

NOTICE OF DECISION NO. 0098 19/12

Francesco Carnovale
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Edmonton, AB T5C 1A1

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 May 23, 2012, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
5062625	11821 46 Street NW	Plan: 8119AH Block: 4 Lot: 31 / Plan: 6183KS Block: 4 Lot: 32	\$672,000	Annual New	2012

Before:

Peter Irwin, Presiding Officer
Taras Luciw, Board Member
Tom Eapen, Board Member

Board Officer:

Rhoda Lemphers

Persons Appearing on behalf of Complainant:

Francesco Carnovale
Steve Carnovale

Persons Appearing on behalf of Respondent:

Devon Chew, Assessor, City of Edmonton

PRELIMINARY MATTERS

[1] Upon questioning by the Presiding Officer, the parties indicated no objection to the composition of the Board. In addition, the Board members indicated no bias with respect to this file.

BACKGROUND

[2] The subject property is a two storey fourplex with an area of 693 square meters and an average suite size of 173 square meters. It was built in 1973 and is located at 11821 46 Street NW in the Beacon Heights neighbourhood of northeast Edmonton.

ISSUE(S)

[3] Is the subject property assessment correct?

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

[4] The Complainant submitted written evidence to the Board (C-1, 12 pgs) along with a rebuttal (C-2, 2 pgs).

[5] The Complainant stated that the subject property has been assessed higher than other properties sold in the same area. The Complainant informed the Board that a fourplex located at 11845 69 Street sold on December 1, 2010 for \$550,000 (C1, H). This property is in Montrose, in close proximity to Beacon Heights (C1, I). The living space is 43 square feet larger than the subject property, and it has a garage. It is assessed at \$81,500 less than the subject.

[6] The Complainant also identified 13130 65 Street and 13155 66 Street as similar fourplexes to the subject. According to the Complainant, the property at 13155 66 Street has a finished basement and garage. Both of these properties are located in the Belvedere area, which is closer to an LRT station, the Londonderry Mall, and the Londonderry Fitness and Leisure Center. These traits make these properties more valuable than the subject; however they are assessed at \$69,000 and \$82,500 lower than the subject respectively.

[7] The last fourplex on the Complainant's comparison chart is assessed as 4 properties (C1, exhibit G) and was sold for \$610,000 on December 1, 2011. This property is assessed at \$48,500 lower than the subject.

[8] According to the Complainant, the 2012 assessment for the subject property is \$81,500 higher than the 2011 assessed value which has an increased value of 13.8% and does not reflect the market value. The Complainant stated that the assessor did not provide any information to support the increase in the 2012 assessment of the subject.

[9] The Complainant also provided a 2-page rebuttal (C-2), stating that among the City's sales comparables, only one fourplex is located within the same market area and that the rest are all from different quadrants of the City.

[10] The Complainant stated that all of his comparables have gross income multipliers (GIMs) of 14.5 to 18.73, which are higher than the subject property GIM of 14.36. A higher GIM indicates that the income streams of these properties are more valuable, yet the time adjusted sales prices for several of these properties are lower than the subject's assessed value of \$672,000. The comparable property located in the same market area as the subject was sold for \$600,000, which is significantly lower than the assessed value of the subject. The Complainant stated that the GIM for the subject property indicates that the assessed value of \$672,000 is too high.

[11] The Complainant acknowledged that his comparable properties are not in the same market area as the subject, yet stated that the sales comparables the assessor is using are also not from the same market area.

[12] In response to the Respondent's statement that only end values were used in the Complainant's analysis and that the assessment income details were excluded, the Complainant stated that assessment income details are not available to the public and therefore he is unable to provide such information. The Complainant stated that the assessor has not explained nor provided any evidence regarding why the methodology resulted in varied values. The Complainant also stated that the assessor has not provided information regarding what the differences are in either the potential gross income or the calculation of the GIM for these properties.

