

**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(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:	200128874	201480670
LOCATION ADDRESS:	1212 13 Ave SW	1200 6 St SW
HEARING NUMBER:	58965	59134
ASSESSMENT:	\$5,400,000	\$89,850,000

This complaint was heard on 18th day of November, 2010 at the office of the Calgary Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 9.

Appeared on behalf of the Complainant:

- *J. Weber* *Agent, Altus Group Ltd.*

Appeared on behalf of the Respondent:

- *J. Toogood* *Assessor, The City of Calgary*

Procedural or Jurisdictional Matters:

Both parties acknowledged that the issue and evidence was identical to a prior hearing (59903) for a Beltline apartment building at 123 10 Avenue SW. The referenced hearing took place in front of the same CARB panel on November 12, 2010 and the Complainant's evidence was also presented by Mr. Weber, with Ms. Bazin present for the Respondent. The only issue under complaint was the Gross Income Multiplier (GIM).

Accordingly, both parties were satisfied with providing their evidence as written submissions only, carrying forward their argument and comments from hearing 59903.

A significant reduction via Assessor Recommendation was tabled from \$89,850,000 to \$52,060,000 on file 59134 to account for a factual error. This involved a former condominium building that had been converted to a rental building. Each of the parking stalls had been initially assessed as if residential units. The Complainant's evidence brought this error to light, but since an active complaint was filed, an amended notice was not issued. The recommendation of a revision to \$52,060,000 was formally included in the Respondent's evidence package on page 20.

Other than this, no site-specific oral testimony was given on the files at hand.

Property Description:

1212 13 Ave SW The subject is a seven storey, 30 unit high-rise rental building, located in the Beltline district of SW Calgary. Built in 1970, it contains a suite mix of 10 one bedroom, 16 two bedroom and 4 three bedroom units. These are assessed with rental rates of \$1,100, \$1,250 and \$1,375 per month respectively. Additionally, a 5.00% vacancy allowance and 13.00 Gross Income Multiplier (GIM) was applied to arrive at the current assessment.

1200 6 St SW The subject consists of two portions - the main portion being a large 293 unit high-rise rental building, with an attached low-rise 11 unit townhouse portion. It is also situated in the Beltline district of SW Calgary. Built in 1972, the high-rise contains a suite mix of 24 bachelor, 168 one bedroom, 98 two bedroom and 3 three bedroom units. These are assessed with rental rates of \$950, \$1,100, \$1,250 and \$1,375 per month respectively. The low-rise portion consists of 5 two bedroom and 6 three bedroom suites assessed at premium rates of \$1,500 and \$1,600 per month respectively. Additionally, a 5.00% vacancy allowance and 13.00 Gross Income Multiplier (GIM) was applied to arrive at the current assessment.

Issue:

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 is only one remaining issue to be argued before the CARB :

1. The subject is assessed both inequitably and in excess of market value due to an incorrect and excessive GIM

Complainant's Requested Value:

1212 13 Ave SW	\$ 4,900,000*	(per C1 Page 3)
1200 6 St SW	\$48,810,000*	(per C1 Page 7)

* Based on a reduction in the GIM applied to Beltline and Downtown properties from 13.0 to 12.19. The assessed typical rent rates and typical vacancy were not contested.

Exhibits Presented

C1	Complainant's evidence package	(written submission)
R1	Respondent's evidence package	(written submission)

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

The GIM of 13.0 was shown to be assessed uniformly to all Beltline high-rise properties. It is therefore equitable for similar properties with a similar location. A distinction is made for high-rise rental buildings in suburban locations, where a GIM of 11.5 is used. The Complainant's equity evidence regarding the GIM was limited to a table of suburban high-rises. This evidence was unconvincing to suggest that Downtown / Beltline properties would have an equivalent value to Suburban properties, all things being equal other than location. There is simply an insufficient database of sales to draw such a correlation with reasonable certainty.

Notwithstanding equity, the Complainant focused on a market GIM analysis, with a resulting request for a revised GIM of 12.19. This was based on an analysis of three Beltline high-rise buildings ranging in size from 33 to 84 suites. The three buildings are: Centennial House (930 15 Ave SW), Premier Place (1122 15 Ave SW) and Aldrin House (915 13 Ave SW). All were built in the 1970s. These three properties were the only sales of large rental apartment buildings that occurred within the year prior to the valuation date, and that were considered by the Assessment department to be 'valid' market sales.

The Respondent did however introduce a 2009 downtown west end sale of a 121 suite high-rise, referred to as the Sundial Apartments, located at 835 6 Ave SW. This occurred very close to the valuation date on April 2, 2009 and indicated a GIM of 12.48 according to the City GIM study. The Respondent's contention was that this was however an inferior building, since it was purchased by the Calgary Drop-In & Rehab Centre Society with the intention of providing a mix of subsidized and market-priced units. The Board reviewed the Real Net sales report for this transaction, and could find no evidence to support the City's contention that the property could be considered in poor condition or in any way inferior. The evidence simply shows it to be a arm's length market sale.

The CARB notes that the Complainant's *Altus Downtown/Beltline GIM Study* has flaws in that an incorrect assumption was used regarding time-adjustment on sales prices along with an incorrect sale price for the Premier Place property. Referring to the GIM study presented by the Respondent, the CARB found that the Emerald Place property was an outlier and should not be given consideration as the sale price had evidently been negotiated approximately one year prior to the closing date at the peak of the market in 2007. Similarly, the Varsity Square property was also considered inappropriate given its suburban location. The sale involving

Hillsboro Tower shows a 16.23 GIM according to the City analysis, which clearly does not fit with the other evidence. The Board notes that Hillsboro Tower has a large commercial component, which could skew the GIM if the commercial portion was undervalued. Accordingly the CARB is of the view that four properties should legitimately be incorporated into the 2010 Downtown/Beltline GIM Analysis, those being: Sundial Apartments, Centennial House, Premier Place and Aldrin House. After a thorough analysis of these four sales, the CARB finds insufficient evidence to conclusively warrant any significant adjustment to the assessed GIM.

Board's Decision:

ROLL NUMBER	200128874	201480670
LOCATION ADDRESS	1212 13 Ave SW	1200 6 St SW
HEARING NUMBER	58965	59134
CARB DECISION	\$5,400,000 CONFIRMED	\$52,060,000 REDUCED

DATED AT THE CITY OF CALGARY THIS 16th 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.*