

**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:

Te Thua Nguyen, COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

L. Wood, PRESIDING OFFICER

J. Massey, MEMBER

I. Zacharopoulos, MEMBER

This is a complaint to the Calgary Assessment Review Board in respect of Property assessment prepared by the Assessor of The City of Calgary and entered in the 2010 Assessment Roll as follows:

ROLL NUMBER: 011159902

LOCATION ADDRESS: 123 HUNTINGTON PARK GR NW

HEARING NUMBER: 55853

ASSESSMENT: \$1,040,000

This complaint was heard on 10th day of December, 2010 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 8.

Appeared on behalf of the Complainant:

- Mr. T. Nguyen
- Mr. B. Yeast

Appeared on behalf of the Respondent:

- Ms. K. Cody

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

At the commencement of the hearing, Mr. Yeast advised the Board that he would assist the Complainant in his presentation as there may be translation issues (the Complainant is learning to speak English). There was no objection by the Respondent to Mr. Yeast participating in the hearing. The Board agreed.

The Respondent indicated that the Complainant had received the City's disclosure in accordance with the legislation. However, given the circumstances, Mr. Yeast should be given an opportunity to review the documentation before proceeding with the hearing. The Board agreed.

The Respondent submitted, based on their brief discussion prior to the hearing, Mr. Yeast had indicated that he wanted to submit a single page sales document that was not disclosed to the Respondent and the Board in accordance with the legislative requirements. The Respondent did not object to this document being submitted into evidence and asked that a copy be made for her and the Board during the recess. The Board agreed to do so.

Property Description:

The subject property is a 1.5 storey multi-residential townhouse that was built in 1974. The building, comprised of 7,206 sq ft, has 6 suites: 4 three- bedroom and 2 four- bedroom suites. The property is located in the Huntington Hills Community.

Issue:

1. The subject property has incurred extensive water damage and requires extensive repairs which are not reflected in the current assessment.

Complainant's Requested Value: \$800,000

Board's Decision in Respect of Each Matter or Issue:

1. The subject property has incurred extensive water damage and requires extensive repairs which are not reflected in the current assessment.

The Complainant testified that the pipes froze causing extensive water damage in the building and it requires significant repairs which greatly diminished the value of the subject property. This problem first occurred several years ago and the Complainant tried to fix the problem himself. Then, as

recently as last month, the pipes froze again. One of the suites is uninhabitable due to the water damage. The monthly rents in the subject property average \$1000/suite. The Complainant pays all of the utility bills for the property (water, electricity, etc.).

Mr. Yeast, who is a realtor, indicated that due to the extensive damage in the building, the subject property would not sell for what it has been assessed. He submitted a sale of a condominium of an adjacent property that had recently sold for \$158,000 on November 18, 2010 (Exhibit C1). He also provided his opinion of value in a letter dated August 10, 2010, estimating that the property was worth between \$840,000- \$870,000; however, given the extensive water damage, now suggests a value of \$800,000.

The Respondent submitted that the assessment is a reflection of the property's characteristics and physical condition on December 31, 2009. There was no condition or vacancy issue at that time. The current assessment is an accurate reflection of the subject property's value in 2009.

The Respondent submitted that the subject property was assessed based on the income approach to value. The Respondent applied typical market rents for a three bedroom suite (\$1000/month) and a four bedroom suite (\$1200/month) to the subject property and arrived at a potential net income of \$76,800. She then applied a 3% vacancy rate and 14.00 Gross Income Multiplier ("GIM") to derive a final assessment value of \$1,042,944 (Exhibit R1 page 9).

The Respondent presented four equity comparables in support of the assessment (Exhibit R1 page 13). The vacancy rate of 3% and the GIM of 14.00 were consistently applied to the four comparables. The four comparables are located in the same market zone as the subject. The buildings which ranged between 6-10 units, built in 1973- 1977, were assessed \$977,760-\$1,539,972 (\$149,108- \$172,272 per suite in comparison to the subject property at \$173,824/suite).

The Respondent also provided 5 sales comparables in support of the assessment (Exhibit R1 page 14). The sales, which occurred in 2007-2008, ranged from \$549,000- \$1,151,108.

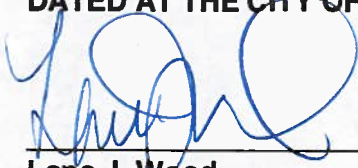
The Board placed little weight on the Complainant's sales comparable because it was a post facto sale, occurring 16 months after the valuation date. It was also subject to foreclosure which may not provide an accurate reflection of market value. However, the Board does not agree with the Respondent that this is a typical property in which typical market rents should be applied given its condition. The Board finds the market rent of \$1000/month best reflects the site specific characteristics of the property and reduces the property to \$970,000 based on the following calculation:

$$6 \times \$1000 \times 12 \times 0.97 \times 14 = \$977,760 \text{ (rounded to } \$970,000\text{)}$$

Board's Decision:

The decision of the Board is to revise the 2010 assessment for the subject property from \$1,040,000 to \$970,000.

DATED AT THE CITY OF CALGARY THIS 20 DAY OF DECEMBER 2010.



Lana J. Wood
Presiding Officer

APPENDIX A

DOCUMENTS RECEIVED AND CONSIDERED BY THE ASSESSMENT REVIEW BOARD:

NO.	ITEM
Exhibit C1	Evidence Submission of the Complainant
Exhibit R1	City of Calgary's 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.*