



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:

***1492951 Ontario Inc. (as represented by Linnell Taylor Assessment Strategies),
COMPLAINANT***

and

The City Of Calgary, RESPONDENT

before:

***K. D. Kelly, PRESIDING OFFICER
R. Roy, BOARD MEMBER
P. McKenna, 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:	067104992
LOCATION ADDRESS:	1017 – 11 AV SW
FILE NUMBER:	72043
ASSESSMENT:	\$16,620,000

This complaint was heard on 25th day of July, 2013 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 9.

Appeared on behalf of the Complainant:

- *D. Sheridan – Linnell Taylor Assessment Strategies*

Appeared on behalf of the Respondent:

- *L. Wong – Assessor – City of Calgary*

Regarding Brevity

[1] The Composite Assessment Review Board (CARB) reviewed all the evidence submitted by both parties. The nature of the submissions dictated that in some instances certain evidence was found to be more relevant than others. The CARB will restrict its comments to the items it found to be most relevant.

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

[2] Prior to the commencement of the hearing the Board noted that it did not have an executed copy of an Agent Authorization Form in its file permitting Linnell Taylor Assessment Strategies to represent the owner in this appeal. The Respondent noted that he had seen a copy of an executed form but did not have a copy in his file either. The Complainant Mr. Sheridan undertook to, and eventually secured a copy of an executed Agent Authorization Form for the record which he provided to the Board. The hearing then proceeded in the normal fashion.

Property Description:

[3] The subject is a 1999 era five-storey high rise multi-residential apartment building in the Beltline district of Calgary. It has a total of 80 suites composed of a single bachelor suite assessed at a typical \$925 per month; 10 one-bedroom suites assessed at \$1,150 per month; 65 two-bedroom suites assessed at \$1,350 per month; and 4 three-bedroom suites assessed at \$1,900 per month. The property is assessed at \$16,620,000.

Issue:

[4] What is the correct "typical" rent value that should be used to assess the 4 three-bedroom units in the subject?

Complainant's Requested Value:

[5] The Complainant requested the assessment be reduced to \$16,360,000 based solely on a rent rate of \$1,480 per month for the 4 three-bedroom units in the complex.

Board's Decision:

[6] The Board confirmed the assessment at \$16,620,000.

Legislative Authority, Requirements, and Considerations:

[7] Under the *Municipal Government Act* (MGA), the Board cannot alter an assessment which is fair and equitable.

[8] MGA 467 (3) states:

"An assessment review board must not alter any assessment that is fair and equitable, taking into consideration the valuation and other standards set out in the regulations, the procedures set out in the regulations; and the assessments of similar property or businesses in the same municipality."

[9] The Board examines the assessment in light of the information used by the assessor and the additional information provided by the Complainant. The Complainant has the obligation to bring sufficient evidence to convince the Board that the assessment is not fair and equitable. The Board reviews the evidence on a balance of probabilities. If the original assessment fits within the range of reasonable assessments and the assessor has followed a fair process and applied the statutory standards and procedures, the Board will not alter the assessment. Within each case the Board may examine different legislative and related factors, depending on what the Complainant raises as concerns.

Positions of the Parties**(a) Complainant's Position:**

[10] The Complainant presented his Brief C-1 and argued that the "typical" rent rate of \$1,900 applied to the four 3-bedroom units in the City's assessment calculation for the subject is erroneous. He provided a copy of the subject's rent roll and identified the four 3-bedroom units and their respective "actual" rents. He noted their monthly rates were \$1,475; \$1,525; \$1,400; and \$1,525 respectively. He argued that the "typical" monthly rent of \$1,900 used to assess the subject is excessive.

[11] The Complainant argued that the actual and assessed rents for all other units in the subject demonstrate an "understandable increase" as bedroom areas increase. However, he

considered the assessed rents of \$1,900 represent an "implied extreme premium" by the Assessor which the rent roll demonstrates is not achievable at the moment in the subject.

[12] The Complainant provided a re-calculation of the assessment using his requested rent for the four 3-bedroom units of \$1,480 and all other assessed parameters utilized by the Respondent in the original assessment of \$16,620,000. He concluded that the corrected assessment value was \$16,360,000.

