

**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:**

***Devenish Heritage Ltd. (as represented by Colliers International), COMPLAINANT***

**and**

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

**before:**

***Board Chair, W. Garten  
Board Member, P. Pask  
Board Member, D. Morice***

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:           067190108**

**LOCATION ADDRESS: 920 16<sup>th</sup> Avenue S.W.**

**HEARING NUMBER:    63669**

**ASSESSMENT:           \$2,410,000**

This complaint was heard on 12<sup>TH</sup> day of October, 2011 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 11.

Appeared on behalf of the Complainant:

- *D. Porteous, Colliers International*

Appeared on behalf of the Respondent:

- J. Toogood, City of Calgary

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

The Board derives its authority to make this decision under Part 11 of the Alberta Municipal Government Act.

There were no procedural or jurisdictional matters brought before the Board.

The Board proceeded to hear the complaint, as outlined below.

**Property Description:**

The Subject Property is a 16 suite 3.5 storey low rise apartment building built in 1964 and located in the Beltline district of Calgary. The subject contains 1 bachelor suite, 7 one bedroom suites and 8 two bedroom suites.

**Issues:**

The issue under appeal is the Market Value of the property calculated by using a Gross Income Multiplier (GIM) method. Is the assessed GIM of 15.0 fair and equitable?

**Legislation:****The Municipal Government Act, R.S.A. 2000, c. M-26 (MGA);**

s. 1 (n) *"market value" means the amount that a property, as defined in section 284(1)(r) might be expected to realize if it is sold on the open market by a willing seller to a willing buyer.*

s. 284 (1)(r) *"property means"*

- i) *a parcel of land,*
- ii) *an improvement, or*
- iii) *a parcel of land and the improvement to it;*

s. 293(1) *In preparing and assessment, the assessor must, in a fair and equitable manner,*

- (a) apply the valuation and other standards set out in the regulations, and*
- (b) follow the procedures set out in the regulations.*

s.293(2) *If there is no procedure set out in the regulations for preparing assessments, the assessor must take into consideration assessments of similar property in the same municipality in which the property that is being assessed is located.*

s. 467(1) *An assessment review board may, with respect to any matter referred to in section 460(5), make a change to an assessment roll or tax roll or decide that no change is required.*

s. 467 (3) *An assessment review board must not alter any assessment that is fair and equitable, taking into consideration*

- a) the valuation and other standards set out in the regulations,*
- b) the procedures set out in the regulations, and*
- c) the assessments of similar property or businesses in the same municipality.*

***Matters Relating to Assessment and Taxation Regulation, Alta Reg 220/2004 (MRAT);***

s. 2 *An assessment of property based on market value*

- a) must be prepared using mass appraisal*
- b) must be an estimate of value of the fee simple estate in the property, and*
- c) must reflect typical market conditions for properties similar to that property*

s. 4(1)(a) *The valuation standard for a parcel of land is market value*

s. 5(1) *The valuation standard for improvements is*

- a) the valuation standard set out in section 7, 8 or 9, for the improvements referred to in those sections, or*
- b) for other improvements, market value*

s. 6(1) *When an assessor is preparing an assessment for a parcel of land and the improvements to it, the valuation standard for the land and improvement is market value unless subsection (2) or (3) applies.*

**Complainant's Requested Value:** \$1,820,000 (rounded) based on a Gross Income Multiplier of 11.30.

**Complainant's Position:**

The Complainant provided evidence package C-1 (60 pages) for his presentation. The Complainant argued that the Gross Income Multiplier (GIM) used by the City of Calgary for the 2011 property assessment is excessive. The City of Calgary used 15.0 as the GIM based on typical rents and a 5.5% vacancy allowance.

The complainant brought forward the following evidence in support of his argument.

- The current assessment of \$2,410,000 equates to \$150,625 per suite.
- The Complainant brought forward evidence of 9 valid comparable sales over a period of approximately 18 months. These sales were throughout the City of Calgary and indicate a median GIM of 11.3 with an Assessment to Sales Ratio (ASR) of 1.10 (C-1 pg 18).
- Of the above 9 sales, 5 were valid comparable sales within south west quadrant of the City of Calgary. These sales have an indicated median GIM of 11.3 with an ASR of 1.12 (C-1 pg 19).
- The Complainant further provided evidence to support these sales from "RealNet" and

related Assessment Summary Reports (C-1 pg 22-56).

