

**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:

CAPREIT Apartments Inc., 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:	035177815
LOCATION ADDRESS:	501 40 Av N.W. Calgary, AB
HEARING NUMBER:	63786
ASSESSMENT:	\$28,440,000

This complaint was heard on the 4th 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. Poon, City of Calgary*
- *S. Cook, 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, the Parties noted that this panel had heard a similar complaint (decided in CARB 2414/2011-P) on the previous day and asked that general rent related arguments be carried forward to this hearing.

Property Description:

The property under complaint is a suburban, townhouse style, multi-residential development containing 188 units of which 140 units are two-bedroom and 48 units are three-bedrooms. The property is located adjacent to the Highwood community in the north-east corner of the Queen's Park Cemetery area within Market Area 6. It has a 4 per cent vacancy rate and is assessed using the Income Approach employing a Gross Income Multiplier (GIM) of 12.

Issues:

The only issue before the Board is the assessed rents. Do the Respondent's assessed rents of \$1,050 for two bedroom units and \$1,225 for three-bedroom units represent the correct market value for the property?

Complainant's Requested Value: The requested value on the Complaint Form was \$23,460,000. This request was revised in the Complainant's Disclosure package to \$26,500,000 and is based on \$975 for 2-bedroom units and \$1,150 for 3-bedroom units.

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

The subject has 140 2-bedroom units that the Complainant wants assessed at \$975 and 48 3-bedroom units that the Complainant wants assessed at \$1,150 rather than \$1,050 and \$1,225 respectively, as applied by the Respondent. The Complainant produced a rent roll, dated July 2010 which lists all of the leases and highlights 75 of the 2-bedroom and 28 of the 3-bedroom units as current. For the 2-bedroom leases, the highlighted list includes leases signed from January 1, 2010 to July 1, 2010, the latter being the valuation date. This sample represents

51% of the total 2-bedroom units and demonstrates a median rental rate of \$976 per month. For the 3-bedroom leases, the highlighted list of 28 were signed between February 1, 2010 and July 1, 2010. This sample represents 58% of the 3-bedroom units and demonstrates a median rental rate of \$1,156 per month. 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.

The Respondent argued that typical rents are appropriate for assessment purposes and are derived from the annual Assessment Request for Information (ARFI) process. According to the Respondent's disclosure package, the City distributed 391 ARFI's and received back 272, or 70% for the valuation date. Except for the subject, none were in evidence to support the typical rates used by the Respondent for this assessment. The subject ARFI produced for the Board's consideration was dated May 31, 2010 and included a rent roll that, while difficult to read, does not appear to contain any leases negotiated after April 1, 2010 and which also included in the total payable, charges for parking. While the Respondent confirmed that parking is not included in its application of rent to assessment, it does appear that the suite rents, when parking is included, more closely support the assessed rent. The Respondent also noted that a 2009 financial statement for the property was included with the ARFI that demonstrated a close correlation with the somewhat higher assessment.

The Respondent stated that the income for a whole year should be considered as noted in their own extracts of the AAAVG 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 a potential gross income to which vacancy rates and GIM are applied. The Respondent also provided an extract 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 October 22, 2010, was current or represented rents actually being achieved.

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. The Board, in evaluating the totality of the rent roll, also found that the sample is quite significant, representing 50 per cent or more of the total leases. The Board was also concerned about conflicting and ambiguous evidence from the Respondent about parking income; however, accepting the statement that parking income is not included in the development of typical rents, that definitely led to the need for more support of the typical requested by the Respondent. The ARFI financial statement has little relevance as it represents the prior period of January 1 to December 31, 2009 and excludes the more relevant period in the six months immediately preceding the valuation date of July 1, 2010.

The Board accepted the Complainant's request and calculation as the best indicator of market value and reduced the assessment.

Board's Decision:

The revised assessment for 2011 is 26,500,000

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

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.*