[13] In response to questions by the Respondent, and referencing his Rebuttal Brief C-2, the Complainant argued that notwithstanding the relatively small reduction in assessment he requested, the ratepayer has the legislated right to appeal and question the valuation parameters. He argued that he was doing so on behalf of the property owner and the requested reduction of \$260,000 was not "trivial or inconsequential". He argued that assessments must "not only be fair and equitable, but also correct."

[14] He argued that, while the Respondent suggests that the requested assessment is less than a 5% (1.6%) reduction and is within accepted tolerances, there is no legislated "margin or rule" to this effect. He provided a copy of Calgary Assessment Review Board Decision ARB 0837/2010-P in support of this argument. In addition, he argued that the Board is not fettered by any arbitrary 5% range or typical values if the assessment is deemed to be incorrect.

[15] The Complainant requested that the Board reduce the assessment to \$16,360,000.

(b) Respondent's Position:

[16] The Respondent provided his Brief R-1 and argued that the assessment is correct, fair and equitable. He argued that the Complainant's request is within 2% of the City's assessed value, and the Legislated Mass Appraisal process by which the City is guided, allows for a range of assessed values within +5% or -5% of 100%. He argued that to reduce an assessment by less than 5% would be unfair and inequitable to all other assessments of similar properties, which were calculated using the Legislated Mass Appraisal process.

[17] The Respondent provided clarification of the City's Legislatively mandated process, noting the range of assessed values, using "typical" valuation parameters can range from .95 to 1.05. The Respondent provided copies of Calgary Composite Assessment Review Board Decisions CARB 1401/2010-P; CARB 1677/2011-P; and CARB 1687/2011-P in support of this argument.

[18] The Respondent argued that the Complainant's methodology where he uses "actual" market rents for four 3-bedroom apartments from the subject's rent roll, and mixes the values with all of the City's other "typical" assessment parameters, is flawed methodology. He argued that professionally-accepted industry standards using proper valuation techniques require that in all cases, typical parameters must be used throughout the valuation calculation. Similarly, if actual parameters are to be used, then they must be used throughout the calculation, and the

Complainant has not done so. Therefore his valuation conclusion is flawed and unreliable.

[19] The Respondent argued that current Legislation requires that the Board must not alter any assessment which is fair and equitable (as identified in [7] and [8] above). He argued that the Complainant has not demonstrated that the assessment is not correct or fair and equitable.

[20] The Respondent argued that the Complainant's data and rent roll demonstrate that the subject is actually achieving more revenue than the typical values used to assess it. He argued that the Complainant's data supports the assessment.

[21] The Respondent requested that the assessment be confirmed at \$16,620,000.

Board's Reasons for Decision:

[22] The Board finds that the Complainant has used faulty methodology to arrive at his requested reduction in assessment. The Complainant has mixed "actual" valuation parameters with "typical" valuation parameters which is invalid methodology in the Mass Appraisal process.

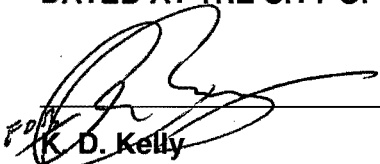
[23] The Board finds that as a result of the Complainant's methodologies in [22] above, the alternate valuation conclusion he advances is unreliable and the Board declines to accept it.

[24] The Board finds that the Complainant provided insufficient information to demonstrate that the "typical" value of \$1,900 per suite per month for a 3-bedroom unit is incorrect as applied equitably to all other similar units in the Beltline.

[25] The Board finds that the minor percentage reduction in assessment proposed by the Complainant is well within the 0.95 and 1.05 variance range contemplated in the Mass Appraisal process. Moreover, to reduce the assessment for the subject as requested, would be inequitable to all other similar properties in the Beltline which were assessed using the Mass Appraisal process.

[26] The Board finds that the Complainant provided insufficient information to demonstrate that the assessment is incorrect, unfair, or inequitable.

DATED AT THE CITY OF CALGARY THIS 20th DAY OF August 2013.


K. D. Kelly
Presiding Officer

APPENDIX "A"**DOCUMENTS PRESENTED AT THE HEARING
AND CONSIDERED BY THE BOARD:**

NO.	ITEM
1. C-1	Complainant Disclosure
2. C-2	Complainant Disclosure - Rebuttal
3. R-1	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.*

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Appeal Type	Property Type	Property Sub-type	Issue	Sub-Issue
CARB	residential	Hi-rise apartment	market value	3-Br rent rate