

**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:

***Alberta Acres Facility Inc.,
Renoir Facility Inc., and
Edgemont Facility Inc.
(as represented by Altus Group Limited), COMPLAINANT***

and

The City Of Calgary, RESPONDENT

before:

***M. Vercillo, PRESIDING OFFICER
E. Bruton, MEMBER
D. Julien, MEMBER***

This is a complaint to the Calgary Assessment Review Board in respect of property assessments prepared by the Assessor of The City of Calgary and entered in the 2012 Assessment Roll as follows:

ROLL NUMBER	LOCATION ADDRESS	HEARING NUMBER	ASSESSMENT
173204900	8610R SCURFIELD DR NW	68071	\$10,730,000
125000505	9229 16 ST SW	68466	\$12,510,000
178060505	80 EDENWOLD DR NW	68467	\$11,360,000

This complaint was heard on 25th day of June, 2012 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 4.

Appeared on behalf of the Complainant:

- *C. Van Staden*

Appeared on behalf of the Respondent:

- *S. Bazin*

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

The Calgary Composite Assessment Review Board (CARB) derives its authority to make this decision under Part 11 of the Act. No specific jurisdictional or procedural issues were raised during the course of the hearing, and the CARB proceeded to hear the merits of the complaint, as outlined below.

Property Description:

The subject properties are multi-tenanted senior residence developments located in suburban Calgary and are more specifically described as follows.

- The 8610R SCURFIELD DR NW property has a 91,166 square foot (SF) building called Scenic Acres Retirement Village. It was built in 1999 and is located in the community of Scenic Acres. The building is situated on a 3.46 acre parcel of land with a land use designation of "Multi-Residential".
- The 9229 16 ST SW property has a 121,970 SF building called Renoir Retirement Village. It was built in 1988 and is located in the community of Pumphill. The building is situated on a 2.77 acre parcel of land with a land use designation of "Multi-Residential".
- The 80 EDENWOLD DR NW property has a 96,050 SF building called Edgemont Retirement Village. It was built in 1997 and is located in the community of Edgemont. The building is situated on a 2.50 acre parcel of land with a land use designation of "Multi-Residential".

The subject properties are assessed using the Cost Approach to value, utilizing the Marshall and Swift (M&S) cost calculator as identified below:

LOCATION ADDRESS	LAND ASSESSMENT	IMPROVEMENT ASSESSMENT	TOTAL ASSESSMENT
8610R SCURFIELD DR NW	\$2,914,035	\$7,818,528	\$10,730,000
9229 16 ST SW	\$1,993,026	\$10,526,157	\$12,510,000
80 EDENWOLD DR NW	\$2,198,539	\$9,169,338	\$11,360,000

Issues:

There were a number of matters or issues raised on the complaint form; however, as of the date of this hearing, the Complainant addressed the following issue:

- 1) The Respondent failed to make proper adjustments to the M&S cost calculation to properly account for the characteristics and physical condition of the improvements of the subject properties.

Complainant's Requested Value:

LOCATION ADDRESS	LAND ASSESSMENT	IMPROVEMENT ASSESSMENT REQUEST	TOTAL ASSESSMENT REQUEST
8610R SCURFIELD DR NW	\$2,914,035	\$7,420,193	\$10,330,000
9229 16 ST SW	\$1,993,026	\$9,922,022	\$11,910,000
80 EDENWOLD DR NW	\$2,198,539	\$8,577,887	\$10,770,000

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

ISSUE 1: The Respondent failed to make proper adjustments to the M&S cost calculation to properly account for the characteristics and physical condition of the improvements of the subject properties.

