

**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:

***Future Properties Ltd.(as represented by Assessment Advisory Group Inc.),
COMPLAINANT***

and

The City Of Calgary, RESPONDENT

before:

***Board Chair, J.Zezulka
Board Member 1, P. Grace
Board Member 2, D. Steele***

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: 080019508

LOCATION ADDRESS: 1717 – 10A Street SW

HEARING NUMBER: 62463

ASSESSMENT: 1,730,000.00

This complaint was heard on 26 day of October, 2011 at the office of the Assessment Review Board located at Floor Number Three, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom Eight.

Appeared on behalf of the Complainant:

- *T. Howell*

Appeared on behalf of the Respondent:

- *S. Bazin*

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

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

Property Description:

The subject is a two and a half storey, walk up apartment building known as Waverley House, located in the Lower Mount Royal community of south west Calgary. The building contains ten units, consisting of four one bedroom units, and six two bedroom units. The structure was built in 1964. The site area is 6,497 s.f.

Issues:

The current assessment is based on the income approach to value. The inputs used in the assessment include the rent structure that is being disputed by the Complainant, a vacancy rate of 5.50 per cent, and a Gross income Multiplier (GIM) of 15.0. Neither the vacancy rate or the GIM is being disputed by the Complainant. With respect to the rents employed, following are the two positions;

	<u>Respondent</u>	<u>Complainant</u>
One bedroom	\$900.00	\$750.00
Two bedroom	<u>\$1,100.00</u>	<u>\$1,000.00</u>
Potential Gross Income	\$115,688.00	\$102,060.00

Complainant's Requested Value:\$1,530,000.00,

Evidence

The Complainant pointed out to the Board that the subject's assessment has increased from \$1,360,000.00 in 2010, to \$1,730,000.00 in 2011, at a time that values should be decreasing, or at least remaining static.

In support of his complaint, the Complainant submitted an undated Assessment Request For Information (ARFI) form for the subject that showed rent levels for the subject of \$400 to \$750 per month for the one bedroom units, and \$850 to \$1,000 per month for the two bedroom units. An actual rent roll, purportedly effective July 1, 2010, showed rents for the one bedroom units at \$700 to \$850 per month, and \$900 to \$1,000 per month for the two bedroom units.

The Complainant then attempted to support these rents with Canada Mortgage and Housing Corporation Rental Market Reports. These reports, in the opinion of the Board, are a useful guide, but they are not reliable indicators of actual rent levels. That is so because the CMHC

method of reporting is not necessarily consistent. On page 37 of the CMHC Report, under definitions, it states;

“Rent: The rent refers to the actual amount tenants pay for the unit. No adjustments are made for the inclusion or exclusion of amenities such as heat, hydro, parking and hot water. For available and vacant units, the rent is the amount the owner is asking for the unit.....

.....Utilities such as heating, electricity, and hot water may or may not be included in the rent”.

Because of the potentially inconsistent reporting nature of the Survey, this Board is not inclined to rely heavily on the results.

The Respondent submitted a signed ARFI form for the subject dated April 10, 2010. This form showed current rents for the one bedroom units in the subject as follows;

One unit @ \$750

One unit @ \$825

Two units @ \$850

For the two bedroom units, rents were \$900 per month for two units, \$925 for one unit, and \$1,000 per month for two units, with the caretakers suite at a much lower amount..

The ARFI submitted by the Respondent showed a decline in rent in all of the units between January and December of 2009.

Neither party submitted any comparable rental evidence from competitive properties that could assist the Board in determining a typical rent that would be appropriate for the subject.

Board's Decision

As far as the annual increase in assessment is concerned, this Board accepts the fact that the owner is entitled to be assessed in a consistent manner with similar properties. However, a change in the assessment from year to year is not in itself a valid grounds for complaint ,particularly when the basis for the previous year's assessment is unknown, and unchallenged.

The Board finds that the bulk of the evidence submitted by both parties supports rent levels lower than the “typical” rents used in the preparation of the assessment.

The Board is of the opinion that the following most accurately represent the rents appropriate for the subject, based on the evidence submitted by both parties.

One bedroom units; \$825 per month

Two bedroom units; \$1,000 per month

Application of these rents produces a revised capitalization result of \$1,581,930.00, truncated to \$1,580,000.00.

The assessment is reduced to \$1,580,000.00.

Note; In developing typical rents for the mass appraisal model, the City's practice appears to be to include utilities as part of the rent. However, this practise is only followed if the utilities are reported in the ARFI information submitted by the property owner. Although there might be some rationale for this practise, it could lead to inconsistency between similar buildings, since the results are partly dependant on the reporting practise of the building owner or property manager.

DATED AT THE CITY OF CALGARY THIS 17 DAY OF NOVEMBER, 2011.



Jerry Zezulka
Presiding Officer

APPENDIX "A"

**DOCUMENTS PRESENTED AT THE HEARING
AND CONSIDERED BY THE BOARD:**

NO.	ITEM
-----	------

1. C2 Evidence Submission of the Complainant
2. R1 Respondent Disclosure; Assessment Brief

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.*

For MGB Administrative Use Only

Decision No. CARB 2655/2011		Roll No. 080019508		
<u>Subject</u>	<u>Type</u>	<u>Issue</u>	<u>Detail</u>	<u>Issue</u>
CARB	Low rise apartment	Market value / Equity	Income	Rents