

**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-26.1, 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: 128165602

LOCATION ADDRESS: 2120 Southland Drive SW

HEARING NUMBER: 57503

ASSESSMENT: \$29,350,000.

This complaint was heard on 10th 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:

- E. Currie

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 large, sub-urban located, low-rise apartment complex which, according to the City of Calgary Multi-Residential Detail Report, contains a total of 193 suites. The complex is comprised of 5 individual buildings, all of which are 3 storey walk-up in design. The suite mix consists of 5 bachelor units, 75 one bedroom units and 113 two bedroom units. The complex was originally constructed in 1978.

Issues:

While there are a number of inter-related grounds for complaint identified on the complaint form, at the Hearing the Complainant confirmed, as identified on page 3 of Exhibit C-1, that there are only two issues to be argued before the CARB and they are:

1. The subject assessed rents are in excess of market rent and
2. The vacancy rate applied by the Assessor is not indicative of market vacancy.

Complainant's Requested Value:

The Complainant's requested assessment was revised at the Hearing to: \$19,760,000.

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

It is the contention of the Complainant that the rental rates applied by the Assessor are not indicative of the market rental rates for the subject property as at the Date of Value. It is further contended by the Complainant that the applied vacancy rate of 2% is not appropriate and that a vacancy rate of 5% is more reflective of market conditions as at the Date of Value. In support of their rental rate argument, the Complainant introduced (Exhibit C-1 pgs 11 - 20) a rent roll for the subject property dated July 1/09 which consists, primarily, of leases signed in 2009 which support the Complainant's requested rents of \$750/Mo. for the bachelor units, \$950/Mo. for the one bedroom units and \$1,100/Mo.

In support of their request for a higher vacancy rate of 5% as opposed to the applied vacancy rate of 2%, the Complainant introduced (Exhibit C-1 pgs 21 - 23) 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 25 through 55 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 for their applied rental rates, the Respondent advised the CARB that they utilize typical rents which are extracted from similar properties located within the same market zone, as opposed to relying solely upon the rent roll of the subject property. As further support for their applied rental rates, the Respondent introduced (Exhibit R-1 pg 22) 2010 Assessment Comparables which show 3 properties deemed similar to the subject, all of which are located within the same market zone, which have been assessed using the same typical inputs.

In support of the applied vacancy rate of 2%, the Respondent introduced (Exhibit R-1 pg 26) a copy of their *2010 Roll Year Multi-Residential Low Rise Vacancy Study*. This vacancy study reportedly relates to a total of 2261 suites, all located within market zone 9, with a reported total number of suites vacant being 52.10. The Weighted Vacancy is reportedly 2.30% and the indicated Median Vacancy is reportedly 1.8%.

The CARB finds the evidence of the Complainant relating to signed leases on or about the valuation date to be compelling. The CARB notes that while the Respondent maintains that the applied typical rents stem from an analysis of the rents of similar properties located within the same market zone, no such evidence was provided for the CARB to consider. As a result of the foregoing the CARB accepts the rents put forth by the Complainant to be more indicative of market rents for the subject property.

Insofar as the vacancy issue is concerned, the CARB notes that the *Low Rise Vacancy Study* introduced in the evidence of the Respondent appears to be flawed in that the suite counts in a number of the properties referenced are not accurate. In that the Respondent was unable to explain these discrepancies, the CARB finds this study to be of questionable reliability in determining the correct vacancy for the subject property. The CARB is disappointed that the Respondent would not proof their materials more closely before submitting same as evidence. As a result of the foregoing the vacancy argument of the Respondent, in this case, fails and the argument of the Complainant prevails.

Board's Decision:

The assessment is reduced to: \$19,760,000.

DATED AT THE CITY OF CALGARY THIS 15 DAY OF DECEMBER 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.*