The Complainant provided a 61 page document entitled "2012 Property Tax Assessment Complaint" that was entered as "Exhibit C1" during the hearing. The Complainant along with Exhibit C1 provided the following evidence with respect to this issue:

- A summary and more detailed report of the M&S cost approach calculation was provided on each property's improvement. The Complainant highlighted the differences in calculation between her summary report and that of the Respondent. Of note were the "Effective Age" and "Climate" rankings used by the respective parties. In particular, the Complainant used a ranking of "3" for climate under the "Heating and Cooling" (HVAC) section of the cost calculator, indicating a very cold climate, such as in Canada. The Respondent did not apply the climate ranking. Although the difference in effective age ranking had a minor affect on the respective cost estimates, the application of the climate ranking had a substantial reduction in the cost estimates of each property's HVAC system. The reduced HVAC cost estimates that resulted from the Complainant's cost calculation accounted for almost all of the requested reduction in each of the property's improvement assessment.

The Respondent provided a 120 page document entitled "Assessment Brief" that was entered as "Exhibit R1" during the hearing. The Respondent along with Exhibit R1 provided the following evidence with respect to this issue:

- Summarized that the main difference between her calculation and that of the Complainant was largely due to the HVAC cost calculation as summarized below:

LOCATION ADDRESS	RESPONDENT'S HVAC COST CALC	COMPLAINANT'S HVAC COST CALC	DIFFERENCE IN HVAC COST CALC
8610R SCURFIELD DR NW	\$1,102,197	\$703,802	\$398,395
9229 16 ST SW	\$2,288,157	\$1,545,360	\$742,197
80 EDENWOLD DR NW	\$1,940,210	\$1,302,438	\$637,772

- Cost calculations that attempted to duplicate the rankings used by the Complainant but the Respondent maintained that she was unable to duplicate the Complainant's cost estimates using her M&S software. Moreover, she claimed her software's cost estimates using the Complainant's rankings, resulted in the same cost estimates as the assessment. The Respondent concluded that the reason for the difference was that the Complainant was using a version of M&S that does cost calculations for insurance purposes and not assessment purposes. This was highlighted by the fact that the words "cash value for insurance purposes" appeared in the M&S cost calculation of the Complainant and not in the Respondent's M&S cost calculation.

The Complainant also provided a 20 page document entitled "Summary of Rebuttal Evidence Testimony" that was entered as "Exhibit C2" during the hearing. The Complainant along with Exhibit C1 provided the following evidence with respect to this issue:

- Information on M&S adjustments concerning exterior walls, interior finish, mechanicals and HVAC

The CARB finds the following with respect to this issue:

- That both parties ranked all the senior residence developments as "average" in the M&S cost estimate.
- That the Complainant and the Respondent were using different versions of the M&S cost calculator, or at the very least were using it for different purposes. The CARB recognizes that the Complainant was using a version that calculated cost for insurance purposes and not assessment or appraisal purposes. Moreover, the CARB notes that the Complainant failed to include architectural fees in her cost approach valuation. The exclusion of architectural fees or other soft costs may be acceptable for a cost approach valuation for insurance purposes, but is not warranted for assessment purposes.
- That neither party provided enough evidence to convince the CARB that using their methodology of the M&S cost calculator was correct or that the other party did their analysis incorrectly.

Board's Decision:

The complaint is denied and the assessments are confirmed as follows:

LOCATION ADDRESS	ASSESSMENT
8610R SCURFIELD DR NW	\$10,730,000
9229 16 ST SW	\$12,510,000
80 EDENWOLD DR NW	\$11,360,000

The CARB provides the following reasons for the decision:

- The use and exclusion of architectural costs by the Complainant in her cost estimate for insurance purposes is inappropriate for assessment purposes.
- There was insufficient evidence provided by the Complainant that the Respondent was incorrect in not ranking climate on the HVAC component of the M&S cost calculation. The onus or burden of proof first lies with the Complainant to demonstrate through substantive evidence that the assessment methodology used by the Respondent was incorrect.
- In this case the CARB did not find any evidence of either party to be so precise as to require any adjustment to the assessment.

DATED AT THE CITY OF CALGARY THIS 20 DAY OF July 2012.



Presiding Officer

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

NO.	ITEM
1. C1	Complainant Disclosure
2. R1	Respondent Disclosure
3. C2	Complainant's 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.*

(For MGB Office Only)

Column 1	Column 2	Column 3	Column 4	Column 5
CARB	Residential	Institutional Residence	Cost Approach	Improvement Calculation