



ASSESSMENT REVIEW BOARD

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NOTICE OF DECISION NO. 0098 172/11

CVG
1200-10665 Jasper Avenue
Edmonton, AB T5J 3S9

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 23, 2011, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
3077054	10607 104 Street NW	Plan: 849TR Block: 3 Lot: 236A	\$1,500,000	Annual New	2011

Before:

Larry Loven, Presiding Officer
Judy Shewchuk, Board Member
Ron Funnell, Board Member

Board Officer: Nicole Hartman

Persons Appearing on behalf of Complainant:

Tom Janzen, CVG

Persons Appearing on behalf of Respondent:

Mark Sandul, City of Edmonton, Assessor
Tanya Smith, City of Edmonton, Law Branch

PRELIMINARY MATTERS

There were no preliminary matters. Upon questioning by the Presiding Officer, the parties present indicated no objection to the composition of the Board. In addition, the Board members indicated no bias with respect to this file.

BACKGROUND

The subject property is a 16 suite apartment complex built in 1972 and located in central Edmonton in the Central McDougall neighbourhood within market area 2. It contains 10 one bedroom suites and 6 two bedroom suites.

ISSUE(S)

Is the 2011 assessment of the subject property at \$1,500,000 fair and equitable?

LEGISLATION

Municipal Government Act, RSA 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 submitted a 15 page evidence package (Exhibit C-1) with six sales comparables. Based on the Complainant's analysis of the data from his sales comparables, the Complainant suggested that a gross income multiplier (GIM) of 8.5, a capitalization rate (cap rate) of 7.5%, and a value per suite of \$85,000 be applied to the subject.

The Complainant stated that the actual rental revenue for 2009 was \$144,459 and the effective gross income was \$143,034. The net operating income was \$74,729. Based on a 35% expense ratio this would result in an estimated net income of \$92,972. Further, as per the June 2010 rent roll the potential rental income was \$143,640.

The Complainant applied his 8.5 GIM to the 2009 actual revenue to arrive at a value of \$1,215,500.

The Complainant also applied his 8.5 GIM to the Respondent's effective gross income estimate to arrive at a value of \$1,323,000.

Capitalizing the estimated net operating income (\$92,972) by 7.5% the Complainant arrived at a value of \$1,239,500.

Using the direct comparison approach the Complainant applied his \$85,000 per suite estimate to arrive at a value of \$1,360,000.

Finally the Complainant requested that the assessment be reduced to \$1,250,000 or \$78,125 per suite.

POSITION OF THE RESPONDENT

The Respondent provided a 27 page 2011 Assessment Brief (Exhibit R-1) containing 4 sales comparables (R-1, p. 15). The brief included Network's information on the four comparables (R-1, p. 14).

The Respondent also provided exhibit R-2, 122 pages containing the following: Tab 1, 2011 Lowrise Assessment Mass Appraisal Brief; Tab 2, excerpts from the *Appraisal of Real Estate Second Canadian edition, Property Appraisal and Assessment Administration, Mass Appraisal and Basics of Real Estate Appraising* (Motivation); Tab 3, MGB Board Order 075/10, MGB Board Order 040/09 and Altus High Rises CARB decision August 23-24, 2010; Tab 4, Example of Third Party Information divergence; and, Tab 5, City of Edmonton's 2011 Law & Legislation brief.

The Respondent's information regarding its sales comparables included attributes regarding location, size, effective age built, condition, suite mix, GIM, and sale price as well as time adjusted sale price (TASP) per suite. The TASP of the Respondent's comparables ranged from \$90,000 to \$99,983.

Also included in the Assessment Brief were the Respondent's four equity comparables and the subject property (R-1, p. 20). The per suite assessment of the subject is within the range of \$92,105 to \$96,274.

The Respondent spoke to the City of Edmonton Income (SPSS) Detail Report of the subject property (R-1, p. 8) which featured a Potential Gross Income of \$162,178, a vacancy allowance of 4% or \$6,487, and an effective potential gross income of \$155,691. Application of the Respondent's Gross Income Multiplier of 9.6361 produced a 2011 Assessment of \$1,500,000 or \$93,750 per suite, well within the Respondent's TSAP range of \$90,000 to \$99,283.

The Respondent explained that the model uses actual sales information to arrive at typical values.

When reviewing the Complainant's sales comparables (R-1, p. 25) the Respondent questioned the rent and expense figures, age and suite mix of the comparables and the use of outside sources for information as well as three post facto sales.

DECISION

It is the decision of the Board to confirm the assessment of \$1,500,000.

REASONS FOR THE DECISION

The vacancy rate of 4% for the subject party was accepted by both the Complainant and the Respondent.

The Board placed little weight on the capitalization rate of 7.50%, with adjustments to the net operating income, deemed to be appropriate by the Complainant to support a market value lower than the assessment.

The Board notes that the Complainant's GIMs were from a third party source and the Respondent's determined by their model. No additional evidence was provided by either party to support their figures. The Gross Income Multipliers (GIMs) for the sales comparables given by the Complainant were lower than those given by the Respondent; however, the Board did not place greater weight on one or the other.

The Respondent provided two tables of their sales comparables to illustrate that there are variances between the Network and assessed GIM factors. In part, due to these variances, the Board found it necessary to place reliance upon the Direct Comparison approach in order to determine the time-adjusted sale price per suite versus value as determined by various effective gross income, cap rate and GIM factors.

The Board finds that the characteristics of the Complainant's sales comparables (#1, #4, and #5) on which he requested the Board rely are larger, older and two are post-facto. The Respondent's sales comparables are similar in age and size to the subject property and support the time adjusted sale price per suite of \$93,000. The Respondent's equity comparables further support the assessment per suite of the subject property.

In its consideration of the above reasons, the Board finds that the subject property to be fairly and equitably valued at \$93,750 per suite or \$1,500,000.

DISSENTING OPINION AND REASONS

No dissenting opinion noted.

Dated this 12th day of September, 2011, at the City of Edmonton, in the Province of Alberta.

Larry Loven, 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, RSA 2000, c M-26.

cc: UNION SQUARE APARTMENTS LTD