

**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 Property assessment prepared by the Assessor of The City of Calgary and entered in the 2010 Assessment Roll as follows:

ROLL NUMBER: 086150497

LOCATION ADDRESS: 69 Glamis Dr. SW

HEARING NUMBER: 58862

ASSESSMENT: \$55,240,000

This complaint was heard on 1st day of December, 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

Appeared on behalf of the Respondent:

- E. Currie
- J. Toogood

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

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

Property Description:

There are three apartment high rise buildings constructed in 1980 on this site. The first building has fourteen stories with 193 units, the second building has four stories with 45 units and the third building has ten stories with 137 units. In total the complex contains 375 suites with 192 one bedroom units and 183 two bedroom units. The entire complex was reportedly constructed in 1980.

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 rental incentives affect the net rent received by a landlord.

Complainant's Requested Value:

The Complainant's requested assessments is: \$49,050,000

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 Valuation Date. In support of their rental rate argument, the Complainant introduced (Exhibit C-1 pgs. 11-16) a rent roll of the subject dated July 1/09 on which the Complainant has highlighted some 86 leases signed between Jan. 1/09 to July 1/09 which they maintain are indicative of the market rents for the subject property as at the valuation date. Forty-eight leases relate to one bedroom units and 48 leases relate to two bedroom leases. The Complainant pointed out that this same rent roll also indicated that there are different sized one bedroom units and different sized two bedroom units and that the rental rate differs based upon the unit size. The Complainant further introduced (Exhibit C-1 pg 36) an extract from the Alberta Assessors' Valuation Guide (AAVG) 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 is (in order of descending importance): Actual leases signed on or around the valuation date." The Complainant also introduced (Exhibit C-1 pgs.17-32) a summary of rental inducements offered by the property, the largest residential apartment landlord in the city and indeed the country, for all of their Calgary properties. These inducements typically range from \$100/mo. to \$200/mo. in rental reductions granted upon the signing of a one year lease for a one bedroom apartment or a two bedroom apartment respectively. The Complainant again referred to the AAVG (Exhibit C-1 pg 37) which, under the heading *Rent Adjustments – Inducements* states "Inducements must be considered when establishing the appropriate market rent for the space. The value of the inducement spread out over a reasonable term should be deducted from the base rent." It is the contention of the Complainant that the

aforementioned 86 leases are, in accordance with the AA AVG, the best evidence as to the appropriate market rents which, also considering the aforementioned inducements, they contend are: \$900/mo. for one bedroom, \$1059/mo. for (small) two bedroom and \$1120/mo. for (regular) two bedroom units.

In support of their rental rates, the Respondent introduced (Exhibit R-1 pg 24-25) a rental table for the subject property which indicates a median of \$999/mo. for one bedroom units and \$1219/mo. for two bedroom units with no distinction made between small and regular size two bedroom units. There were no signed lease dates after April/09. The Respondent also introduced into evidence (Exhibit R-1 pg. 20) an equity comparison chart pertaining to three properties and the subject property. This chart clearly shows that these three other properties have been assessed using the same input parameters as those applied to the subject property.

The CARB finds the evidence of the Complainant relating to signed lease on or about the Valuation date to be compelling and notes the AA AVG supports this evidence as being "best evidence of "market rents". The CARB further finds the rent roll introduced by the Complainant (Exhibit C-1 pgs. 11-16) to be much more complete than the two page extract from the Respondent (Exhibit R-1 pg 24-25) which the CARB noted does not reflect recent leases and is devoid of supporting data. The CARB further finds the evidence of the Complainant regarding the matter of rent inducements to be compelling.

Board's Decision:

The assessments are **reduced** is to: \$49,050,000.

DATED AT THE CITY OF CALGARY THIS 16 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.*