

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

All Investments Ltd.,
(as represented by Assessment Advisory Group Inc.) **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: 080058209

LOCATION ADDRESS: 606 23 Av SW

FILE NUMBER: 71913

ASSESSMENT: \$5,060,000

This complaint was heard September 5, 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:

- *D. Bowman, Assessment Advisory Group Inc. (AAG)*

Appeared on behalf of the Respondent:

- *C. Chichak, City of Calgary Assessor*

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

- [1] There were no preliminary matters.

Property Description:

- [2] The subject property has been assessed as a 1963 33-suite Highrise Apartment Building (MR2), located in the Cliff Bungalow district of Calgary. It has been assessed at the rates of \$825/month for one bachelor suite, \$950/month for 24 one bedroom suites and \$1,150/month for eight two-bedroom suites.

Issues:

- [3] Is the assessment of the subject property reflective of Market Value using the Income Approach? Specifically, is the rent rate for one bedroom apartments too high?

Complainant's Requested Value: \$4,420,000

Board's Decision:

- [4] The Board confirms the assessment at \$5,060,000.

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:

[5] The Complainant, D. Bowman of AAG, presented a rent rate analysis using leases signed during the assessment period within the subject and two other comparable buildings within the same area as the subject. The analysis showed new leases were signed for a median value of \$1143/month for two bedroom suites and \$895/month for one bedroom suites.

[6] D. Bowman stated that the actual rent rates included utilities. He argued that the typical rates for two bedroom suites were accurately represented by the City of Calgary Assessment, but the rates for one bedroom suites were high.

[7] The Complainant presented a calculation using \$850/one bedroom suite, \$1,080/two bedroom suite and \$795 for a bachelor suite as the typical rent rates, with a 12.75 GIM (calculation not shown) and the City of Calgary Vacancy rate of 3%. The resulting Assessment was \$4,427,812.

[8] The Complainant presented Assessment Requests for Information (ARFIs) and rent rolls from the two comparable buildings and the subject properties to support his calculations. He also presented photographs of all three buildings to support their comparability.

Respondent's Position:

[9] C. Chichak, City of Calgary Assessor, argued that the Complainant had selected only rents from the assessment period and that other rents were not presented but were higher than

the ones used. He provided the complete ARFI for the subject but did not provide rent rolls for the Comparables used by the Complainant.

[10] The Respondent included two sales of apartment buildings similar to the subject which supported the Assessed Value of the subject property.

[11] The Respondent also included an Equity Chart which showed that other apartment buildings in similar areas were assessed at the same rates as the subject, a rental study from CMHC that showed higher rates than the assessed rates and a rent rate study which supported the assessed rates.

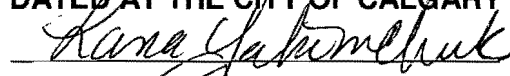
Board's Reasons for Decision:

[12] The Board considered the information presented by the Complainant and the information on older leases provided by the Respondent. The Board found that the current leases are on the low end of the range of the typical rents assessed by the City of Calgary.

[13] The Board reviewed the Sales of similar apartment buildings and found that the Sale Values of the apartment buildings support the City of Calgary Assessment. The Board decided that the Sale Value is the best indicator of Market Value.

[14] The Board confirmed the assessment of the subject property at \$5,060,000.

DATED AT THE CITY OF CALGARY THIS 13th DAY OF September 2013.



Lana Yakimchuk

Presiding Officer

APPENDIX "A"

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

NO.	ITEM
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.*

Appeal Type	Property Type	Property Sub-type	Issue	Sub-Issue
CARB	Residential	High Rise Apartments	Income Approach	Sales