

**REVISED  
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:**

***Chelsea Estates Holdings Ltd. (as represented by Altus Group Limited) COMPLAINANT***

**and**

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

**before:**

***Board Chair, J. Zezulka  
Board Member, P. Charuk  
Board Member, J. Pratt***

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: 067153593**

**LOCATION ADDRESS: 1310 - 14 Avenue SW**

**HEARING NUMBER: 66349**

**ASSESSMENT: \$28,710,000.**

This complaint was heard on the 3rd day of October, 2012 at the office of the Assessment Review Board located at Floor Number Four, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom Three.

Appeared on behalf of the Complainant:

- J. Weber
- D. Mewha

Appeared on behalf of the Respondent:

- L. Cheng
- L. Wong

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

- (1) There were no procedural or jurisdictional issues raised by either party.

**Property Description:**

- (2) The subject is a 17 storey apartment building, located in the Beltline community of south west Calgary. The area is in Market Zone 2. The project contains 179 units, consisting of 88 one bedroom units, and 91 two bedroom units. The project was developed in 1980.

**Issues:**

- (3) The current assessment is based on the income approach to value, utilizing the Gross Income Multiplier (G.I.M.) as the conversion factor. The Complainant does not dispute the valuation method. There is no dispute over the number and types of units, the vacancy rate applied, or the G.I.M. being used. The only issue is the rental rates applied to the various units. The assessed rents currently being used by the City are \$1,000 per month for the one bedroom units, and \$1,100 per month for the two bedroom suites.

**Complainant's Requested Value:** \$26,470,000

**Evidence / Argument**

- (4) As for the correct rents to be applied, both parties relied on the rent roll for the subject property for their conclusions. The difference between the parties stems from their respective analysis of the same information.

- (5) According to the Complainant, there are two types of one bedroom units. the Complainant argued that the two styles of one bedroom suites should be treated separately. There are 57 smaller one bedroom units, for which the Complainant is requesting an assessed rent of \$943 per month, and 31 larger one bedroom units, for which the Complainant is requesting a rent of \$985 per month. For the two bedroom units, the Complainant is seeking a reduction in rent to \$980 per month.

- (6) In support of the requested rents, the Complainant submitted a rent roll from the subject, which was effective July, 2011. Within the roll, the Complainant isolated 14 of the smaller one bedroom units with start dates between January 1, 2011, and July 1, 2011. It is the

Complainant's contention that only the most recent leases reflect current rent levels. The median of those leases is \$942.50 per month. For the larger one bedroom units, the Complainant considered six leases, with a median of \$985 per month.

(7) The Board notes that the overall average of the 20 leases with the most recent start date is \$961 per month.

(8) For the two bedroom units, the Complainant isolated 13 leases. These reflected a median of \$980 per month. The Board notes that the average of these is \$1,018 per month.

(9) The Respondent relied almost entirely on CMHC rental reports for support of the rents being used. The Respondent also submitted an excerpt from the "2012 High Rise Mixed Use Core GIM Study". That document showed five Beltline apartments, and the rents applied to each to arrive at a G.I.M. However, the rents used were described as "Typical Income in the year of Sale". One of the properties traded hands late in 2009. Two sold late in 2010, and two had spring, 2011 sale dates. Because of the sale dates, the rents shown could not be relied upon as being current rents at the effective date of valuation.

(10) As far as the CMHC reports are concerned, This Board is reluctant to place much reliance on the results, since it is not possible to determine if the rent is a net amount, or something else. Under Definitions attached to the CMHC survey, "Rent" is defined as *".....the actual amount tenants pay for their unit. No adjustments are made for the inclusion or exclusion of amenities and services such as heat, hydro, parking and hot water. For available and vacant units, the rent is the amount the owner is asking for the unit..... Utilities such as heating, electricity, and hot water may or may not be included in the rent."*

### **Board's Findings**

(12) Whether or not the different one bedroom types should be isolated is a question of format, and the Board will not comment as to which valuation approach or which methodology should be used to determine the assessed value of any property, so long as the method used complies with accepted appraisal practice.

(13) Having said that, the assessment complaint procedure provides the opportunity to both parties to present evidence and arguments in support of their positions. The burden of proof or onus initially rests on the Complainant to convince the Board that their arguments, facts and evidence are more credible than that of the Respondent. In other words, the onus rests with the Complainant to provide sufficient convincing evidence to prove that their allegation is well founded. In the Board's opinion, the Complainant has provided enough evidence to cast doubt on the validity of the conclusion drawn in the assessment calculations.

(17) Once a doubt has been created or established, the onus now shifts to the Respondent to provide sufficient evidence to demonstrate to the Board that no error in methodology or value conclusion exists. In the opinion of the board, the Respondent has failed to do that.

**Board's Decision**

(19) Based on the evidence submitted by both parties, it is the Board's opinion that the average, and not the median, of the rents considered by the Complainant in the income approach calculations provide for a more reasonable reflection of market value, and produce an assessment that is fair and equitable with similar properties.

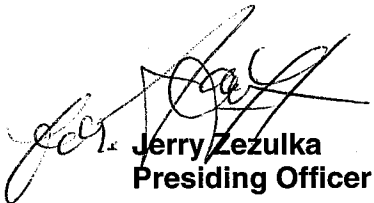
**Board's Decision**

(24) Rent for the one bedroom units is reduced to \$960 per month, overall, including both unit types.

(25) Rent for the two bedroom units is amended to \$1,020 per month.

(26) The assessment is reduced to \$27,063,072, truncated to \$27,060,000.

DATED AT THE CITY OF CALGARY THIS 15 DAY OF November, 2012.



Jerry Zezulka  
Presiding Officer

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

NO.	ITEM
1.	C2 Evidence Submission of the Complainant
2.	C2 Rebuttal Submission of the Complainant
2.	R1 Respondent Disclosure; 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.

**For MGB Administrative Use Only**

Decision No. CARB 1932/2012		Roll No. 023127913		
<u>Subject</u>	<u>Type</u>	<u>Issue</u>	<u>Detail</u>	<u>Issue</u>
CARB	Low rise apartment	Market value	Income	Gross Income Multiplier Rents