

**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, Revised Statutes of Alberta 2000 (the Act).

**between:**

***Narisa Developments Ltd. (as represented by Cushman Wakefield), COMPLAINANT***

**and**

***The City Of Calgary, RESPONDENT***

**before:**

***J. Noonan, PRESIDING OFFICER***

***I. Fraser, MEMBER***

***P. Charuk, MEMBER***

This is a complaint to the Calgary Assessment Review Board in respect of a property assessment prepared by the Assessor of The City of Calgary and entered in the 2012 Assessment Roll as follows:

<b>ROLL NUMBER:</b>	<b>201691128</b>
<b>LOCATION ADDRESS:</b>	<b>4816 17 Av NW</b>
<b>FILE NUMBER:</b>	<b>66161</b>
<b>ASSESSMENT:</b>	<b>\$8,630,000</b>

This complaint was heard on the 3rd day of August, 2012 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

S. Ubana

Appeared on behalf of the Respondent:

S. Cook

**Property Description:**

[1] The subject is a newly constructed two-building lowrise apartment complex. Built in 2011, the subject contains 18 one-bedroom apartments and 16 two-bedroom apartments.

**Issues:**

- [2] Is the subject assessed in excess of market value considering
- sales of comparable properties?
  - an appraisal report?

**Complainant's Requested Value:** \$5,550,930

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

[3] The Complainant presented 16 sales comparables of apartment properties, located in various quadrants of the city, that showed a range of price per apartment of \$59,969 to \$181,818. The subject's 2012 assessment equated to a value per apartment of some \$254,000 which was excessive in comparison to these sales.

[4] An appraisal report dated May 5, 2011 used two methods, an income approach and a direct sales comparison approach, to conclude a value for the subject of \$5,250,000. The appraiser had found a Gross Income Multiplier (GIM) range of 11.9 – 12.8 with an average of 12.5 from five apartment sales. In consideration of the subject's new construction and anticipated lower utility and maintenance costs, the appraiser concluded that a slightly higher GIM of 13.5 would be appropriate for the subject.

[5] The Complainant accepted the City's typical monthly rents used in the assessment, applied a GIM of 13.5 and urged the Board to reduce the assessment to \$5,550,930.

[6] The Respondent noted substantial differences between the subject and some of the comparables presented by the Complainant in terms of size, number of suites, and location.

Special attention was drawn to the years of construction of those comparables: some were as old as 1956 and the newest was built in 1983. Two charts were presented showing sales of older lowrise apartment buildings having 20-30 suites and more than 30 suites. The charts showed mean GIMs derived from those sales, close to the assessed GIMs of 14 and 13 respectively for those older properties, vintage 1970's to early 1980's. The Respondent advised there were few sales of newer buildings, but defended the subject assessment with a 2010 sale of a 9-suite 2007-built building with a calculated GIM of 21.24. This sale supported the subject's assessed GIM of 21. The Respondent also drew attention to the five sales comparables used in the appraisal report: again, they were all substantially older than the subject with four built in the 1960's and one in 1970. The Respondent questioned how the appraiser had arrived at an opinion that a modern building was worth a scant 1 GIM point more than these much older properties.

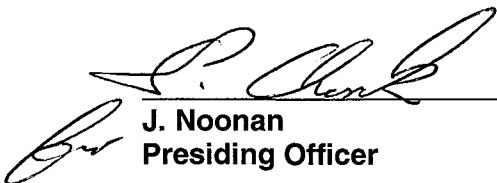
[7] The Board found little comparability between the sales advanced in the Complainant's evidence and the subject. Some of the comparables were highrise properties, most were far removed from the subject's NW location, but most importantly, they were without exception far older than the subject. The Respondent's evidence supported a GIM of 13 to 14 for 1970's vintage properties with 30-plus-or-minus units. For a new property such as the subject, the strongest evidence of value before the Board was the single sale highlighted by the Respondent.

[8] There was limited reference throughout the hearing to the fact the subject property was committed to a 20-year period of rents 10% below market. In exchange, the owner had received some \$4+ million from Alberta Housing and Urban Affairs. Neither party was prepared to comment on what, if any, impact this contractual arrangement might have on the subject's market value. The Board notes, however, that contained in the Respondent's evidence was a copy of the 2011 CARB decision 2892/2011-P. That decision made comment on this question, and this Board was not asked to examine that point anew.

**Board's Decision:**

[9] The Board confirms the 2012 assessment of \$8,630,000.

DATED AT THE CITY OF CALGARY THIS 16 DAY OF August 2012.

  
J. Noonan  
Presiding Officer

**APPENDIX "A"****DOCUMENTS PRESENTED AT THE HEARING  
AND CONSIDERED BY THE BOARD:**

<b>NO.</b>	<b>ITEM</b>
1. C1-C10, 124 pages	Complainant Disclosure
2. R1, 64 pages	Respondent Disclosure

*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.*