



ASSESSMENT REVIEW BOARD

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NOTICE OF DECISION NO. 0098 184/11

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:
6194153	11925 103 Street NW	Plan: RN52 Block: 2 Lot: 16 / Plan: RN52 Block: 2 Lot: 15	\$1,458,500	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

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 15 suite apartment complex built in 1969 and located in central Edmonton in the Westwood neighbourhood within market area 2. It contains 1 one-bedroom suite and 14 two-bedroom suites.

ISSUE(S)

Is the 2011 assessment of the subject property at \$1,458,500 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 17 page evidence package (Exhibit C-1) with ten sales comparables. Based on his analysis of the data from his comparables, the Complainant suggested that a gross income multiplier (GIM) of 9.0, a capitalization rate (cap rate) of 6.5%, and a value per suite of \$87,000 be applied to the subject.

The Complainant applied his 9.0 GIM to the Respondent's effective gross income estimate to arrive at a value of \$1,373,436.

Using the direct comparison approach the Complainant applied his \$87,000 per suite estimate to arrive at a value of \$1,305,000.

Finally, the Complainant requested that the assessment be reduced to \$1,325,000 or \$88,333 per suite.

POSITION OF THE RESPONDENT

The Respondent provided a 33 page 2011 Assessment Brief (Exhibit R-1) containing four sales comparables (R-1, page 20). The brief included Network's information on the four comparables (R-1, page 19).

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, page 25). The per suite assessment of the subject property is within the range of \$93,025 to \$99,500.

The Respondent spoke to the City of Edmonton Income (SPSS) Detail Report of the subject property (R-1, page 8) which featured a Potential Gross Income of \$158,963, a vacancy allowance of 4% or \$6,358, and an effective potential gross income of \$152,605. Application of the Respondent's Gross Income Multiplier of 9.55774 produced a 2011 Assessment of \$1,458,500 or \$97,233 per suite, well within the Respondent's TASP range of \$90,000 to \$99,983.

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

When reviewing the Complainant's sales comparables (R-1, pages 30-31) 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 five post facto sales.

DECISION

It is the decision of the Board to confirm the 2011 assessment at \$1,458,500.

REASONS FOR THE DECISION

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

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 (#7 and #9) on which he requested the Board rely are post-facto. The Respondent's sales comparables are similar in age and size to the subject property and the time adjusted sale price per suite of its sales comparables support \$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 the subject property to be fairly and equitably valued at \$97,233 per suite or \$1,458,500.

DISSENTING OPINION AND REASONS

There were no dissenting opinions.

Dated this 20th 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: K Hanson Masonry Ltd