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## Assessment Review Board

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### Mandate and Composition

<b>Mandate</b>	To hear complaints against assessment and taxation matters received by the City Clerk pursuant to Section 460 of the Municipal Government Act (MGA).  “Assessment Review Board” means the Local Assessment Review Board and Composite Assessment Review Board established by sections 2(1) and 3(1) of Bylaw 15M2018
<b>Composition</b>	<ul style="list-style-type: none"><li>• 40 or more Members (Citizens)</li><li>• 1 General Chairman (Citizen)</li><li>• 1 Provincial Member appointed by the Minister (CARB only)</li></ul>



## MESSAGE FROM THE CHAIR

The Calgary Assessment Review Board (“the ARB”) is pleased to provide details on its operations, membership and focus in this 2018 annual report. The ARB is committed to providing the public with clear and meaningful information about the board’s mandate and achieved results.

### Background

In 2018, a total of \$33.4B in assessed property and business valuation was under complaint to the ARB. This represented a 35% reduction from \$51B that was under complaint in 2017, due in large part to the decline in value of office towers in the downtown core. The highest value assessment under complaint in 2018 was the Chinook Centre regional mall at \$1.28B. 3,199 assessment

complaints were filed in 2018, approximately 700 less than the previous year. 62% of the 2018 complaints were non-residential and they accounted for 96% of the assessed value before the ARB.

There are two components of the ARB which hear different types of complaints. The



Local ARB (the “LARB”) has the jurisdiction to hear residential property complaints with three or less dwelling units and business tax assessment complaints. 2018 was the final year for business tax in Calgary. The Composite ARB (the “CARB”) hears all non-residential property complaints, including office, industrial, commercial and retail, along with multi-residential properties of four units or more.

### 2018 – A Year of Change, Challenge and Success

The ARB draws its authority and operational guidelines from the Municipal Government Act (the “MGA”), in conjunction with various provincial regulations, City bylaws and the new Calgary Municipal Charter (the “Charter”). In 2018, significant legislative changes came into force affecting the ARB’s operations, including scheduling, jurisdiction, disclosure guidelines and transparency within the hearing process. Importantly, the new Charter was enacted in April, but was retroactive to January 1, 2018. Since the Charter

modified certain critical disclosure timelines, the ARB and its administration had to modify its computer software and processes to accommodate revisions to disclosure deadlines in the Notices of Hearing. The ARB’s Policies and Procedures were completely updated and revised. A privacy policy was developed to ensure certain confidential disclosure could be preserved, while allowing for an efficient and open hearing environment. New provisions in the MGA require that documents filed for hearings are placed on the public record. Prior to this, documents were only made available through a FOIP request. The ARB’s website was also updated to provide more information and answers to commonly asked questions by the public.

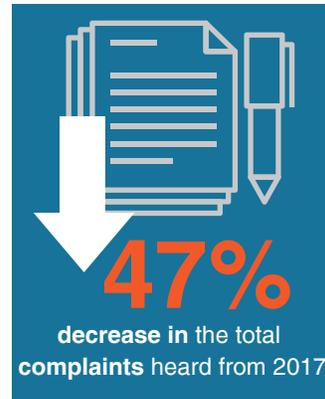
Following a Notice of Motion by City Council in the fall of 2017, a team of consultants was engaged to review and make recommendations to improve the efficiency of the non-residential assessment and complaint process. The ARB had numerous meetings and conversations with the consultants to provide information regarding the ARB operations, along with complaint hearing statistics. ARB leadership took steps to ensure open lines of communication and cooperation with the Assessment Business Unit and the tax agents (the “Agents”) representing complainants. 97% of non-residential complaints are filed by tax Agents on behalf of corporate clients. The ARB held an information open house session for Agents and City assessment personnel prior to the hearing season to explain the ARB’s revised Policies and Procedures, outline expectations and discuss shared concerns. During the hearing season, upon the request of the parties, the ARB took measures to rearrange and reschedule hearings. This ensured efficiency and afforded the opportunity where possible to attempt mutual resolution between parties in advance of the hearing.

The ARB started scheduling complaint hearings toward the end of March and residential hearings commenced at the end of April. Non-residential (commercial) hearings began in the second week of June. Up to 11 panels were scheduled concurrently to accommodate the hearing volume. Hearings were completed by late November.



