

**CALGARY  
COMPOSITE 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:**

***A.L. Boykiw, COMPLAINANT***

**and**

***The City Of Calgary, RESPONDENT***

**before:**

***J. Fleming, PRESIDING OFFICER***

***D. Morice, MEMBER***

***S. Rourke, 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 2011 Assessment Roll as follows:

**ROLL NUMBER:           071015507**

**LOCATION ADDRESS: 2728 10Ave. SE**

**HEARING NUMBER:    61048**

**ASSESSMENT:           \$502,500**

This complaint was heard on 3rd day of October, 2011 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:

- *A.L. Boykiw*

Appeared on behalf of the Respondent:

- *B. Brocklebank*

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

There were no procedural matters raised.

**Property Description:**

The property is a 4 suite multi residential property built in 1968. All of the suites are two bedrooms. The property is located in Market Zone 5 with a land use designation of Residential – Contextual One/Two Dwelling. The property is valued on the Income Approach (IAV) using the Gross Income Multiplier (GIM).

**Issues:**

What is the most appropriate number to use for the Effective Gross Income (EGI) for the property?

**Complainant's Requested Value:**

\$425,500

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

The CARB concludes, in this case and for this year, that EGI should be calculated by deducting "owner paid utilities" from the Potential Gross Income (PGI).

**Board's Decision:**

The Complaint is allowed and the assessment is reduced to \$425,500.

**Reasons:**

The Complainant argued that the value ascribed to his property did not adequately deal with the fact that his rents included utilities, and he argued that the City did not consider this in their analysis. He reviewed the City comparables showing that 3 of the 7 had individual unit meters which suggested that the tenant paid the utilities. He also argued that it was a common practice that even where there were only 2 meters, tenants would pay the utilities by splitting the bills between them. For these reasons he argued that a majority of Fourplex tenants surveyed had to pay utilities on top of their base rents. Thus, he was not specifically arguing the typical rent of \$825.00 per month, but suggested that the cost of owner paid utilities (\$118.74 per month) (Ex C1 pg. 3) should be deducted from the \$825, in his case, before applying the GIM. A simpler calculation he argued (which would yield the same result) was to total the owner paid utilities, multiply that total by the 13.5 GIM, and deduct that product from the assessment. This would yield an acceptable value of \$425,500 (\$5,699.52 times 13.5 equals \$76,943.52, rounded to \$77,000. \$502,500 minus \$77,000 equals \$425,500). (Ex. C1, pg 3). The Complainant amended his request to \$425,500.

The Complainant advised that he had attempted, without success, to obtain a variety of information from the City concerning their methodology in compiling rental rates for Fourplexes

such as his. He indicated that, in his opinion, it was necessary to consider such things as size of the units, condition, whether the units offered common amenities, and as noted above, whether utilities were an owner or tenant responsibility. He indicated that the City's response to these questions was either they did not know the answer to the question, or they would "get back to him".

The Complainant provided additional support for his position by providing recent rental experiences which supported his argument for the rental levels he was able to obtain all of which, he advised, included owner paid utilities.

The Complainant provided CMHC (Central Mortgage and Housing Corporation) house sales data to demonstrate that his property was probably worth somewhere around \$400,000. He supported this argument by detailing his experiences in trying to sell the property, acknowledging that his sales attempt in 2011, was post facto to the July 1<sup>st</sup> 2010 valuation date, but still demonstrated the large discrepancy between the assessed and potential sales value.

The Complainant also argued in the main and in rebuttal that a sophisticated statistical analysis showed that the City data, due to the small sample size, contained an unacceptably large margin of error with respect to the calculation of the GIM.

The Respondent City provided a summary of the market detailing the position of Fourplexes in the market (and particularly in Market Zone 5 where the subject is located). They further reviewed the valuation requirements and constraints in applying a mass appraisal methodology.

They also provided the assessment detail report, their GIM Analysis for Market Zone 5, the ARFI (Assessment Request for Information), 2 rental comparables from the same neighbourhood, and 7 Fourplex Assessment Comparables. With the exception of the ARFI, all of the information supported the assessment. (See R1, pg. 29, 53-56, 57, 61, 63-64).

Further, they provided copies of the Complainant's property sale listings on websites which provide information that, in the City's opinion, supported the assessment.

The CARB reviewed all of the information. With respect to the statistical analysis presented by the Complainant, the CARB is prepared to accept that the process and procedures followed by the City and the Quality Audit prescribed by the Province are designed, in part, to support the integrity of the Assessment system. Accordingly while the CARB appreciates the points made by the Complainant, the complexity, breadth and the depth of the systems underlying the City model compels the CARB to accept the "statistical" underpinnings of the GIM calculation.

With respect to the information on prices, while the CARB understands the potential difficulties for an individual to acquire "good" information, the CARB and other tribunals in the past have recognized that generic information such as average house prices can mask a host of differences in the market that may affect the value of a particular piece of property. The housing market has been demonstrated in the past, to not act in an entirely homogeneous fashion (some housing types increase or decrease faster or slower in price: some neighbourhoods are more or less attractive). Accordingly, little weight can be placed on this information.

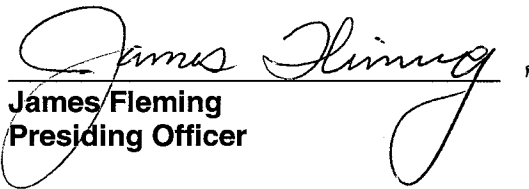
The Complainant raised a number of issues in his disclosure. The CARB heard that he had asked for this type of information from the City in the past, without success. As noted above, the Complainant had highlighted a number of issues in his submission which he felt probably had

an impact on the values. He demonstrated his points to the best of his ability as an individual (for instance he indicated he visited each of the Comparables and he related the issues to his own particular property and neighbourhood).

The Respondent City did not appear to adequately address these central issues raised by the Complainant, in their submission. They also were unable to adequately address the questions of the Complainant at the hearing with respect to whether condition, amenities, or the provision of utilities by the owner (among other items) would impact the rental rate and hence the value. The CARB finds that these are legitimate questions which an average person would reasonably expect might impact the value of a property. In the absence of answers to these questions by the Respondent, the CARB concludes that the Complainant's request "that the utilities be deducted before the value is calculated because the majority of comparables, upon which the rent rates are based, are tenant pay utilities" is a reasonable position. Accordingly, the assessment is reduced in accordance with the calculations in the first paragraph of the reasons to \$425,500.

The CARB realizes, in general, the role and obligations of the City with respect to Assessment and mass appraisal, but concludes that, in this case, the Complainant had a "reasonable expectation" that answers to sensible questions as to the attributes which impact the value of his property would be available.

DATED AT THE CITY OF CALGARY THIS 21 DAY OF OCTOBER 2011.

  
James Fleming  
Presiding Officer

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

<b>NO.</b>	<b>ITEM</b>
1. C1	Complainant Disclosure
2. C2	Complainant Rebuttal
3. 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.*