

**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: 038046603

LOCATION ADDRESS: 4515 Varsity Dr NW

HEARING NUMBER: 57682

ASSESSMENT: \$47,280,000

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:

- B. Brocklebank
- J. Toogood

Procedural or Jurisdictional Matters:

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

Property Description:

There are three apartment high rise buildings constructed in 1970 on this site. The first building has seven stories with 189 units, the second building has four stories with 69 units and the third building has five stories with 39 units. In total the complex has 297 suites which consist of 110 one bedroom units, 115 two bedroom units and 72 three bedroom units. All three buildings were reportedly constructed in 1970.

Issues:

While there are a number of inter-related grounds for complaint identified on the complaint form; however, at the Hearing the Complainant confirmed 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 assessment was revised at the Hearing to: \$41,800,000

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

It is the contention of the Complainant 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. 10-14) a rent roll of the subject dated July/09 on which the Complainant highlighted 29 leases, signed between Jan1/09 and July 1/09, for 580 Sq. Ft. one bedroom units indicating a median value of \$949/mo. The next grouping of larger one bedroom units had a smaller sampling (8 units) ranging from \$999/Mo. to \$1199/mo. with an indicated a median of \$1075/Mo. The two bedroom units also differ in size and are divided into small and regular categories. The Complainant highlighted 15 signed leases of two bedroom (small) units at \$1149/mo. and 8 signed leases of two bedroom (regular) at \$1199/mo. There were 20 three bedroom units with signed leases indicating a median of \$1449/mo. In support of their rental inducement argument, the Complainant introduced (Exhibit C-1 pgs 15 - 30) a summary of rental inducements offered by the property owner for one year leases for all of their Calgary properties, including the subject properties. It should be noted that the owner of the subject properties is the largest residential apartment landlord in the city and indeed in the entire country. These lease inducements typically range from \$100/month to \$200/month rental reductions granted upon the signing of a one year lease for a one bedroom apartment or a two bedroom apartment respectively. The Complainant also introduced (Exhibit C-1 pgs 43 - 48) extracts 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 is (in order of descending importance): Actual leases signed on or around the valuation date." Further, under the heading *Rent Adjustments - Inducements* this same source 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."

In support of their applied rental rates, the Respondent introduced (Exhibit R-1 pgs 30-35) a rent roll dated April/09 in which the median for all one bedroom units is indicated to be \$1129/mo., for all two bedroom units the median is indicated to be \$1285/mo. and for all the three bedroom units the indicated median is \$1499/mo. It was noted there was no distinction between small or larger size units or rent inducements. The Respondent also produced into evidence (Exhibit R-1 pg. 24) an equity comparison chart pertaining to two other properties and the subject property. This chart clearly shows that these two other properties have been assessed using the same parameters as those applied to the subject property. Additionally, the Respondent introduced (Exhibit R-1 pgs 27 – 29) a synopsis of a sale of the subject property which reportedly occurred June 2008. It is the contention of the Respondent that this sale, on a time adjusted basis, also supports the current assessed value.

The CARB is convinced by the evidence of the Complainant that the rents signed on or near the valuation date are most representative of the market rents appropriate for the subject property. Additionally, inducements do indeed need to be accounted for as is clearly pointed out in the *Alberta Assessors' Association Valuation Guide*. As a result of the foregoing it is the judgment of the CARB that the typical rents to be applied to the subject properties should be those recommended by the Complainant. With regard to the sale of the subject property, the CARB notes that there is no time adjustment study or paired sales analysis presented in support of the applied time adjustment. The CARB further notes that this sale took place when market conditions differed from those at the valuation date and, based upon evidence produced in this Hearing, the rents would likely be different than those being obtained as at the valuation date.

Board's Decision:

The assessment is **reduced** to: \$ 41,800,000.

DATED AT THE CITY OF CALGARY THIS 20 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.*