

**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:**

***Horizon West Housing Society(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: 083202002**

**LOCATION ADDRESS:3818 – 19 Avenue SW**

**HEARING NUMBER: 62617**

**ASSESSMENT: 6,060,000.00**

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:

- *C. Fox*

### **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 an average quality 108 unit high rise apartment with an attached parking structure. The property is located in the Glendale community, in the SW quadrant of the City. The total building area is 95,506 s.f. The land area is 44,485 s.f. The units in the building are rented by the Horizon Housing Foundation to low-income occupants as part of Benevolent prerogative for which a tax grant and tax exempt status has been applied to portions of the property.

### **Issues:**

The current assessment is based on the income approach to value. The assessment is \$13,160,000, made up of three sub-Accounts, as follows;

Roll No. 083202002; Taxable;	6,060,000
Roll No. 083202028; Exempt from taxation;	4,600,000
Roll No. 083202010; Grant in place of tax;	2,500,000

The portion under complaint is the taxable portion of 6,060,000.

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 under dispute. With respect of the rents, following are the two positions;

	<u>Respondent</u>	<u>Complainant</u>
One bedroom	\$850.00	\$750.00
Two bedroom	\$950.00	\$900.00
Three Bedroom	<u>\$1,000.00</u>	<u>\$950.00</u>
Potential Gross Income	\$1,154,400	\$1,050,000

**Complainant's Requested Value:** \$5,200,000 as shown on the Complaint form, revised to \$4,870,000 in the evidence submission. These values relate to the taxable portion only.

### **Evidence**

In support of his complaint, the Complainant submitted a spread sheet for the subject showing the actual rents in place, lease start and end dates, electric charges for each unit, and parking fees, where applicable.

The Respondent chose not to submit any market evidence relative to rent levels. Rather, the Respondent took the position that the Complainant's proposed rental rates are derived from an unverified rent roll that would represent the actual rents, and not typical rents for similar properties which are utilized for assessment purposes. The Respondent took the position that the Complainant did not meet the burden of proof. The Respondent also took the position that the rental rates applied by the Complainant are lower than the typical rents provided in the CMHC Fall 2010 Market Report, which was the only evidence submitted by the Respondent in support of the rents used to prepare the assessment.

### **Board's Decision**

As far as the Respondents position regarding onus on the part of the Complainant is concerned, this Board does not agree. The Respondent maintained that the rent roll submitted was "tainted" because of the subsidies in place. However, there was no evidence submitted that would support this claim. Indeed, the rent roll "spread sheet" is the only factual evidence before this Board.

On the one hand, the Complainant attempted to support the subject's rent levels with Canada Mortgage and Housing Corporation Rental Market Reports. The Respondent, on the other hand, attempted to use the same market reports to discredit the Complainant's evidence, and support the rents used in the assessment. The Board disagrees with both parties. CMHC market 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 Complainant's argument that actual rents achieved should be used in determining the estimate of market value is not entirely convincing. When consideration is given to the regulatory requirements, as well as past decisions in this regard, the argument would not normally be compelling given that the assessment must reflect the fee simple estate in the property, based on typical inputs for similar properties. On the other hand, the existing rent roll is the only factual evidence before this Board. While some of the rent levels suggest a high degree of subsidy, others do not. And, barring any evidence to the contrary, the Board is satisfied that the higher rents reflected in the spread sheet suggest little subsidy, or none at all.

The Board adopts the rents outlined in the spread sheet submitted by the Complainant, as

follows;

One bedroom; 66 units @ \$750.00 / month

Two bedroom; 38 units @ \$900.00 / month

Three bedroom; 4 units @ \$950.00 / month

The total assessment is reduced to \$11,970,000.00. Deducting the related accounts produces a taxable portion of \$4,870,000.00

The taxable assessment is reduced to \$4,870,000.00

**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:**

<b>NO.</b>	<b>ITEM</b>
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| 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**

<i>Decision No. CARB 2656/2011</i>		<i>Roll No. 083202002</i>		
<u><i>Subject</i></u>	<u><i>Type</i></u>	<u><i>Issue</i></u>	<u><i>Detail</i></u>	<u><i>Issue</i></u>
CARB	Low rise apartment	Market value / Equity	Income	Rents