

**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: 068112507

LOCATION ADDRESS: 123 - 10 Avenue SW

HEARING NUMBER: 59903

ASSESSMENT: \$69,810,000.

This complaint was heard on 12th day of November, 2010 at the office of the Assessment Review Board located at Floor 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 9.

Appeared on behalf of the Complainant:

- J. Weber

Appeared on behalf of the Respondent:

- S. Bazin

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, Beltline located, hi-rise apartment/commercial complex which, according to the City of Calgary Multi-Residential Detail Report, contains a total of 357 suites together with 64,525 Sq. ft. of commercial/retail space. The suite composition is 177 one bedroom units, 179 two bedroom units and 1 three bedroom unit. The complex was originally constructed in 1979.

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 is only one issue to be argued before the CARB and it is:

1. The assessed Gross Income Multiplier (GIM) that has been applied to the apartment component of the subject property is too high from both a Market & Equity perspective. The Complainant further indicated that the commercial component of the subject property is **not** under complaint.

Complainant's Requested Value:

The Complainant's requested assessment was revised at the Hearing (Exhibit C-1 pg 22) to: \$63,310,000.

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

It is the contention of the Complainant that the Assessor has applied a GIM that is inappropriate for hi-rise apartment developments located within the Downtown/Beltline Market Zone. In support of this contention the Complainant introduced (Exhibit C-1 pg 17) the *Altus Downtown/Beltline GIM Study*. As is indicated on page 14 of the said Exhibit, this study was restricted to sales of properties of 40+ units on the basis that there is a much smaller and specific base of investors capable of purchasing buildings of this size and they sell less frequently. Additionally, this same page of the referenced Exhibit C-1, provides existing jurisprudence and appraisal methodology in support the Complainant's contention that larger properties appeal to a smaller pool of potential investors. The Complainant further introduced (Exhibit C-1 pgs 15 & 16) a printout of the sales reportedly used by the Assessor, and available from the city's web site, as a reference for the preparation of the assessments of multi-residential properties, noting that only 3 properties met the criteria of 40+ units. It is these three properties that the Complainant has analyzed in the aforementioned GIM Study. The study indicates a GIM of 12.19 for the Cenntennial House property, 12.60 for the Premier Place property and 12.16 for the Aldrin House property. Based upon these three outcomes the study indicates a Median GIM of 12.19. The Complainant further introduced (Exhibit C-1 pg 19) an *Altus Downtown/Beltline GIM Study Based On City Methodology* which related to the same three properties but which yielded a GIM range from 12.32 to 13.29 with an indicated Median of 12.62. In this study the GIM has been derived using a time adjusted sales price wherein a time adjustment of -1% per month has been applied to the original sales price. The Complainant also introduced (Exhibit C-1 pg 20) an *Assessed GIM – Equity Comparison* chart which refers to ten sub-urban hi-rise developments all greater than 40 units in size. All ten of these properties are assessed with a GIM of 11.50. The assessed rents for these properties range from \$875/Mo. for bachelor units to a high of \$1,600/MO. for three bedroom units. In all cases a 5% vacancy allowance has been applied. It is the contention of the Complainant that when it comes to investment grade properties, such as the subject, if the rent levels are in the same range and vacancy allowances are essentially the same then the potential risk to the investor remains similar, regardless of location, and the GIM should not be different.

In defence of the assessed value of the subject property and the applied GIM used to derive same, the Respondent introduced (Exhibit R-1 pg 45) their 2010 High Rise GIM Study which included the three properties analysed in the Complainant's GIM study as well as three additional properties. The first of these three additional properties is the Sundial Apartments which is located in the downtown core area and which reportedly sold in February of 2009. Another of these three properties is Varsity Square, a suburban located 297 unit property and the last of the three being Emerald Place, a Beltline located property with a total of 32 suites. The analysis reports GIMs ranging from a low of 11.75 (Varsity Sq.) to a high of 15.51 (Emerald Place). Additionally, the Respondent introduced (Exhibit R-1 pg 46) 2010 High Rise GIM Study Summary which shows the Downtown/Beltline GIM ranging from a low of 12.48 to a high of 15.51 with a Mean of 13.39 and a Median of 13.10. Although their study referred to six properties, the Respondent stated that the Sundial Apt. sale should be given very little consideration by the CARB as this property was reportedly in poor condition and it was purchased for conversion to a low income housing project.

The Respondent also introduced evidence (Exhibit R-1 pgs 100 -103) rent rolls from the three properties analyzed by the Complainant in their GIM study, to support their contention that the Complainant's GIM study is flawed in that they have utilized rents that are greater than the assessed rents and that this leads to a higher Effective Gross Income (EGI) and a compressed GIM.

The CARB notes that the Complainant's *Altus Downtown/Beltline GIM Study* is flawed in that they have used an incorrect sale price for the Premier Place property. Referring to the GIM study presented by the Respondent (Exhibit R-1 pg 45) the CARB found through questioning by the parties that the Emerald Place property should not be given consideration as the sale price had evidently been negotiated approximately one year prior to the closing date. Similarly, the Varsity Square property was also considered inappropriate given its suburban location. The CARB notes that the Respondent produced no evidence to support their contention that the Sundial sale should be excluded from the GIM analysis due to its condition and proposed future use. Accordingly the CARB is of the judgment that four properties should legitimately be incorporated into the 2010 Downtown/Beltline, those being: Sundial Apts., Centennial House, Premier Place and Aldrin House. After a thorough analysis of these four sales, the CARB is of the judgment that there is insufficient evidence to conclusively warrant any significant adjustment to the assessed GIM.

Board's Decision:

The assessment is **confirmed** at: **\$69,810,000.**

DATED AT THE CITY OF CALGARY THIS 14 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.*