

**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:

999413 Alberta Ltd. (as represented by Colliers International), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

W. Kipp, PRESIDING OFFICER

H. Ang, MEMBER

R. Cochrane, 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:	080 019 607
LOCATION ADDRESS:	1719 – 10A Street SW, Calgary AB
HEARING NUMBER:	61665
ASSESSMENT:	\$1,270,000

This complaint was heard on the 15th day of November, 2011 at the office of the Assessment Review Board located at Floor No. 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 5.

Appeared on behalf of the Complainant:

- *D. Porteous (Colliers International)*

Appeared on behalf of the Respondent:

- *J. Toogood, S. Bazin (Assessment Business Unit)*

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

There were no procedural or jurisdictional matters to be decided.

It is noted that this complaint was initially scheduled to be heard on October 25, 2011 but due to a transmission problem with disclosure, it was postponed and rescheduled for this day. All disclosure evidence has now been received.

Property Description:

The property that is the subject of this complaint is an 11 suite walk-up apartment building located in the Lower Mount Royal community of southwest Calgary. Built in 1955, the 2.5 storey building contains one bachelor unit and 10 one bedroom units, all of which are rented to tenants.

The 2011 assessment of \$1,270,000 was prepared using the income approach wherein typical rents (\$525 per month for the bachelor unit and \$750 per month for the one bedroom units), a 5.5% vacancy allowance and a 14.0 Gross Income Multiplier (GIM) are input into the valuation formula. The assessment indicates a value of \$115,823 per apartment unit.

Issues:

The Assessment Review Board Complaint form had box no. 3 (Assessment amount) marked in Section 4 (Complaint Information). For Section 5 (Reason(s) for Complaint), an attachment listed numerous grounds for the complaint.

At the hearing, the Complainant argued that the GIM should be reduced from 14.0 to 12.3.

Complainant's Requested Value: \$1,110,000

Party Positions on the Issues:**Complainant's Position:**

The Complainant presented data on 12 apartment building sales that occurred in various Calgary communities between the dates of September 16, 2008 and April 23, 2010. Year of construction for the comparable buildings ranges from 1928 to 1977 and unit content ranges from eight to 95. GIMs for the 12 sales range from 9.76 to 14.3 and the average is 11.7. Five of the more similar properties were selected from the data. These are all located in the vicinity of the subject. For these five sales, GIMs range from 9.76 to 13.6 and average 11.3.

The requested assessment of \$1,110,000 is based on a 12.3 GIM. The Complainant was unable to explain how that factor resulted from the sales analyses. When questioned by the Respondent, the Complainant was unable to explain how the GIM was derived for each of the sales.

Respondent's Position:

Included in Respondent's evidence is a table detailing three apartment property sales. These sales occurred between the dates of September 29, 2009 and March 23, 2010. Using typical unit rental rates and vacancy allowances (those applicable at the date of sale), the Respondent calculated GIMs of 12.17, 14.86 and 16.53 for the sales. Two of the sale properties are located in Lower Mount Royal and the third is in a nearby southwest Calgary community. Year of construction ranges from 1928 to 1970. Unit counts are 13, 23 and 14. One building contains only 13 bachelor units while the other two have mixes of bachelor and one bedroom units.

The Respondent included a chart of "equity" comparables in evidence but equity was not an issue in the complaint.

The Respondent argued that an analysis of the Complainant's sales shows that few of them are valid for comparison purposes. Several of the sales involved special financing arrangements and one was between two European parties that may not have been familiar with the Calgary apartment market. Five of the sales are in the northeast and northwest quadrants of the city and are not comparable to Lower Mount Royal.

Board's Decision:

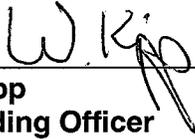
The 2011 assessment is confirmed at \$1,270,000.

Reasons for the Decision:

The Complainant provided data on 12 sales but could not explain how Gross Income Multipliers were derived from the sales. If actual apartment rents had been used in the analysis, the resulting GIMs would have been different than those using typical or market rents as inputs into the analysis. There was no data support for vacancy rates used in the analysis and the Complainant did not know whether income other than apartment rents (i.e., laundry or parking revenue) was included or excluded. Finally, the Complainant could not explain how the

requested GIM became 12.3 when the sales analysis indicated multipliers of 11.3 and 11.7. In conclusion, the Complainant has not provided any evidence or argument that compels the Board to alter the assessment as prepared by the Respondent.

DATED AT THE CITY OF CALGARY THIS 1 DAY OF December 2011.



W. Kipp
Presiding Officer

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

NO.	ITEM
1. C1	Complainant Disclosure
2. 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.*

For Administrative Use:

Appeal Type	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	Residential	walk-up Apartment	Income Approach	Gross Income Multiplier (Cap. Rate)