

**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: 111043105

LOCATION ADDRESS: 6707 Elbow drive SW

HEARING NUMBER: 58919

ASSESSMENT: \$58,080,000.

This complaint was heard on 6th day of November, 2010 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 6.

Appeared on behalf of the Complainant:

- J. Weber
- B. Neeson

Appeared on behalf of the Respondent:

- D. Satoor

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 hi-rise apartment complex known as Mayfair Place and which, according to the City of Calgary Multi-Residential Detail Report, contains a total of 272 suites. The suite mix consists of 13 bachelor units, 155 one bedroom units, 99 two bedroom units and 5 three bedroom units. The property also contains a significant commercial/retail component of approximately 96,485 Sq. Ft., the assessed value of which is not under complaint. The complex was originally constructed in 1971.

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 a single issue to be argued before the CARB and that is:

1. The subject assessed rents are in excess of market rent.

Complainant's Requested Value:

The Complainant's requested assessment was revised, as shown on page 3 of Exhibit C-1 to: \$51,800,000.

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. In support of their rental rate argument, the Complainant introduced (Exhibit C-1 pgs 13 - 17) a rent roll for the subject property dated December 2009 on which the Complainant has highlighted a significant number of leases signed between Jan. 1/09 and July 1/09 which they maintain are indicative of the market rents for the subject property as at the July 1/09 valuation date. Seven of these leases relate to the bachelor units, 78 relate to one bedroom units and approximately 99 relate to the two bedroom units. There were no 3 bedroom units leased within the aforementioned time period. The aforementioned leases indicate a median rent of \$850/Mo. for the bachelor units, \$917.50/Mo. for the one bedroom units and \$1,145/Mo. for the two bedroom units and it is these rental rates that the Complainant suggests are more indicative of the market rent for the subject property as at the valuation date. The Complainant further introduced (Exhibit C-1 pg 23) 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 2009 signed leases are, in accordance with the AAAVG, the best evidence as to the market rents for the subject property as at the valuation date.

In support for their applied rental rates, the Respondent introduced (Exhibit R-1 pgs 27 - 43) a rent roll dated May 2009 which was submitted as a part of the *Assessment Request For Information (ARFI)* for the subject property which the Respondent maintains supports the assessed rents.

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, upon questioning by the Complainant, concurs with this concept. The CARB notes that the Respondent's own evidence (Exhibit R-1 pg 15) indicates that the assessment of multi-residential property is based upon the income approach using typical potential gross income; however, the Respondent has no evidence before the CARB to suggest what typical rents are for the subject property. The CARB further notes that the rent roll submitted by the Respondent appears, for the most part, to support the rents suggested by the Complainant.

In consideration of the foregoing the CARB is of the judgment that the evidence of the Complainant significantly outweighs that of the Respondent and the Complainant's argument as to the appropriate assessed rents prevails.

Board's Decision:

The assessment is reduced to: \$51,800,000.

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.*