

**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:

***Gold Bar Investments LTD. (as represented by Linnell Taylor Assessment Strategies
acting as Agent for CVG Canadian Valuation Group LTD.), COMPLAINANT***

and

The City Of Calgary, RESPONDENT

before:

***K. D. Kelly, PRESIDING OFFICER
P. Grace, MEMBER
J. Lam, 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:

ROLL NUMBER:	035139203
LOCATION ADDRESS:	725 Northmount DR NW
HEARING NUMBER:	65716
ASSESSMENT:	\$8,630,000

This complaint was heard on 24th day of September, 2012 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Board 10.

Appeared on behalf of the Complainant:

- *Mr. D. Sheridan – Linnell Taylor Assessment Strategies*

Appeared on behalf of the Respondent:

- *Mr. B. Brocklebank - Assessor – City of Calgary*

REGARDING BREVITY:

[1] The Composite Assessment Review Board (CARB) reviewed all the evidence submitted by both parties. The extensive nature of the submissions dictated that in some instances certain evidence was found to be more relevant than others. The CARB will restrict its comments to the items it found to be most relevant.

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

[2] None.

Property Description:

[3] The subject is a 51 year old two-storey low-rise nine-building multi-family townhouse complex (Cambrian Court) consisting of a total 56 suites. It is situated at the intersection of 14 ST NW and Northmount DR NW, just north of Northmount Village (Plaza). The subject is in the community of Cambrian Heights (Market Zone 6) and has 51 three-bedroom units and 5 two-bedroom units. The subject is assessed via the Income Approach to Value methodology using typical rent values of \$1,050 per month for a two-bedroom unit, and \$1,175 per month for a three-bedroom unit, a typical 4% vacancy rate, and a Gross Income Multiplier (GIM) of 11.50 for a total value of \$8,630,000 or \$154,000 per suite.

Issue:

[4] What is the equitable assessed value of the subject based on its comparison to other comparable properties?

[5] **Complainant's Requested Value:** \$8,020,000.

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

Complainant's Position

[6] The Complainant argued that "no sales of Townhouses, particularly of the size of the subject and comparables, have taken place for several years, either in Calgary or Edmonton." Therefore, he argued, "the support for a particular GIM to apply to reflect the risk of ownership is tenuous to say the least." He also argued that it is important then to compare the subject to other similar townhouse complex properties to determine an equitable assessment value.

[7] The Complainant argued that the subject is in "average" condition and is located on an approximately 4 acre site. He argued that in a 2010 appeal of the subject's assessment, the Respondent provided property assessment comparables for two other large residential townhouse sites. He argued that one of them at 501 – 40 AV NW (Queens Park Village), a 188 unit 1978 complex, has a significantly lower 2012 assessment than the subject. He argued that the subject is assessed at \$154,107 per unit whereas the Queens Park Village comparable is at \$143,298 per unit. He noted that both sites are in Market Zone MR 6 and had been assessed using identical rents, vacancy allowance, adjustment factors, and GIM.

[8] The Complainant clarified that the suite mix for the Queens Park comparable consisted of 140 two-bedroom units and 48 three-bedroom units, versus the subject's 5 two's and 51 three's. He argued that based on the Queens Park website, the 2-bedroom units start at \$1,000 per month and \$1,150 for 3-bedroom units, which is similar to the subject's \$1,050 per month for a two-bedroom unit, and \$1,175 per month for a three-bedroom unit. He suggested that the GIM applied to the subject by the City is "too high" and largely unsupported but he did not provide evidence or argument as to what it should be. He argued that the potentially elevated costs of ownership of this 51 year old property are not accounted for in the GIM used in the City's assessment model.

[9] The Complainant provided the subject's "Cash Flow Report" and its "Midwest Consolidated Cash Flow" report. He calculated that the monthly Effective Gross Income (EGI) for the 56 units was \$1,157.42 per unit. He argued that based on the Queens Park website data (copies provided), "this performance (of the subject) is generally equivalent to Queens Park Village." He argued that in a 2010 appeal of the subject's assessment, the City had used Queens Park Village as an equity comparable "to the extent that identical rents were used for the subject and comparable within the assessment model." He also provided the Respondent's 2010 assessment appeal disclosure brief and noted 501 – 40 AV NW as one of the City's property comparables.

[10] The Complainant provided a four-year history of assessment activity regarding the subject, commencing in 2007. He noted that each of 2007 to 2010, reductions to the assessment of the subject had occurred as a result of a lower GIM being applied, either through Assessor recommendation or adjustment, or through ARB, MGB, or CARB decisions. He provided a copy of CARB decision CARB 1910/2010-P wherein the subject's 2010 assessment was reduced.

[11] The Complainant requested that the assessment be reduced to \$8,020,000.

Respondent's Position

[12] The Respondent argued that the Complainant's analysis is flawed because he uses actual rental income and mixes it with typical values for vacancy and non-recoverables inputs in his alternate calculation of value. He also argued that there is no evidence confirming the date of Complainant's website data from his Queens Park comparable, and therefore it is unclear whether the rents he attributes to the site are indeed correct or current. He argued that for assessment purposes and Mass Appraisal it is important to use typical values for every component of an Income Approach to Value calculation. He noted that the subject benefits from a 4% typical vacancy allowance, whereas the subject has an actual vacancy of approximately 1.6%.

[13] The Respondent argued that in Mass Appraisal, "Suite Mix" is more important than the age of the structure, and the subject does not necessarily fully equate to the Queens Park site as a "one-off" comparable property because the suite mix, and hence the revenue generation of each site is different from each other. He considered it important to compare the subject to several properties, not just one site. He provided a matrix containing three assessment equity comparable properties which he compared to the subject. The properties were all in Market Zone 6 and located at 6440 Centre ST NE; 501 – 40 AV NW; and 4739 Dalton DR NW. He noted that the sites are ten; seventeen; and sixteen years newer than the subject respectively.

[14] Using the following matrix, the Respondent drew the Board's attention to the impact that suite mix has on the respective values of multi-family properties such as the subject:

Address	725 Northmount DR NW (subject)	6440 Centre ST NE	501 – 40 AV NW	4739 Dalton DR NW
Community	Cambrian Hts.	Thornhill	Queens Park	Dalhousie
YOC	1961	1971	1978	1977
2 BR Units	5 (\$1,050)	36	140	78
3 BR Units	51 (\$1,175)	168	48	0
4 BR Units	0 (\$1,250)	36	0	0
GIM	11.50	11.50	11.50	11.50
Asm't per suite	154,185	154,670	143,332	137,241
Total Asm't	\$8,634,384	\$37,120,896	\$26,946,432	\$13,175,136

[15] The Respondent argued that when the identical typical GIM and typical monthly rent values are applied to properties with a different suite mix, it becomes readily apparent that suite mix plays an important role in the valuation process for this type of residential property. He identified 6440 Centre ST NE in Thornhill as a property which, while having a greater number of suites overall of each type, was consistent with the subject in having a greater number of two bedroom units than one bedroom units. He considered this site to be his best comparable.

[16] The Respondent compared these two properties to the Queens Park and Dalhousie sites where the suite mix is reversed – that is, the number of two bedroom units is greater than the three bedroom units. He noted that the assessment per suite for these latter two sites is noticeably less than the subject and the Thornhill sites. He argued that this illustrates the importance of comparing properties with a similar suite mix to arrive at consistent values, which the City has done while assessing the subject.

[17] The Respondent provided an additional matrix of "hypothetical" values and calculations to demonstrate the impact of suite mix on multi-family property values. The Respondent also provided the City's "Assessment Request For Information" (ARFI) for the subject and argued that the information in this document, when compared to the typical values used to assess the subject, confirms that both the valuation parameters and the valuation itself are valid, and the assessment is equitable with other similar properties.

[18] The Respondent argued that the subject's 2011 assessment was appealed by the Complainant but confirmed by the Calgary Composite Assessment Review Board (CARB). He provided a copy of decision CARB 2835/2011-P wherein the 2011 assessment was confirmed. He also provided and referenced a copy of CARB 2414/2011-P which also dealt with the matter of Queens Park website data.

[19] The Respondent requested that the assessment be confirmed.

Board Findings

[20] The Board finds that the Complainant's alternate value calculation for the subject based on his Queens Park equity comparable at 501 – 40 AV NW is unreliable because it mixes actual rents and typical vacancy components in his Income Approach to Value calculations.

[21] The Board finds that the Respondent's equity comparable at 6440 Centre ST NE which is closest in age, suite mix, and assessment per suite to the subject, supports the 11.50 GIM and the assessment of the subject on an equitable basis.

[22] The Board finds that the Complainant's and Respondent's equity comparable at 501-40 AV NW does not support the assessment because the suite mix in this residential complex is the inverse of the subject. The effect of the difference in suite mix is reflected in the individual value per suite of \$143,332 for the comparable versus \$154,185 for the subject, notwithstanding that the identical typical valuation parameters were used for both properties.

[23] The Board finds from the subject's rent roll that the subject experiences an actual vacancy of 1.6% but is assessed at a typical 4% which, along with the rental data from its ARFI, supports the subject's assessed value.

[24] The Board finds that the website suite rental data provided by the Complainant for his Queens Park equity comparable is not helpful because it is undated, and the Complainant was unable to verify its status to either the Respondent or the Board.

[25] The Board notes that while it may have regard for previous CARB Decisions, it must render its decision based upon the evidence and argument received in this hearing.

[26] The Board finds that the Complainant provided insufficient information to demonstrate that the subject is not assessed in a correct, fair, and/or equitable manner.

Board's Decision:

[27] The assessment is confirmed at \$8,630,000.

DATED AT THE CITY OF CALGARY THIS 11th DAY OF Oct 2012.


K. D. Kelly
Presiding Officer

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

NO.	ITEM
1. C-1	Complainant Disclosure
2. R-1	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.*

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Appeal Type	Property Type	Property Sub-type	Issue	Sub-Issue
CARB	Residential	Low-rise multi-family townhouse	Market value	Equity