

**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(4).

between:

Linnell Taylor & Associates, COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

T. Sadlowski, PRESIDING OFFICER

I. Zacharopolis, MEMBER

A. Wong, 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 2010 Assessment Roll as follows:

ROLL NUMBER:	087036109
LOCATION ADDRESS:	100 MOUNT ROYAL CL SW
HEARING NUMBER:	56603
ASSESSMENT:	\$21,910,000

This complaint was heard on 20th day of October, 2010 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 11.

Appeared on behalf of the Complainant:

- *D. Sheridan, Linnell Taylor & Associates, Agent*
- *S. Fitterer, Mount Royal University*

Appeared on behalf of the Respondent:

- *E. Currie, Assessor*
- *K. Cody, Assessor*

Property Description:

The subject property is a student residence, known as East Residence, located at Mount Royal University. It has 148 townhouse units in 38 separate buildings plus an administration building. It was built in 1988. The facility is not on the LRT system and is away from the downtown core. The units are comprised of 1, 2, and 4 bedroom units.

Issues:

1. Is the applied vacancy rate too low?
2. Are the applied typical rents too high?

Complainant's Position:

Individual bedrooms are leased to students on either a 4 or 8 month lease to coincide with the major instructional terms at the University (September to April). The rent includes a list of amenities such as cable TV and internet in all bedrooms. During the period of May to August many of the units are not leased. This creates a peculiar vacancy pattern for the University.

The rental rates are as follows:

1 Bedroom	\$799.50 per student / per month
2 Bedroom	\$617.75 per student / per month
4 Bedroom	\$573.75 per student / per month

The above are gross rental rates because they include the amenity package which is valued at \$255.38 per room per student.

The University attempts to secure greater utilization of the residence space through the conference/ session/ workshop activity during the May to August period. Even with that effort, the vacancy rate to August, 2009 was 33.61%. The 2001 assessment applied a 3% vacancy allowance to the East Residence.

Respondent's Position:

The Respondent used typical rental rates to value the subject. Those rates were: \$750 per month for one bedroom units, \$975 for the two bedroom units, and \$1250 per month for the four bedroom units. The GIM that was applied was 13 and an adjustment factor .90 was further applied. The Respondent further provided 3 assessment comparables. These comparables all had 3% vacancy allowances, a GIM of 13, and .90 adjustment factor. The assessment per suite for the comparables ranged from \$138,728 to \$151,814. The subject was assessed at \$148,040 per suite.

Board's Decision:

The decision of the Board is to confirm the 2010 assessment for the subject at \$21,910,000.

Reasons:

1. The subject is a student residence and as such the Board was persuaded that it is not a typical rental property. It is not comparable to other rental properties in the market place. It does not compete in the market place.
2. The Board was persuaded that because of the atypical nature of the property, it is more appropriate to use actual vacancy rates and actual rental rates rather than typical rates.
3. The Board placed little weight on the value of the amenities. The figure of \$255.38 was presented but was not substantiated.
4. The Board was further persuaded by the three equity comparables that were provided by the Respondent. The assessment per suite ranged from \$138,728 to \$151,814. The assessment per suite for the subject is \$148,040 which is in range for the comparables.
5. Applying the actual vacancy rate and the actual unit rates, and using an Income Approach, generates a value for the property which is greater than the assessment.
6. Based on the evidence and argument presented, the Board is of the opinion that the 2010 assessment is fair and equitable.

DATED AT THE CITY OF CALGARY THIS 23 DAY OF NOVEMBER, 2010.


T. Sadlowski
Presiding Officer

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.*