

**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:

Erin Holdings Ltd.
(as represented by Advantage Valuation Group Inc.), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

J. Fleming, PRESIDING OFFICER
D. Morice, MEMBER
S. Rourke, 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 2011 Assessment Roll as follows:

ROLL NUMBER:	058041104
LOCATION ADDRESS:	604 1st Ave, NW
HEARING NUMBER:	62162
ASSESSMENT:	\$3,800,000

This complaint was heard on 4th day of October, 2011 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 10.

Appeared on behalf of the Complainant:

- *B. McFarland, N. Laird*

Appeared on behalf of the Respondent:

- *S. Poon*

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

At the commencement of the hearing, Ms. McFarland indicated that she wished to raise an objection over the composition of the Board. She highlighted that she was not concerned about any of the panel members in this complaint but rather her objection was a systemic objection based on the composition of the Assessment Review Board in general and this related back to the change in the procedures implemented for assessment appeals since 2010. When questioned, she indicated that she had not "won" many appeals under the new system, and so had concluded there must be some form of systemic bias against her.

The Presiding Officer asked what she wished this CARB to do, and she indicated that she was prepared to proceed with the merit hearing, but had just wanted her objection noted for the record.

There were no other procedural or jurisdictional matters raised by either party.

Property Description:

The property is a 24 unit low rise apartment building in the community of Sunnyside. The property contains 13 One Bedroom and 11 Two Bedroom Suites and was built circa 1971. The property has a shape factor influence which was not an issue in the hearing. The Land Use designation is Multi-Residential – Contextual Ground Oriented and the property is valued on the Income Approach to Value based on the Gross Income Multiplier(GIM) method.

Issues:

What is the best evidence for the GIM for the property.

Complainant's Requested Value:

\$3,370,000.

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

The City GIM is better supported for use in the valuation.

Board's Decision:

The complaint is denied and the assessment is confirmed at \$3,800,000.

Reasons:

The sole issue in this complaint is the GIM. The Complainant believes that there is good support for an 11.4 GIM based on the analysis suggested by MGB 043/10. The 4 qualifying sales in Market Zone 3 (same as the subject) have an average GIM of 11.68 based on the sales prices and 10.0 based on the properties 2011 Assessment (Ex. C1 pg 8). The Complainant was asking for a GIM of 11.5 applied to the City's other inputs which would result in an assessment (truncated) of \$3,370,000.

In their rebuttal the Complainants question the sales transactions used by the City, noting that none of the four have been assessed using a GIM of 13.0, and as well, the sales are using different imputed (typical) rents than the subject thereby limiting their suitability as comparables. They further note that in their opinion, the rents in Zone 3 must be harmonized to permit a fair comparison. They revised their requested value to \$3,190,000 based on harmonized rental rates for the Comparables and application of a revised "better fit" GIM of 12.0.

The Respondent argued that the GIM of 13 is well supported by market evidence. They began by noting that Zone 3 had a strong return rate of the City's Assessment Request for Information (ARFI), the highest return rate of any zone in the City at 81% with 218 of 270 owners responding. The Respondent noted that this gave them quality information and allowed them to analyze for sub-zones in the larger zone and to analyze trends in smaller groups. This is what allows them to isolate sub zones where different rents are charged.

The Respondent indicated that their analysis (Ex. R1 pg 46) allowed them to be comparative by reflecting typical rates in each of the subzones. The response rate allowed for much more precise calculations.

The CARB considered all the evidence and argument. The CARB was sympathetic to the Complainant's concerns over multiple rents in a "small" market zone. The CARB concludes that the strong ARFI response rate is what allows that detailed analysis to take place, and that should be a good thing in promoting better estimates of value. Therefore, the CARB accepts that the analysis in the City's "GIM Study for Low Rise Units" represents a realistic representation of "typical" inputs for the area segregated by sub-zone. The CARB accepts that this can cause some problems for Complainant's which result in the type of analysis put forward in this complaint. The concept of a "harmonized" rent for a zone fails in the opinion of the CARB because it is not supportable adequately in the market, where there is "better" information available. In conclusion, the CARB finds the analysis of the Respondent to be the better evidence, because it is well supported. The Complainant's analysis wants to re-combine greater detail, but in the recombination there is no assurance that the total accurately represents the details.

For this reason, the CARB finds insufficient evidence to disturb the assessment.

As a final comment, the CARB heard evidence that the Property Owner has not submitted ARFI's since 2009. The CARB would note that as is evidenced in this appeal, better information allows for better detail, and better detail should lead to better assessments,

DATED AT THE CITY OF CALGARY THIS 4 DAY OF November 2011.


James Fleming
Presiding Officer

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

NO.	ITEM
1. C1	Complainant Disclosure
2. C2	Complainant Rebuttal
3. R1	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.*