

**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:

***Morris Sternberg (as represented by Cushman and Wakefield Property Tax Services),
COMPLAINANT***

and

The City Of Calgary, RESPONDENT

before:

***T. Golden, PRESIDING OFFICER
J Kerrison, MEMBER
J Massey, 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: 080204704

LOCATION ADDRESS: 829 Royal Av. SW

HEARING NUMBER: 62422

ASSESSMENT: \$2,840,000.00

This complaint was heard on 14 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:

- *J. Goresht, S. Urbana*

Appeared on behalf of the Respondent:

- *A. Cornick*

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

There were no preliminary matters.

Property Description:

The subject property is located in the lower Mount Royal community. A multi residential structure classed as a low rise apartment is located on the site. The building was constructed in 1952. There are a total of 19 suites in the building. City information on the website suggests the evaluation was done on an income approach however the assessment is based on a land rate developed on the basis of sales.

Issues:

- 1) Is the sales approach an appropriate method to calculate market value in this case?
- 2) If the sales approach is inadequate, then what approach should be used to calculate the assessment?

Complainant's Requested Value: \$2,045,700.00

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

- 1) The sales approach is not the appropriate method to calculate market value in this case.

The Complainant firstly expressed dissatisfaction with the information provided by the City. The information available to the public which is intended to allow for an understanding of how the assessment was prepared is misleading. The data available for the subject parcel shows an income approach was used when in fact a sales approach was used. The applicant then went on to suggest the sales approach used was based on dissimilar properties and therefore unreasonable. The best approach would be the income approach as was used on several similar properties located in close proximity to the subject.

The sales approach was justified by the Respondent by suggesting the income approach yields

a lower market value than the calculation using sales data. Two sales show in the table below.

Address	Total area	Per square foot (sq. ft.)
1749 College Ln SW	2367 sq. ft.	\$172.00
1723 9 St SW	5799 sq. ft.	\$158.00

These comparables were improved with older dwellings multi residential and were used to develop a land rate of \$165.00 per sq. ft. This rate was supported by a vacant land sale after the assessment date for \$185.00 per sq. ft. A post facto sale supporting the assessment was also presented.

The Board found that the comparables used to develop the land rate of \$165.00 per sq. ft were dissimilar to the subject. In particular that the land areas of the comparables are significantly smaller at 2367 sq ft and 5799 sq. ft. while the subject property is 14,997 sq. ft. in size. Given the limited sales the Board is not satisfied the sales approach is reasonable in this case. The post facto sale was considered to have occurred too long after the assessment date to be useful in determining this years assessment.

2) The Income approach provides a more reasonable calculation of market value.

The Complainant provided the Board with two properties of similar size in the immediate vicinity of the subject each with assessments conducted on the income approach. It was also stated that the Gross Income Multiplier (GIM) for the comparable apartments was 11 and 15. To develop the requested value of \$2,045,700.00 a calculation of the market value was conducted using a GIM of 11.

The Respondent in their presentation cautioned the Board about the sources and application of the factors used by the Complainant in the income approach calculation.

The Board understands the issues involved with generating the various factors that go into a calculation however are of the opinion that the data developed by the Complainant has a stronger basis than the land sales data provided by the Respondent. The Complainant chose the lowest GIM of the comparables at 11. The Board felt the average of the two GIM values of the Complainants comparables to be more appropriate. A GIM of 13 was in the opinion of the Board more appropriate. Substituting the GIM of 13 into the income calculation gives a resultant market value of \$2,410,000.00.

Board's Decision:

The Board reduces the assessment to \$2,410,000.00.

DATED AT THE CITY OF CALGARY THIS 25 DAY OF November 2011.



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.*

Appeal Type	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	Residential	walk up	Sales approach	Land Value