

**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(4).

between:

Altus Group Ltd., COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

C. Griffin, PRESIDING OFFICER

D. Julien, MEMBER

J. Mathias, MEMBER

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

ROLL NUMBER: 757122007

LOCATION ADDRESS: 7000 Somervale Court SW

HEARING NUMBER: 59088

ASSESSMENT: \$18,410,000.

This complaint was heard on 17th day of November, 2010 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 9.

Appeared on behalf of the Complainant:

- J. Weber

Appeared on behalf of the Respondent:

- D. Desjardins

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

There were no matters pertaining either Procedure or Jurisdiction brought forward at this Hearing.

Property Description:

The property under complaint is a four storey, sub-urban located apartment complex which, according to the City of Calgary Multi-Residential Detail Report, contains a total of 83 suites. The suite composition is 4 one bedroom and 79 two bedroom suites. The complex was constructed in 2002.

Issues:

While there are a number of inter-related grounds for complaint identified on the complaint form, at the Hearing the Complainant advised that there are three issues to be argued before the CARB and they are:

1. The assessed Gross Income Multiplier (GIM) is too high and is inequitable.
2. The assessed rents are in excess of market.
3. The assessed vacancy rate is too low.

Complainant's Requested Value:

The Complainant's requested assessment is: \$14,110,000.

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

With regard to the GIM, it is the contention of the Complainant that the Assessor has mistakenly applied an incorrect GIM of 12.5 whereas most other sub-urban low-rise apartment developments have been valued using a GIM of 11. In support of this contention the Complainant introduced (Exhibit C-1 pg 19) a list of 27 somewhat similar sized sub-urban low-rise apartment complexes that have all been assessed with a GIM of 11. These complexes range in size from 48 suites to 392 suites and they are located throughout the city.

Insofar as the rent argument is concerned, the Complainant submitted (Exhibit C-1 pgs 13 – 15) a copy of the rent roll for the subject property dated January 1/09 which shows rents ranging from a low of \$1,365/month to a high of \$2,500/month; however, the Complainant contends that as at the July 1/09 valuation date there had been a significant shift in the market place and the property was no longer able to secure new tenants at these rent levels. In support of this contention the Complainant submitted (Exhibit C-1 pg 16) a copy of the rent roll dated July 1/09 showing 36 leases signed since January 1/09 which indicate a median of \$1,190/month for the 1 bedroom units and \$1,367.50/month for the 2 bedroom units. The Complainant further introduced (Exhibit C-1 pg 45) an extract from the *Alberta Assessors' Association Valuation Guide* (AAAVG) which, under the heading *Determining Market Rents as of the Valuation Date* states "For most tenants the best source of market rent information is the rent roll. Using these rent rolls, the best evidence of "market" rents are (in order of descending importance): Actual leases signed on or around the valuation date." It is the contention of the Complainant that the aforementioned 36 leases are, in accordance with the AAAVG, the best evidence as to the market rents for the subject property as at the valuation date which they contend are: \$1,190/month for the one bedrooms and \$1,365/month for the two bedroom suites.

In support of their request for a higher vacancy rate of 5% as opposed to the applied vacancy rate of 4%, the Complainant introduced (Exhibit C-1 pg 20) a vacancy study compiled by Boardwalk, both the city's and the country's largest residential landlord, which indicates a city-wide vacancy for the period June '08 to July '09 of 4.76%, which they maintain supports the requested 5%. Additionally, the Complainant provided on pages 22 through 51 of Exhibit C-1 the *CMHC Rental Market Report, Calgary CMA Fall 2009* which indicates that the apartment vacancy rate rose 3.2 percentage points from 2.1% in October 2008 to 5.3% in October 2009.

In support of their applied GIM of 12.5 the Respondent introduced (Exhibit R-1 pg 28) an assessment comparable chart comparing the assessment of the subject to 4 other sub-urban apartment complexes. Two of the comparable properties are assessed at a higher GIM, 17 in one instance and 13 in the other. These two examples support the contention of the Assessor that the subject property is simply an outlier and is not unique in terms of the applied GIM. In support of the applied rents, the Respondent introduced (Exhibit R-1 pgs 144 – 150) a copy of the Assessment Request For Information (ARFI) for the subject property for the calendar year of 2008 together with a copy of the rent roll for the property dated April 2009. This rent roll shows rents ranging from a low of \$1,185/month to a high of \$2,500/month which the Respondent contends supports their applied rents of \$1,350/month and \$1,550/month.

The CARB finds that the Assessment Comparables introduced by the Respondent (Exhibit R-1 pg 28) are less than compelling as the 2 properties referred to as having a higher applied GIM are only 16 suites in size compared to the subject at 83 suites. Additionally, this same evidence also shows two additional comparable properties that are assessed with a GIM of 11 and these properties are 120 suites and 253 suites in size. The CARB further notes that the evidence brief of the Respondent also contains (Exhibit R-1 pg 43) a second Assessment Comparable chart which shows four properties ranging in size from 66 suites to 204 suites and all having far south locations similar to that of the subject and all of these properties have been assessed with a GIM of 11. The CARB notes that this evidence fully supports the Complainant's requested GIM of 11. The CARB finds the GIM evidence of the Respondent to be questionable in terms of supporting the applied GIM of 12.5. Conversely, the CARB finds the GIM evidence of the Complainant to be compelling and, as noted, is further supported by the Respondent's own evidence.

The CARB finds the evidence of the Complainant relating to signed leases on or about the valuation date to be compelling and notes that the AA AVG supports this evidence as being "*the best evidence of "market" rents*". The CARB further notes that the Respondent concurs with this concept. The CARB further finds the July '09 rent roll introduced by the Complainant (Exhibit C-1 pg 16) to be much more compelling than the 2008 ARFI introduced by the Respondent (Exhibit R-1 pgs 144 - 150). Accordingly the CARB accepts the rental rates as proposed by the Complainant to be more indicative of the market rents for the subject property as at the date of valuation.

Insofar as the matter of vacancy is concerned, the CARB notes that the only evidence relating to same introduced by the Respondent is the same CMHC report submitted in the evidence of the Complainant. This report is more supportive of the Complainant's requested 5% vacancy than it is of the Respondent's applied vacancy rate of 4%. Accordingly the vacancy argument of the Complainant prevails.

Board's Decision:

The assessment is **reduced** to: \$14,110,000.

DATED AT THE CITY OF CALGARY THIS 29th DAY OF NOVEMBER 2010.



C. J. GRIFFIN
Presiding Officer

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.*