[13] The Complainant stated that page 12 of the Respondent's disclosure, mentions that the City's response needs to provide clear evidence to support the assessment as fair, yet the City has failed to do so. The Complainant stated that, based on the description of the methodology as described, for the assessed value to increase, something in the calculation has changed. The assessor has not provided any explanation as to what factor has caused the assessed value to increase by \$82,000. According to the Complainant, such a large fluctuation can signal an error or some other anomalies is the calculation and warrant a direct explanation.

[14] The Complainant stated that the Respondent's explanation about the audits is that they do not test 100% of the data, but rather rely on statistical samples to determine whether any material errors exist. The City's material threshold for an error in its entire assessment process and model would be significantly different from an individual's threshold. Therefore, according to the Complainant, an error could exist in the subject property assessment regardless of whether the model, process and results have been audited.

[15] The Complainant summarized his position by stating that the Respondent's GIM, in the absence of supporting information on how the value was calculated, does not convincingly demonstrate a fair assessment of the subject property.

POSITION OF THE RESPONDENT

[16] The Respondent submitted a 52-page assessment brief (R-1), a 44-page Property Assessment Law and Legislation document (R-2) and a one page surrebuttal (R-3).

[17] The Respondent stated that the Complainant looked at the end value of the two sales without considering the underlying issues surrounding these sales. According to the Respondent, the Complainant also made no adjustments to the comparables to reflect the difference in location, time, size, and suite mix as seen in the properties. The Respondent stated that the income approach is the most suitable method when valuing single title multi-residential properties, as these are investment properties that have been acquired for their income potential and are not typically owner-occupied. Further, the income approach adjusts for differences in attributes such as size and suite mix.

[18] The Respondent stated that the Complainant's use of equity comparables showed only the end values, and the assessment incomes of each of the properties have not been included.

[19] The Respondent also pointed out that roll numbers 4318820, 4318861, 4318929, and 4318960 are all separate title condominium properties. Since condominium titled properties are typically owner-occupied, their assessments would have been prepared using a direct sales comparison method.

[20] The Respondent provided the Board with all of the fourplex assessments in market area 11. In view of the remaining significant factors to value as stated in the mass appraisal brief, the Respondent argues that the subject property assessment is equitable.

[21] The Respondent stated that the City is required to assess each year independently of other years. The City is mandated by legislation to create assessments that are a fair representation of market value on July 1st of the valuation year and equitable with similar properties.

[22] The Respondent stated that the Complainant did not meet their onus in this case. The onus rests with the Complainant to provide sufficiently convincing evidence on which a change to the assessment can be based.

[23] Based on the City's sales comparables, equity comparables and the explanation of the year to year percent change in the assessment, the Respondent requests that the Board confirm the assessment at \$672,000.

DECISION

[24] The decision the Board is to confirm the assessment at \$672,000.

REASONS FOR THE DECISION

[25] The Board considered the evidence presented by the parties and placed greater weight on the Respondent's sales and equity comparables.

[26] The Board agrees with both parties that the Respondent's first sales comparable bears the closest similarity to the subject property and is also the most recent sale (R-1, page 38). When adjusting this sale comparable to the suite mix, size and age, this resulted in a value of \$679,016 which supports the assessment.

[27] The Board agrees with the Respondent that sales comparables should be chosen from their market area which the Respondent has provided. The Complainant's comparables, by contrast, are located in different areas of the city. The subject property is located in the Beacon Heights, while the Complainant's comparables are located in the Belvedere, Montrose and Parkdale areas.

[28] The Respondent used only the assessment income in its valuation model (R-1, page 45). The small range in GIM as shown in the Respondent's equity comparables is the result of all the properties being the same building type and from the same area. This reflected the comparability of these properties with the subject property and shows that the subject property has been assessed equitably.

DISSENTING OPINION AND REASONS

[29] There was no dissenting opinion.

Dated this 20th day of June, 2012, at the City of Edmonton, in the Province of Alberta.

Peter Irwin, 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: