

**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: 112029012

LOCATION ADDRESS: 8208 Flint RD. SE

HEARING NUMBER: 58925

ASSESSMENT: \$11,970,000

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:

- I. Pau
- J. Toogood

Procedural or Jurisdictional Matters:

The Respondent brought a preliminary matter before the CARB stating upon review of the Complainants' rental information, a revised assessment value was warranted. The revised assessment, which stemmed from the application of lower typical rents, is \$10,750,000 and the Respondent recommends same be adopted by the CARB. *The 2010 Assessment (Revised)* is found in the Respondents (Exhibit R-1 pg. 31)

Property Description:

The property under complaint is an apartment complex which, according to the City of Calgary Multi-Residential Detail Report, contains a total of 68 suites. The complex is a 5 storey apartment high-rise complex. The suite mix consists of 17 one bedroom units and 51 two bedroom units. The complex was constructed in 1969 and known as Flintridge Place.

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 assessment is: \$9,390,000.

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

In support of their rental rate argument, the Complainant introduced (Exhibit C-1 pgs 13 - 14) a rent roll for the subject property dated July 31/09 on which the Complainant has highlighted two, one bedroom unit leases signed July 1/09 indicating typical rents of \$1019/mo. and fourteen, two bedroom leases with typical rents of \$1199/mo. which they maintain are indicative of the market rents for the subject property as at the Valuation Date. The Complainant further introduced (Exhibit C-1 pg. 15) a list of rental incentives for 16 of the 68 units. The lease inducements of \$100/mo. are rental reductions granted upon the signing of a one year lease for one bedroom or two bedroom units. The Complainant further introduced (Exhibit C-1 pg 33-39) 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 is (in order of descending importance): Actual leases signed on or around the valuation date." It is the contention of the Complainant that the aforementioned leases are, in accordance with the AAAVG, the best evidence as to the market rents for the subject property as at the valuation date which they contend are: \$919/month for the one bedrooms, \$1,099/month for two bedrooms units which include \$100 rental incentives. With regard to the incentives, the Complainant introduced (Exhibit C-1 pg 37) a further extract from the AAAVG 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."

In support for their applied rental rates, the Respondent introduced (Exhibit R-1 pgs. 54-55) a rent roll reportedly from April 2009, excluding any incentives, for the subject property. The Respondent also introduced into evidence (Exhibit R-1 pg 26) an equity comparison chart pertaining to four properties and the subject property. This chart clearly shows that these four other properties have been assessed using the same parameters as those applied to the subject property.

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 the rent roll produced by the Respondent has no leases signed at or near valuation date while the roll date is for April/09. The CARB further accepts the application of the inducements as is also required under the AA AVG. As a result of the foregoing the CARB accepts the rents put forth by the Complainant to be more indicative of market rents for the subject property.

Board's Decision:

The assessment is **reduced** to: **\$9,390,000**.

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.*