



## **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**

***Kazakoff, Polly, Devtex Ltd.***  
***(as represented by N. Kazakoff), COMPLAINANT***

**and**

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

**before**

***L. Yakimchuk, PRESIDING OFFICER***  
***P. Charuk, BOARD MEMBER***  
***P. Pask, BOARD 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 2013 Assessment Roll as follows:

**ROLL NUMBER:** 066166307  
**LOCATION ADDRESS:** 2028 11 Av SW  
**FILE NUMBER:** 70074  
**ASSESSMENT:** \$1,330,000

This complaint was heard September 4, 2013 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:

- *Did not appear*

Appeared on behalf of the Respondent:

- *H. Yau, City of Calgary Assessor*

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

[1] During the presentation, the Respondent pointed out that the Complainant had submitted a letter from a Seller Direct Real Estate representative with an opinion of value of the subject property. P. Pask, Board member, revealed that he is a licensed Realtor with Seller Direct.

[2] The Respondent was asked if he had any objections to the Board member based on this information. The Respondent stated that he did not.

[3] P. Pask read the documents from Seller Direct and stated he was not familiar with the person who wrote the letter and he believed his decision making would not be affected by the relationship. The Board continued to hear the complaint with all three panel members.

[4] The Complainant was not present to question and the hearing took place with the Respondent and the written information from the Complainant.

**Property Description:**

[5] The subject property has been assessed as an 1977 11-suite 2.5 storey Lowrise Apartment Building (MR0201). It has been assessed at the rates of \$635/month for one bachelor suite and \$825/month for 10 one-bedroom suites.

**Issues:**

[6] Is the assessment of the subject property reflective of Market Value using the Income Approach?

**Complainant's Requested Value: \$755,413**

**Board's Decision:**

[7] The Board confirms the assessment at \$1,330,000.

**Legislative Authority, Requirements and Considerations:**

The Composite Assessment Review Board (CARB) derives its authority from the Municipal Government Act (MGA) RSA 2000 Section 460.1:

- (2) Subject to section 460(11), a composite assessment review board has jurisdiction to hear complaints about any matter referred to in section 460(5) that is shown on an assessment notice for property other than property described in subsection (1)(a).

For the purposes of this hearing, the CARB will consider MGA Section 293(1)

In preparing an 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.

Matters Relating to Assessment and Taxation Regulation (MRAT) is the regulation referred to in MGA Section 293(1)(b). The CARB decision will be guided by MRAT Section 2, which states that

An assessment of property based on market value

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

and MRAT Section 4(1), which states that

The valuation standard for a parcel of land is

- (a) market value, or
- (b) if the parcel is used for farming operations, agricultural use value.

**Position of the Parties****Complainant's Position:**

[8] The Complainant did not appear at the Hearing. However, the Board considered the evidence presented by the Complainant in Disclosure.

[9] The Complainant calculated an Income based value of \$755,413 based on an annual rental income of \$37,770.65 and a Capitalization (Cap) rate of 5% (C1 p1). The Cap rate was based on a suggestion from a Realtor (C1 p7).

[10] The Complainant also included two letters from Realtors (Seller Direct C1 p9, Avison Young p10) who recommended a Market Value of \$650,000 to \$700,000, with an asking price of \$800,000 if the property was to be advertised for sale.

[11] In Document C2, the Rebuttal document, the Complainant stated that the proposed

comparable property presented by the Respondent (1726 – 11 Ave SW) was superior to the subject. He suggested that the suite sizes in the comparable were larger and the suites are in superior condition, covered parking is included, and it has a rooftop patio.

[12] As well, he suggested that the comparable was better maintained than the subject and it would take about \$400,000 of work to upgrade it to the level of the comparable.

[13] The Complainant stated that the comparable was in a superior position because it was close to the LRT station. He also stated that the subject was in an inferior location because it backed onto the LRT track and adjoined Bow Trail, a noisy high traffic road.

[14] The Complainant also provided exterior photographs of the fronts and backs of the subject and the proposed comparable building. (C2 p2)

[15] The Complainant believed that the building would sell "as is" at around \$755,000, more with vendor take-back financing.

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

[16] H. Wau, City of Calgary Assessor, presented a proposed equity comparable property (1726 – 11 Av SW) which was in the same Downtown Region as the subject. This building rented for rates of \$575/bachelor suite and \$850/one-bedroom suite and was assessed at \$635/bachelor suite and \$825/one-bedroom suite.

[17] The Respondent stated that the parking in the proposed comparable is under the building, but exposed to the outdoors ("like a carport") and that this was comparable to the outside parking available at the subject apartment building.

[18] The Respondent also presented the Canada Mortgage and Housing Corporation Rental Market Report which showed that rental rates in the Downtown Area where the subject and comparable are located are significantly higher than the typical rates used in the City of Calgary Assessments (R1 p28, 1.1.2).

[19] The Respondent also provided photographs of both the subject and proposed comparable exteriors.

#### **Board's Reasons for Decision:**

[20] The Board considered the information presented by the Complainant. The Board took notice of the suggestions that the subject was not comparable due to the inferior condition of the building. There was no documentation and there were no photographs to support this suggestion, and the Board could not make a decision about condition.

[21] The Board considered the letters from the Realtors which suggested possible values for the building. There was no documentation, other than their opinions to support these suggestions therefore the Board gave this evidence little weight.

[22] The Board found that the presentation by the Complainant may have merited further consideration if it was supported with documentation. However, poor building condition and lower rental rates may also be the result of management decisions and may not be considered in calculating an Assessed Value.

[23] The Board confirms the Assessed Value of \$1,330,000.

DATED AT THE CITY OF CALGARY THIS 9<sup>th</sup> DAY OF September 2013.

Lana Yakimchuk

Lana Yakimchuk

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
3. C2	Complainant Rebuttal

*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.*

<b>Appeal Type</b>	<b>Property Type</b>	<b>Property Sub-type</b>	<b>Issue</b>	<b>Sub-Issue</b>
CARB	Residential	Walk-up Apartment	Income Approach	Equity