

**CALGARY
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, Section 460, Revised Statutes of Alberta 2000 (the Act).

between:

Boardwalk REIT Properties Holdings (Alberta) Ltd., as represented by Altus Group Limited, COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

***S. Barry, PRESIDING OFFICER
K. Farn, 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 2011 Assessment Roll as follows:

ROLL NUMBER:	023159510
LOCATION ADDRESS:	2308 320 Grier Av N.E. Calgary, AB
HEARING NUMBER:	62103
ASSESSMENT:	\$11,380,000

This complaint was heard on the 3rd day of October, 2011 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 1.

Appeared on behalf of the Complainant:

- *J. Weber, Altus Group Limited*

Appeared on behalf of the Respondent:

- *S. Cook, City of Calgary*
- *N. Domenie, City of Calgary*
- *A. Mohtadi, City of Calgary*

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

There were no Procedural or Jurisdictional Matters raised at the hearing. However, this complaint was heard on the same day and by the same panel as six previous complaints decided in CARB 2431/2011-P. At the request of the Parties, all the information, evidence, questions and responses that were presented or heard in that submission with respect to the appropriate GIM, are carried forward to this hearing.

Property Description: The property under complaint is a suburban, low-rise, apartment style, multi-family, residential building, containing 76 units, located in the Greenvue Community in Market Zone 6. The property is assessed using the Income Approach, employing a Gross Income Multiplier (GIM) of 12. The units are assessed at \$1,000 for 1-bedroom units and \$1,200 for \$2-bedroom units.

Issues:

The Complainant has two issues: one being the GIM rate and the other being the assessed rents on the one-bedroom units. There is no dispute with respect to the rent on the two-bedroom units; nor is there a dispute with respect to the vacancy rate.

Do the Respondent's GIM of 12 and assessed rents reflect a fair and equitable market value for the subject property?

Complainant's Requested Value: The Complaint Form requested an assessed value of \$8,750,000. The request was revised in the Complainant's disclosure document, C1, to \$9,680,880.

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

In CARB 2431/2011-P, the Board determined that the appropriate GIM for the assessment of these properties under complaint is 11. With no new or additional evidence or argument on the GIM issue, that decision is carried forward to this complaint, leaving only the rent issue to be

decided.

The subject has 40 one-bedroom units that the Complainant wants assessed at \$850 rather than \$1,000 as applied by the Respondent. There is no request to reduce the two-bedroom rent of \$1,200 as applied by the Respondent on 36 units. The Complainant produced a rent roll, dated July 2010 which lists 39 one-bedroom leases and highlights 6 of them as being current and recently signed near the valuation date of July 1, 2010. The rents in this sample range from \$729 per month to \$999 per month and, in the Complainant's view, demonstrate a median rent of \$854 which supports his request for a reduction in typical one-bedroom rents to \$850. In support of the rental rate period chosen for this sample, the Complainant refers to the Alberta Assessors' Association Valuation Guide, Valuation Parameters (February 1999) (AAAVG) which states, as paraphrased from section 3, p.45, that current market rent is best determined from the rent roll using actual leases signed on or around the valuation date.

In addition to the argument that typical rents are appropriate for assessment purposes, the Respondent took issue with the selection of a limited number of rents close to the valuation date and stated that the income for a whole year should be considered as noted in their own extracts of this same publication but particular to Apartment/Multi-Residential (September 1998). The reference here, however, speaks to the development of a GIM, using gross annual income, but does not address the way that annual income is derived. The Complainant noted that the accompanying worksheet in this extract applies actual monthly rents to various unit types which are then multiplied by 12 to create potential annual rent. The Complainant contended that there is no difference between this approach and his, in that he has applied the derived current rent into an annualized amount that becomes, with the other rents, a potential gross income to which vacancy rates and GIM are applied. The Board was satisfied that the size of the development sustains its own market from which the actual rents create typical rents for this kind of investment grade property.

The Respondent provided no support for its assessed rents. It produced an undated rent roll for the subject with the most recent leases dated March of 2010. In some instances the rents in this roll are not consistent with the Complainant's roll. Additionally, the Respondent provided a "Property Pricing" sheet as extracted from the Owner's website which the Board did not find compelling. There is no evidence to show that this website page, albeit printed on September 14, 2011, is current or represents rents actually being achieved.

The Board notes that the lease information provided by both Parties reflected 39 of the 40 1-bedroom units and that two of the 39 units reflect a zero amount for rent. There was no evidence respecting these anomalies.

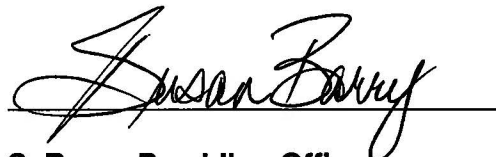
The Complainant contested the rents for this property as being considerably lower than the Respondent's typical assessed rents but the Respondent failed to demonstrate any support for those typical rents. The Board finds that the actual rents, signed in close proximity to the valuation date, are the best indicator of market value. However, in saying that, the Board in evaluating the totality of the rent roll finds that the sample of recent leases is quite small, representing only about 16 per cent of the total leases and includes one significant rent outlier of \$729 that unduly impacts the calculation and which should be removed. Similarly, there is another recent lease from December 1, 2009 extending to February 28, 2011, that was not included that is also deemed by the Board to be within the appropriate valuation period. The results of these changes brings the current market rent closer to \$900 for the one-bedroom units and that is the Board's decision on this matter.

In calculating the revised assessment, the Board applied a rate of \$900 per month to 40 one-bedroom units and \$1,200 per month to 36 two-bedroom units to create an annualized potential gross income of \$950,400. With 5 per cent vacancy and a GIM of 11 applied, the revised assessment is \$9,931,680 or \$9,930,000 truncated.

Board's Decision:

The 2011 Assessment is revised to \$9,930,000.

DATED AT THE CITY OF CALGARY THIS 27 DAY OF October 2011.


S. Barry, Presiding Officer

APPENDIX "A"

**DOCUMENTS PRESENTED AT THE HEARING
AND CONSIDERED BY THE BOARD:**

NO.	ITEM
1. C1	Complainant's Disclosure
2. R1	Respondent's Disclosure
3. C2	Complainant's Rebuttal

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.*