



ASSESSMENT REVIEW BOARD

MAIN FLOOR CITY HALL
1 SIR WINSTON CHURCHILL SQUARE
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NOTICE OF DECISION NO. 0098 114/10

Altus Group Ltd
17327 106A Avenue
Edmonton, AB T5S 1M7

The City of Edmonton
Assessment and Taxation Branch
600 Chancery Hall
3 Sir Winston Churchill Square
Edmonton AB T5J 2C3

This is a decision of the Composite Assessment Review Board (CARB) from a hearing held on August 03, 2010 respecting a complaint for:

Roll Number	Assessed Value	Municipal Address	Legal Description	Assessment Type	Assessment Notice For
3017019	2,181,500	10723 102 Street NW	Plan: B4 Block: 1 Lot: 276 / 277	Annual New	2010
3172053	2,623,000	10615 107 Street NW	Plan: B4 Block: 6 Lot: 211 / Plan: 7236AH Block: 6 Lot: A / B / C / D / Plan: 7236AH Block: 6 Lot: OT	Annual New	2010
3175957	1,777,500	10610 106 Street NW	Plan: B4 Block: 6 Lot: 246 / 247	Annual New	2010
3253457	1,707,500	10730 109 Street NW	Plan: B4 Block: 9 Lot: 192 / 193	Annual New	2010
3351905	1,480,000	10634 113 Street NW	Plan: B4 Block: 13 Lot: 228 / 229	Annual New	2010
3385556	1,358,000	10820 114 Street NW	Plan: 7541AH Block: 14 Lot: 413 / 414	Annual New	2010
3385754	1,367,500	10810 114 Street NW	Plan: 7541AH Block: 14 Lot: 415 / 416	Annual New	2010
3446556	2,152,000	10721 117 Street NW	Plan: 4423AJ Block: 16 Lot: 132 / 133 / 134	Annual New	2010
6207856	1,235,500	10416 119 Avenue NW	Plan: RN52 Block: 4 Lot: 12 / 11	Annual New	2010
6208250	1,844,500	11919 105 Street NW	Plan: RN52 Block: 4 Lot: 14 / 15 Plan: 8448ET Block: 4 Lot: A / B	Annual New	2010
6208557	1,848,500	11937 105 Street NW	Plan: 8448ET Block: 4 Lot: C / D / E	Annual New	2010
6211957	1,921,500	11906 104 Street NW	Plan: RN52 Block: 4 Lot: 59 / 60 / 58	Annual New	2010

Before:

Tom Robert, Presiding Officer
Reg Pointe, Board Member
Ron Funnell, Board Member

Board Officer:

Annet N. Adetunji

Persons Appearing: Complainant

Chris Buchanan, Altus Group Ltd

Persons Appearing: Respondent

Abdi Abubakar, Assessment and Taxation Branch
Steve Lutes, Law Branch

PRELIMINARY MATTERS

The parties agreed that roll number 3017019 at 10723 – 102 Street, could be argued/ presented to represent all of the roll numbers/ properties listed. The same evidence and supporting argument would apply to all these properties.

The representative subject as well as all other rolls/ properties are in market area number 2.

BACKGROUND

The subject property is a walk-up apartment located in the Central McDougall subdivision, designated as market area number 2.

ISSUE

Whether the 2010 assessment for the subject property represents typical market value and is fair and equitable.

LEGISLATION

The Municipal Government Act, R.S.A. 2000, c. M-26;

s.467(1) An assessment review board may, with respect to any matter referred to in section 460(5), make a change to an assessment roll or tax roll or decide that no change is required.

s.467(3) An assessment review board must not alter any assessment that is fair and equitable, taking into consideration

- a) the valuation and other standards set out in the regulations,
- b) the procedures set out in the regulations, and
- c) the assessments of similar property or businesses in the same municipality.

POSITION OF THE COMPLAINANT

The Complainant argues that the gross income multiplier used by the Respondent is too high and does not ultimately represent the market value of the subject property as of July 1, 2009. Further, the Complainant

argues that the vacancy rate applied by the Respondent does not reflect typical vacancies as of the valuation date.

The Complainant put forward a rental roll as well as typical lease rates indicating market rents of \$714.44 for bachelor suites, \$800.17 for one bedroom suites, \$1,018.44 for 2 bedroom suites, and \$1,153.33 for 3 bedroom suites (C1, page 9).

Further, the Complainant presented 5 sales in market area 2, with a weighted average gross income multiplier of 8.07 and weighted average cap rate of 8.29% (average expenses at 3,549).

In regard to vacancy, the Complainant submitted a vacancy study indicating a vacancy rate (after renovations) of 16.4%. A CMHC report was also submitted indicating a 7.2% rate as of October 2009.

POSITION OF THE RESPONDENT

The Respondent argues that when determining gross potential rent, rental income must be determined on the basis of what is typically paid in the market at the time of valuation. The Respondent argues that the rent roll put forward by the Complainant is only for a specific period (July 2009) and does not represent a typical condition.

Further, the Respondent argues that the lease rate study put forward by the Complainant does not represent the typical market in that leases are all from the same owner (that being the owner of the subject) and although actual, these properties only represent 10% of the walk-up suites in market area 2.

Further the Respondent argues that the vacancy study again is taken only from the owner's own properties and does not represent typical.

DECISION

The Board confirms the 2010 assessment of the subject property and all the listed roll numbers.

REASONS FOR THE DECISION

The Board in regard to the issue of vacancy, was not convinced that the study (C1, page 10) put forward by the Complainant was representative of typical vacancies for market area 2 for the valuation period. The study put forward indicated a 16.4% vacancy of the owner's properties after renovations whereas comparable sales presented supported a vacancy rate of 3 - 4%.

Further, the CMHC vacancy rate of 7.2% (October 2009), was considerably after the July valuation date and was not supported in regard to how this rate was derived (C1, page 11).

In regard to the issue of gross income multiplier or the income approach, the Board was of the opinion that applying rates derived from the owner's own properties (C1, page 23 – 24) did not represent typical rents.

Further, the Complainant's sales as well as the sales put forward by the Respondent indicated a value per suite of the most comparable properties of \$87,660 to \$98,333 per suite. This value range per suite appears to support the values derived via the gross income multiplier or income approach of \$90,895.

DISSENTING DECISION AND REASONS

None.

Dated this 9th day of August 2010, at the City of Edmonton, in the Province of Alberta.

Presiding Officer

This Decision may be appealed to the Court of Queen's Bench on a question of law or jurisdiction, pursuant to Section 470(1) of the Municipal Government Act, R.S.A. 2000, c.M-26.

CC: Municipal Government Board
Mainstreet Equity Corp.