1,539 written decisions were issued. 824 were from the CARB and 715 were from the LARB (93% of these were residential). 48% of CARB decisions and 52% of LARB decisions were reduced by the Board. A total of 49 decisions were appealed to the Court of Queen’s Bench. This is a significant reduction from 144 appeals the prior year.

2018 was a year of flux and unexpected settlements of complaints throughout the year. This was due in part to a newfound level of understanding and communication between Agents and assessors. It began with the Phased Tax Program (the “PTP”), a tax-shielding program for non-residential properties, which was reinstated two weeks after the assessment complaint deadline in 2018. The ARB agreed to refund complaint filing fees for those complaints which were subsequently withdrawn due to eligibility under the PTP program. The ensuing negotiations between parties resolved many complaints, but many files were cancelled at the last minute, wasting the



Board’s administrative resources in these cases. In the two prior years, the overall hearing settlement ratio had been 23%. In 2018 it was 47%. Non-residential complaints previously had settlements of around 20%, but in 2018, 58% were scheduled but settled prior to a hearing taking place. While the ARB has

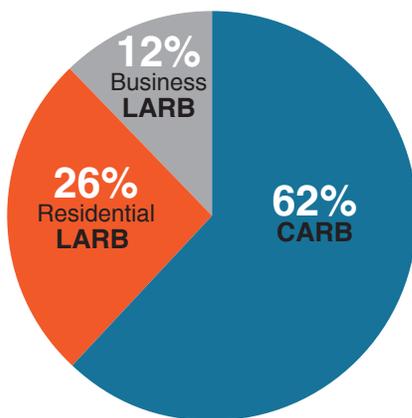
always supported resolution between parties prior to hearings, this required considerable rescheduling and flexibility on the part of the ARB. Despite all of the uncertainty and changes, the ARB commends the dedication, professionalism and commitment of all parties, including the tireless efforts of ARB administration and Board members in making 2018 a successful one. We did it together.

### Looking ahead – Challenges, Innovation and Trends

At the time of writing this report in late January 2019, the year ahead for the ARB is nearly impossible to predict.

The ARB is focussed on assessment matters, however perceptions over tax increases and a shifting tax burden may significantly impact the number of complaints to the ARB. In the short term, it is unclear whether or not there will be a PTP program for 2019. Any decisions in that regard made after or near the complaint deadline will likely have a large impact on the ARB. The timing of last year’s decision to implement a PTP program meant that many complaints which had been filed as a protective measure resulted in withdrawals and scheduling disruptions.

2018 Complaints Filed



Total Complaints Filed

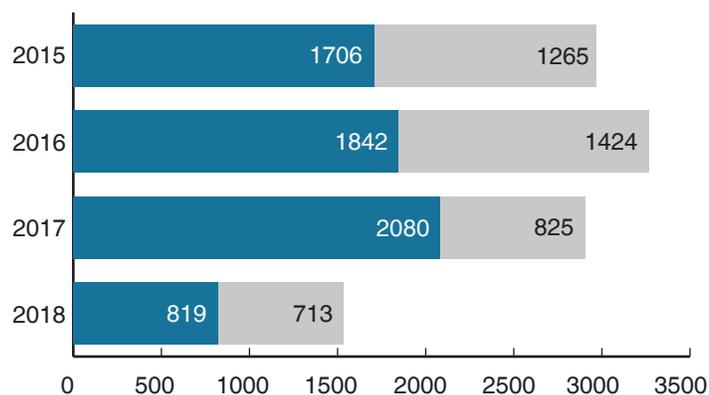
	2015	2016	2017	2018
CARB Non-Res	1961	2300	2514	2160
CARB Multi-Res	147	171	153	37
LARB - Business	787	969	699	429
LARB - Single Res	1258	1135	821	909
LARB - Other	0	32	42	27
<b>Total</b>	<b>4153</b>		<b>4229</b>	<b>3562</b>



