

**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:**

**Metrowest Developments Ltd.  
(as represented by Wernick Omura Ltd.), 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: 111102406**  
**LOCATION ADDRESS: 607 Kingsmere Cr. SW**  
**HEARING NUMBER: 63873**  
**ASSESSMENT: \$3,790,000**

This complaint was heard on 6th 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. Boccaccio*

Appeared on behalf of the Respondent:

- *I. Pau*

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

There were no procedural or jurisdictional matters raised.

**Property Description:**

The property is a 3 storey, 28 suite apartment built circa 1972. The property contains 18 One Bedroom units and 10 Two Bedroom units. The property is located in Market Zone 8 in the community of Kingsland and has a Land Use designation of Multi-Residential – Contextual Low Profile. The property was valued on the Income Approach to Value using the Gross Income Multiplier (GIM) method.

**Issues:**

Does the average actual gross income over 5 years yield a better number to value the property?

**Complainant's Requested Value:**

\$3,100,000.but revised in the Disclosure to \$3,260,000.

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

The typical rental rates are the best numbers to use for calculating the value.

**Board's Decision:**

The complaint is denied and the assessment is confirmed at \$3,790,000.

**Reasons:**

The Complainant provided a summary of the actual property operations for the 5 years from 2006 to 2010. They noted that the typical rental income used by the City was certainly supported by the operations in 2007 and 2008, but the market declines and the property owner's decision to renovate the suites to enhance competitiveness meant that the "typical" income was not available in 2009 and 2010 (Ex. C1 pg 11). The Complainant suggested that part of the vacancy problem was created because potential tenants want child friendly accommodation and so are choosing townhouses rather than apartments. That is why the property owner decided to renovate the property in 2010.

The Complainant asked for a revised value of \$3,260,000 which was obtained by multiplying the 5 year average income (less vacancy) by the City GIM of 13.0 (See Ex. C1 pg. 11).


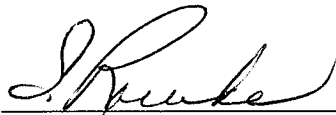
The Respondent provided information on the City wide and Zone 8 vacancy. They also included support for their valuation method using typical (not actual) rents.

The CARB considered all of the evidence and argument. The Parties' agreed the only issue in the complaint was the Potential Gross Income amount used to capitalize the income into the value by using the GIM. The Complainant wanted the 5 year average actual rental income. The

CARB notes that the assessment must be based on typical rates (See Matters Relating to Assessment and Taxation Regulation AR 220/2004, Section 2 (c)). The CARB also recognizes that suites must be modernized/renovated from time to time, but because this activity is not specifically provided for in the legislation, the CARB concludes that the annual Allowance for Vacancy is intended to include that activity. The CARB also notes that from the Assessment Request for Information (ARFI) and the Complainant's disclosure that the property is achieving rents equal to or close to the City's "typical" rents, and from the rental income (Ex C1 pg. 11) it is clear that Management has decided not to rent a number of units.

From this evidence the CARB concludes that the "typical" rents are reasonable for the subject, and that the high vacancy is a management decision that is not consistent with mass appraisal methodology. Accordingly there is insufficient compelling evidence to disturb the assessment.

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

   
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**James Fleming**  
**Presiding Officer**

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

<b>NO.</b>	<b>ITEM</b>
1. C1	Complainant Disclosure
2. 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.*