

**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:

1325963 ALBERTA LTD., represented by RONALD CHU , COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

***W. GAGNON, PRESIDING OFFICER
J. MASSEY, MEMBER
J.KERRISON, 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:	066106501
LOCATION ADDRESS:	1601 – 13TH AVENUE S.W. CALGARY, ALBERTA
HEARING NUMBER:	60988
ASSESSMENT:	\$1,470,000

This complaint was heard on 11th 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:

- **1325963 ALBERTA LTD., represented by RONALD CHU**

Appeared on behalf of the Respondent:

- **Ms. Yang Wang**

Property Description:

The subject property is a low-rise multi-residential apartment located at 1601 – 13th Avenue S.W., Calgary, Alberta. The property was constructed in approximately 1973 and contains 11 suites in all, consisting of eight 1 bedroom and three 2 bedroom units.

Issues:

The assessment was prepared on the basis of the Gross Income Modifier (GIM) approach to value which the City of Calgary typically applies to multi-residential apartment style buildings which are not subdivided into condominiums. The Complainant stated that he did not have any quarrel with the application of the GIM in determining value as a general approach, but that the resulting value did not reflect the true value of the property in the assessment year in question.

The Complainant provided evidence to illustrate that he had purchased the property effective November 17, 2010, based on a purchase price of \$1,225,000 that was negotiated on or about October 8, 2010. The Complainant made the offer to purchase essentially 'sight-unseen'. The vendor at the time did not provide financial records as to the income from the subject property. Indeed, the Complainant says that the property was poorly managed. It experienced a very high vacancy rate and required extensive renovations, much of which were done in late 2010 and early 2011. In view of these peculiarities, the Complainant insisted that the value of the property was best reflected by the price he paid for it in late 2010; namely, \$1,225,000.

The Respondent applied the GIM approach to value in coming to an assessment of \$1,470,000. The Respondent said that between 53 and 57 sales of properties within the appropriate time frame were used to develop the 'typical' information on which the GIM was derived in this case, but she did not provide additional detailed support for the GIM approach because she says the Complainant had not questioned nor taken issue with any aspect of the approach taken. Therefore, in rebuttal to the Complainant's evidence, the Respondent provided comparable properties which she viewed as 'typical' in support of the assessment.

The issue for the Board to determine is whether the GIM approach to value is appropriate in the specific circumstances surrounding the subject property. If the GIM approach is not appropriate, the issue for the Board to determine is whether the actual purchase price paid by the Complainant is a more accurate reflection of value. The difficulty before the Board is that the sale of the subject occurred after the valuation date of July 1, 2010.

Complainant's Requested Value: \$1,225,000

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

The Board found no evidence on which to question how the GIM was derived. However, the Board found that the subject property had endured a variety of unusual circumstances at or about the valuation that were not 'typical' and would affect its value.

The Board found that the property had been poorly managed in previous years and that the ARFI information based on previous years assessments was therefore unreliable. The Board also found that because extensive renovations were required, the vacancy rate was very high and presented a significant challenge to renting the units. As a result, the actual vacancy rate for the subject was much higher than typical. The condition of the subject property as at December 31, 2010 was such that it could not be exposed to the market and expected to achieve typical rental rates. Indeed, it might not have been suitable for residential occupation or rental at all. Consequently, the Board finds that the GIM approach to value, while generally appropriate for multi-unit apartment-style residential buildings in normal circumstances, would not result in an accurate reflection of the value of the subject property as at the effective date of July 1, 2010.

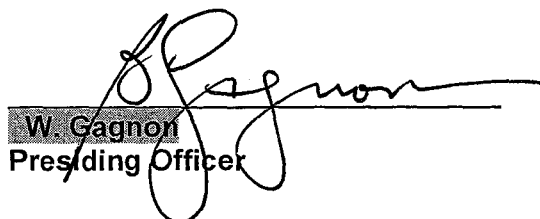
The only other indication of value before the Board was evidence of the actual sale of the subject property which had occurred after July 1, 2010. The Respondent did not take issue with the purchase resulting from anything other than a normal arms-length sale. The subject property therefore was worth roughly what the Complainant paid for it when he bought it. The Board finds that the admittedly poor condition of the subject property did not substantially change at any time in the assessment year. In other words, the value of the subject property remained roughly the same throughout the assessment year.

In the absence of evidence to the contrary, the Board found that the sale price was the best indicator of value. The fact that the sale was post-facto in the sense that it occurred past the valuation date was not crucial, since it occurred in the assessment year.

Board's Decision:

Based on the findings and the foregoing reasons the Board sets the assessment for the 2011 taxation year at \$1,225,000.

DATED AT THE CITY OF CALGARY THIS 17 DAY OF November 2011.


W. Gagnon
Presiding Officer

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

NO.	ITEM
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.*