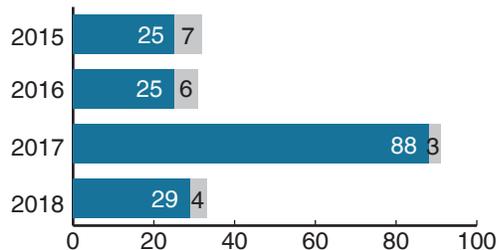
## Complaint Outcomes

- The Composite Assessment Review Board
- Local Assessment Review Board

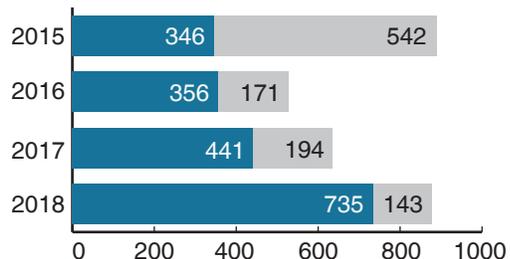
### Merit Decisions Issued



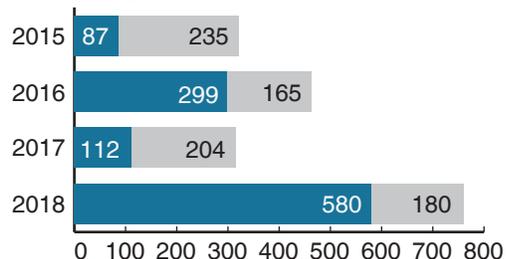
### Jurisdictional Decisions Issued



### Withdrawals

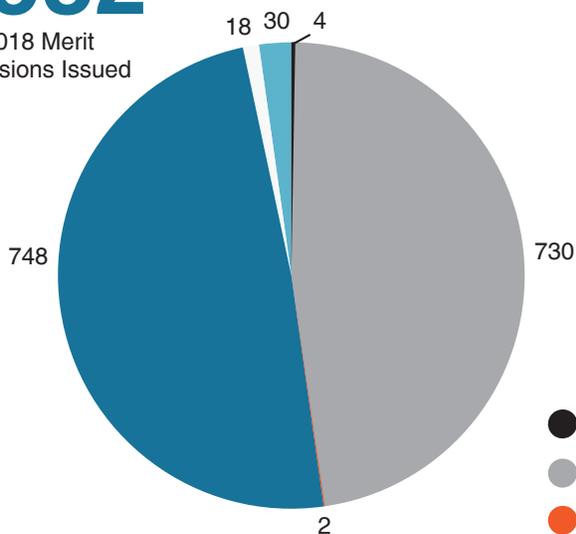


### Mutual Agreements



# 1532

2018 Merit  
Decisions Issued



- Other Board Decision
- Decrease
- Increase
- No Change
- Dismissed
- Mutual Consent

Looking ahead to 2020, the ARB expects that residential complaint volumes may rise significantly if a shift in the tax burden from the commercial to residential base is perceived to raise taxes for homeowners. In 2018, only 0.2% of the roughly 496,000 taxable residential properties on the assessment roll were under complaint. An increase to even 0.5% of the residential assessment roll would result in over 1,000 additional complaints, which would significantly impact ARB operations.

The ARB and its administration have been working to bring increased efficiencies and an improved process through two new technology initiatives. All disclosure documents for ARB hearings are currently printed by ARB administration for the hearing panels. The volume and cost involved are substantial, given the number of complaints and the significant size of many documents. With many last-minute hearing settlements in 2018, these printed documents were simply wasted. The ARB intends to conduct its 2019 hearings using a paperless, electronic process, much like that currently used by the Edmonton ARB. Many hours have been devoted to planning this process change and it is expected that an electronic platform is not only prudent, sensible and efficient, but will give taxpayers improved options for giving their presentations during a complaint hearing. The ARB members are supportive of this change and will be given training to ensure the transition is smooth.

