

**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:** 067192781

**LOCATION ADDRESS:** 1030 – 16<sup>th</sup> Avenue SW

**HEARING NUMBER:** 58278

**ASSESSMENT:** \$25,340,000.

This complaint was heard on 22<sup>nd</sup> day of November, 2010 at the office of the Assessment Review Board located at Floor 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 6.

Appeared on behalf of the Complainant:

- J. Weber

Appeared on behalf of the Respondent:

- J. Toogood

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

There were no matters pertaining either Procedure or Jurisdiction brought forward.

**Property Description:**

The property under complaint is a twelve storey, Beltline located hi-rise apartment complex which, according to the City of Calgary Multi-Residential Detail Report, contains a total of 142 suites. The suite composition is 43 one bedroom and 99 two bedroom suites. The complex was constructed in 1981.

**Exhibits Presented:**

- C-1 Complainant's written submission
- R-1 Respondent's written submission

**Issues:**

While there are a number of inter-related grounds for complaint identified on the complaint form; however, as found on page 3 of their Exhibit C-1, that there are four issues to be argued before the CARB and they are:

1. The assessed rents are in excess of market.
2. The assessed vacancy rate is not indicative of market vacancy.
3. Rental incentives affect the net rent received by the landlord.
4. The assessed Gross Income Multiplier (GIM) is too high and is inequitable.

At the hearing the Complainant advised the CARB that the vacancy issue (#2) was no longer before this CARB.

**Complainant's Requested Value:**

The Complainant's requested assessment was revised, as shown on page 3 of Exhibit C-1, to: \$21,580,000.

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

Insofar as the rent argument is concerned, the Complainant submitted (Exhibit C-1 pgs 8 & 9) a copy of the rent roll for the subject property which shows new leases signed in the year 2009, on or before the July 1/09 valuation date. This rent roll also indicates that there are two different size categories for the 1 bedroom apartments with the smaller being 600 Sq. ft. in size and the larger being 800 Sq. Ft. in size. This rent roll provides 3 examples of new leases signed for the small 1 bedroom units, 6 examples of new leases for the large 1 bedroom units and 31 examples of new leases signed for the 2 bedroom units. The indicated Median rents for these newly signed leases are \$1029/Mo. for the smaller 1 bedroom units, \$1059/Mo. for the large 1 bedroom unit and \$1259/Mo. for the 3 bedroom units. The Complainant pointed out to the CARB that the aforementioned Median rents are exclusive of any incentives offered by the landlord. The Complainant contends that as at the July 1/09 valuation date there had been a significant shift in the market place and the property was no longer able to secure new tenants at these rent levels and that incentives were required as an enticement. In support of this contention the Complainant submitted (Exhibit C-1 pgs 11 - 26) a copy of the city wide incentives being offered by the property owner, the single largest apartment landlord in Calgary and indeed the country, in their various properties. As is shown on page 18 of Exhibit C-1, the typical incentive being offered at the subject property was a rent reduction of \$100/Mo. in return for signing a 1 year lease. As a result of the foregoing the Complainant requests the assessed

rental rates be adjusted to \$929/mo. for the small 1 bedroom units, \$959/Mo. for the large 1 bedroom units and \$1159/mo. for the 2 bedroom units. The Complainant further introduced (Exhibit C-1 pg 30) 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 are (in order of descending importance): Actual leases signed on or around the valuation date." Additionally this same source states, as shown on page 31 of Exhibit C-1, under the heading *Rent Adjustments – Inducements* "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."

With regard to the GIM, the Complainant requested that the evidence and argument pertaining to same and presented in the case immediately preceding this Hearing (Hearing # 59540), which also involved the same parties and the same CARB, be carried forward to this Hearing for consideration. The Respondent did not object to this request.

The matter of the appropriate GIM to be applied to Beltline located hi-rise apartment developments is addressed in CARB WR 2277-2010-P and the CARB sees no reason to deviate from that decision in this case.

The Respondent introduced (Exhibit R-1 pg 23) *2010 Assessment Comparables Multi-Residential High Rises – Good* which shows 4 Beltline located high rise apartments complexes deemed similar to the subject, all of which have been assessed using the same inputs as those applied to the subject property, including the applied typical rents.

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 AAAVG supports this evidence as being "the best evidence of "market" rents". The CARB further notes that the Respondent concurs with this concept. The CARB also finds the evidence of the Complainant, specifically the direction as outlined in the AAAVG directly relating to this matter, to be compelling. Accordingly the CARB accepts the rental rates, inclusive of the inducements as proposed by the Complainant to be more indicative of the market rents for the subject property as at the date of valuation. As has been addressed in WR 2277-2010-P the GIM applied by the assessor does not, in the judgment of the CARB, warrant a change. As a result of the foregoing the Complaint is allowed in part.

**Board's Decision:**

The assessment is **reduced** to: **\$23,020,000.**

DATED AT THE CITY OF CALGARY THIS 16<sup>th</sup> 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.*