derive new values between \$1,277,760- \$1,520,000 for the equity comparables and requested the subject property be assessed at \$1,615,000.

The Respondent submitted four equity comparables located in the Beltline district (Exhibit R1 page 25). The buildings have 13- 19 suites, built in 1953- 1963, and were assessed between \$121,246- \$125,244/suite. The vacancy rate of 2% and gross income multiplier of 14.00 were consistently applied to all of the comparables. The assessments ranged between \$1,625,820- \$2,436,672. The Respondent indicated the subject property is within that range.

It was unclear to the Board how the Complainant derived his request of \$1,615,000 from the equity comparables that he presented, and it was also unclear how he adjusted the comparables. The Board preferred the equity comparables presented by the Respondent because of the similar size, suite mix and location to the subject property. The Board finds the equity comparables presented by the Respondent establish a range and the subject property is within that range and is equitably assessed.

Board's Decision:

The decision of the Board is to confirm the 2010 assessment for the subject property at \$2,090,000.

DATED AT THE CITY OF CALGARY THIS 13th DAY OF DECEMBER 2010.



Lana J. Wood
Presiding Officer**APPENDIX A****DOCUMENTS RECEIVED AND CONSIDERED BY THE ASSESSMENT REVIEW BOARD:**

NO.	ITEM
Exhibit C1	Evidence Submission of the Complainant
Exhibit R1	City of Calgary'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.*