- The Complainant argued that the Burden of Proof has been met with the evidence provided and the GIM should be lowered to 11.30.

Upon questioning, the Complainant clarified the following points:

- Rent rolls were not provided with the C-1 package.
- No other financial information was included in the "RealNet" evidence to back up the GIM request.
- No evidence was available on applied rent or vacancy in C-1 pg 18 or pg 19
- C-1 pg 19 sale A is now a Condo
- C-1 pg 19 sale F was built in 1928
- C-1 pg 19 sale H included \$300,000 in chattels
- GIM calculation was completed internally by Colliers in C-1 pg 18 and 19.

### **Respondent's Position:**

The Respondent provided evidence package R-1 (56 pages) for his presentation.

The Respondent argued that the City of Calgary assessment of \$2,410,000 was fair and equitable using a GIM of 15.0.

The Respondent brought forward the following evidence to support his argument.

- The Respondent argued that the Complainant only wants to argue one component of the assessment calculation which is the GIM. Rents and vacancy have been excluded from his argument. These cannot be excluded as they are vital in the assessment calculation.
- The Respondent argued that the Complainant has used an incorrect rental rate to calculate the GIM in C-1 pg 18 and pg 19. The rental rate used should be typical rental rate.
- The Respondent brought forward evidence of 5 valid comparable sales in the beltline area completed over a period of approximately 13 months. These sales indicate an average GIM of 15.02 and a mean GIM of 14.86 (R-1 pg 34-36). Evidence included typical rents, typical vacancy, selling price and typical GIM in the year of sale.
- The Respondent further provided evidence of these sales from "RealNet" (R-1 pg 37-40).
- The Respondent provided equity comparables (R-1 pg 43) as evidence of a GIM of 15.0 used for 4 additional comparable property (with photos) assessments in the beltline.

Upon questioning, the Respondent clarified the following points:

- GIM is based on actual rents from the ARFI's received which are used to calculate typical rents.
- City of Calgary uses income approach and not price per suite in calculating assessments.

### **Complainant Summary**

In summary the Complainant argued the following additional points:

- The Complainant argued that typical rents were applied to the comparables on page 18 and 19 of C-1.
- Page 19 on C-1 demonstrates the best 5 sales comparables to the subject property.
- The Complainant argued that this evidence supported a reduction of assessment to \$132,000 per suite.

### **Respondent Summary**

In summary the Respondent argued the following additional points:

- The Respondent argued that the Complainant provided no evidence as to how the GIM was calculated in his comparables.
- The Respondent argued that the City of Calgary uses typical rents for assessment purposes and for comparison with other sales and other assessments. The City does not mix typical with actual.
- The Respondent argued suite mix must be taken into consideration when a price per suite is used. Without this consideration, the numbers could adversely affect the end result.
- The Respondent argued that based on the evidence provided by the City of Calgary that the current assessment reflects market value.

### **Last Word by the Complainant**

- None

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

- The GIM evidence provided by the Complainant (C-1 pg 18-19) did not provide income or vacancy verification in order for the Board to substantiate the GIM calculation.
- The Board could not find that the "RealNet" evidence confirms typical rents. This is required in order to compare the GIM calculation with the City of Calgary GIM used in the assessment.
- Equity was not argued at this hearing.
- The issue in this hearing is the amount used in the GIM method not the price per suite.

### **Board's Decision:**

It is the Board's Decision to confirm the assessment at \$2,410,000.

**Reason(s) for Decision**

The Board's reasons for this decision are as follows:

- The Board could not substantiate any evidence that typical rents or vacancies were used in calculating the GIM of comparables in the Complainant's evidence package.
- The Board found that no actual rent rolls were provided by the Complainant to justify his request for a reduction in the GIM multiplier.
- The Complainant did not provide actual vacancies. This would be required if the Complainant used actual rent rolls to confirm comparable GIM calculations.
- The Board found that mixing actual and typical (rents and vacancies) have an effect of distorting the calculation of GIM. All actual rents/vacancies should be used or all typical rents/vacancies should be used for all comparison purposes.
- The Board found that the rents displayed on the subject ARFI supported the typical rents used by the City of Calgary to calculate the current assessment.
- The Board found that the vacancy displayed on the subject ARFI was 1.0% of the Effective Gross Income which was substantially less than that used for assessment purposes.

DATED AT THE CITY OF CALGARY THIS 9 DAY OF November 2011.



**W. Garten**  
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.*