

**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:

***Inter-can Investments 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: 079001707

LOCATION ADDRESS: 316 – 18 Avenue SW

HEARING NUMBER: 62688

ASSESSMENT: 1,250,000.00

This complaint was heard on 27 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:

- *E. Currie*

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, nine unit apartment building known as Sibley Apartment, located in the Mission community of south west Calgary. The building contains seven one bedroom units, one two bedroom apartment, and one three bedroom unit. The structure was built in 1910. The site area is 4,753 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 14.0. 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	\$850.00	\$750.00
Two bedroom	\$950.00	\$900.00
Three bedroom	<u>\$1,000.00</u>	<u>\$950.00</u>
Potential Gross Income	\$94,800.00	\$85,200.00

Complainant's Requested Value: \$1,120,000.00,

Evidence

The Complainant pointed out to the Board that the subject's assessment has increased from \$1,150,000.00 in 2010, to \$1,250,000.00 in 2011, at a time that values should be decreasing, or at least remaining static.

In support of his rental argument, the Complainant submitted Canada Mortgage and Housing (CMHC) reports that showed one bedroom rents of \$884 per month in the Beltline area, for October, 2010, and two bedroom rents averaging \$1,129 per month. Three bedroom rents were shown at \$1,595 per month. For pre-1960 buildings, the rents shown are \$889 and 1,065 for one and two bedroom units. No rents were shown for three bedroom apartments.

The Complainant also produced a list of multi residential sales for the Board's consideration. However, no analysis or explanation accompanied the list. As such, it was not considered very

helpful to the Board. Finally, a single comparable produced by the Complainant showed rents of \$525 per month for bachelor suites (of which there are none in the subject property), and \$750.00 per month for one bedroom units.

The Respondent produced three equity comparables. All three showed one bedroom rents at \$850.00 per month. Only one of the comparables contained two bedroom rents, at \$950.00 per month. None of the comparables contained three bedroom units.

The Respondent also produced three lease comparables, extracted from Assessment Request for Information (ARFI) Forms, that showed the following rent structures for three properties purported to be comparable to the subject.

	Mean Monthly Rents
One bedroom units; (18 units)	\$775, \$875, and \$895
Two bedroom units (six units)	\$850, and \$1,065
Three bedroom units (one unit)	\$1,000

Board's Decision

As far as the annual increase in assessment is concerned, this Board accepts the fact that the owner is entitled to equity in assessments with other properties. However, the owner is not necessarily entitled to equity in the change in assessment rate, particularly when the basis for the previous year's assessment is unknown, and unchallenged.

The CMHC reports submitted by the Complainant lend more support to the existing level of assessment than they do to support the Complainant's position.

Combining the market evidence from both parties, the Board has accepted the following;

1. Three out of the four actual comparables support the City's \$850.00 rate for one bedroom units.
2. All three comparables support the City's \$950.00 rate for two bedroom units.
3. There is one comparable for three bedroom units, at \$1,000 per month, or equal to the City's assessed rate.

The assessment is confirmed.

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
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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.*

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Decision No. CARB 2660/2011		Roll No. 079001707		
<u>Subject</u>	<u>Type</u>	<u>Issue</u>	<u>Detail</u>	<u>Issue</u>
CARB	Low rise apartment	Market value / Equity	Income	Rents