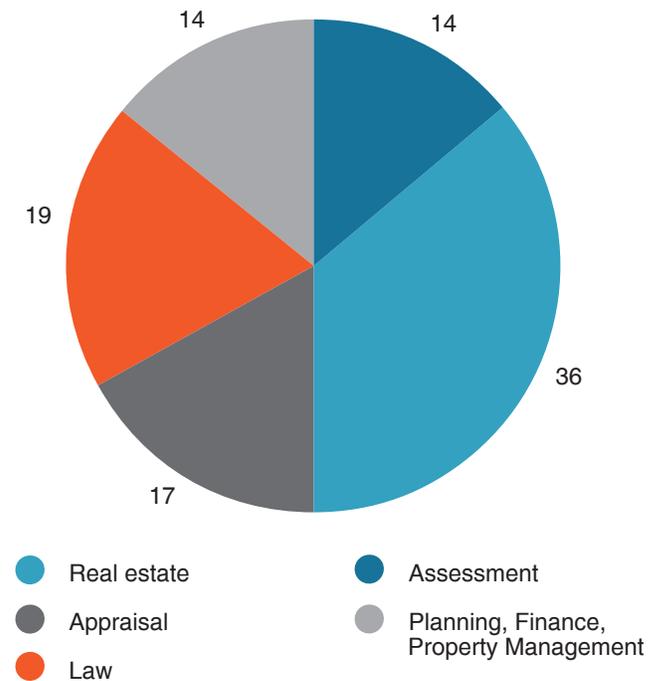
The second technological initiative is the development of a joint portal to make it more convenient and efficient for the parties to submit and view disclosure documents in advance of complaint hearings. In 2018, approximately 93% of all complaints were filed online. Currently, taxpayers have to submit separately to both the ARB and the Assessment Business Unit. This can lead to confusion, missed disclosure deadlines and hearing delays. Commonly, the Agents and individual homeowners submit their documents via email, but run into restrictions in file size limits. As a result, some documents are not received, or the submissions are broken into multiple parts, causing inconvenience for the ratepayer as well as additional administrative work for the ARB.

### ARB Members

In 2018, the ARB was comprised of 42 Calgary resident (“Local”) members, including the General Chair and two Vice Chairs plus approximately 30 provincially appointed members of the Municipal Government Board (“Provincial members”). Local members are appointed by City Council for one-year terms. A cumulative 12-term limit was established in 2017, not counting existing service on the ARB. The term limit makes it imperative to regularly recruit new members, train, mentor, and develop individuals to maintain a continuing level of competence for the future of the ARB. In addition, the appointment cycle for Local members was realigned from a period of April 1 to March 31 to a traditional calendar year cycle, in order to have a common recruitment campaign with other City boards.

Six new Local members were appointed in 2018. At the same time, the Local ARB was trimmed from 46 to 42 members. The ARB is fortunate to have an experienced group of individuals possessing a broad range of relevant

2018 ARB Member Background



industry expertise including commercial and residential real estate, appraisal, assessment, law, planning, property management and finance. This blend of backgrounds and experience allows versatility in assigning panels. Members are scheduled on an as-required basis to 3-member panels. Residential complaints are heard by LARB panels of three Local members, while non-residential (commercial) complaints are heard by CARB panels consisting of two Local members and chaired by a Provincial member.

New ARB members must successfully complete training in valuation and administrative justice set by the Minister of Municipal Affairs. Current ARB members must successfully complete refresher training every three years in order to be eligible to participate in hearings. All Local and Provincial members assigned to Calgary ARB hearings participate in at least two workshops each year, along with daily briefings before the start of each hearing day. The ARB hosts an annual spring conference which is attended by board members from various jurisdictions in southern Alberta. Periodic training sessions are offered in response to important arising matters. The leadership team of the General Chair and Vice Chairs are available to assist members when required. A performance review was conducted in December 2018 of all Local members. Opportunities for member growth, mentorship and enhanced performance were discussed. The members are engaged, enthusiastic, open to change, and interested in ways to better serve Calgarians.

## Summary

2018 was a turbulent year with a reduction in non-residential hearings that surprised all parties, including the ARB. Within the past seven or eight years, the hearing schedule has never been so fluid, due to the high number of negotiated settlements. The positive impact of increased resolutions between non-residential parties occurred at the same time that the ARB's legislative framework was reshaped.

The ARB fulfilled its mandate in 2018. Having successfully navigated a year of dynamic change and unexpected shifts, the ARB and its administration are well positioned to deal with any challenges that may lie ahead in 2019. The composition of the ARB membership is strong and solid groundwork has been laid for future needs and efficiencies. The ARB seeks to be adaptive, innovative and relevant to the needs of taxpaying citizens.

Respectfully submitted,



John Mathias, General Chair  
Calgary Assessment Review Board