

**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: 143079390

LOCATION ADDRESS: 1825 Woodview Dr. SW

HEARING NUMBER: 57570

ASSESSMENT: \$28,370,000

This complaint was heard on 18th 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:

- A. Mohtadi
- I. Pau
- A. Czechowskyj

Procedural or Jurisdictional Matters:

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

Property Description:

Roll number 143079390 refers to a 181 suite, 4 storey, low rise apartment and townhouse complex constructed in 1981. The project contains 52 one bedroom suites, 125 two bedroom suites and 3 four bedroom suites. The Assessment Detail Report does not refer to any townhouse units although the Complainant indicated there are 14 units which form part of the total unit count reported in the Detail Report. The improved property is known as Woodlands Apartments.

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 three issues to be argued before the CARB and they are:

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

Complainant's Requested Value:

The Complainant's requested assessment is: \$24,700,000.

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

The matter of the suite mix was proven to be minor in nature and both parties agreed that there are a total of 181 units contained within the subject complex. In support of their rental argument, the Complainant introduced (Exhibit C-1 pgs. Marked as 30-31) a rent roll dated July 1/09 wherein the Median rents are indicated to be as follows: one bedroom units \$965/mo., two bedroom units \$1100/mo., two bedroom townhouse units \$1370/mo. and three bedroom townhouse units \$1400/mo. The Complainant further introduced (Exhibit C-1 pgs marked as 43 - 48) extracts from the *Alberta Assessors' Association Valuation Guide* 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." Additionally, this same source, 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."

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 pg. 12 of the rent roll) a vacancy count compiled by the property owner for the subject property as of July 1/09 which equates to 7% and which supports the requested 5%. Further support for the requested 5% vacancy rate is found (Exhibit C-1 assumed to be page 49) in the form of a Boardwalk prepared City-Wide vacancy study indicating a June '08 to July '09 rate of 4.43%. Additionally, the Complainant provided (Exhibit C-1 pgs marked as 71 – 117) 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.

It was suggested by the Respondent that it was unfair of the property owner to provide information to their tax agent that had not been supplied to the Assessor. In support of their applied 2% vacancy rate, the Respondent introduced (Exhibit R-1 pg 30) a copy of the *2010 Roll Year Multi-Residential Low Rise Vacancy Survey* as prepared by the City of Calgary. It is the contention of the Respondent that the aforementioned vacancy survey is more reliable than the CMHC vacancy study because the city report relates to low rise developments only. The said vacancy report indicates a Median Vacancy rate of 2%, relates to 2170 suites with 52.02 suites vacant and a weighted vacancy of 2.40%.

The CARB finds the Complainant's evidence to be more complete than the evidence of the Respondent and is of the judgment that the rents, as applied by the Complainant in deriving the requested assessments for the subject property, are the more reliable base rents. The CARB is convinced by the evidence of the Complainant that the rent 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.

Insofar as the vacancy issue is concerned, the CARB notes that the *2010 Low Rise Vacancy Study* introduced in the evidence of the Respondent reported vacancy rate is questionable. The subject, in this study is reported with a vacancy of 5.8% however, the reported vacancy in the *Assessment Detailed Report* indicates 2%. The reported vacancy from the *Low Rise Vacancy Study* supports the Complainant's vacancy request of 5% and further supports *CMHC Rental Market Report*. It was reported by the Respondent that *Mainstreet Equities*, one of the largest landlords in the city, was not included in their vacancy study analysis as they are always upgrading their units. The CARB asked the Respondent to explain this decision but a clear and concise answer was not forthcoming. The Respondent argued the final assessment or "end value," \$28,370,000 supports the sale price per suite (\$155,522/suite) of a similar building (333 Heritage Dr. SE) which sold Sept/09. This sale took place between the purchaser, *Calgary Homeless Foundation* and seller, *Mainstreet Equity*. The sale included 7 buildings and was vacant at the time of sale. Descriptive remarks from *RealNet* (data provider) reported the property would be used for low income housing. This sale was one of three properties used by the Respondent in the analysis of a Gross Rent Multiplier (GIM). There was little evidence from the Respondent to support a GIM argument. The three comparables which the Respondent referred to in their exhibit included two which were clearly post-facto and the third sale related to a property located in Airdrie. Accordingly, the CARB put little weight on this evidence. The CARB finds the best evidence comes from the Complainant and therefore reduces the assessment accordingly.

Board's Decision:

The assessment is **reduced** to: \$ 24,700,000.

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.*