



## ASSESSMENT REVIEW BOARD

Churchill Building  
10019 103 Avenue  
Edmonton AB T5J 0G9  
Phone: (780) 496-5026

### NOTICE OF DECISION NO. 0098 213/11

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 September 22, 2011, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
7095201	10621 80 Avenue NW	Plan: I26 Block: 46 Lot: 8 /7/6	\$1,494,500	Annual New	2011

#### Before:

Dean Sanduga, Presiding Officer  
Ron Funnell, Board Member  
Jasbeer Singh, Board Member

#### Board Officer:

Annet Adetunji

#### Persons Appearing on behalf of Complainant:

Peter Smith, Canadian Valuation Group

#### Persons Appearing on behalf of Respondent:

Abdi Abubaker, Assessor, City of Edmonton  
Tanya Smith, Barrister & Solicitor, City of Edmonton

## **PROCEDURAL 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.

At the commencement of the hearing, roll number 7095201 was selected as the master file and the arguments and evidence related thereto, as applicable, were carried forward to roll numbers 7225683 and 8068355, before the Board.

## **PRELIMINARY MATTERS**

The Board was advised by the Respondent that any references to the 2009 rental incomes, expenses or income multipliers should be expunged from the evidentiary submissions. The Complainant concurred.

## **BACKGROUND**

The subject property is a low rise apartment complex located in the Queen Alexandra neighborhood in south-central Edmonton. It was built in 1979 and contains 9 bachelor suites and 6 one bedroom suites. The 2011 assessment for the property is \$1,494,500 which equates to \$99,633 per suite.

## **ISSUE**

Is the 2011 assessment of the subject property at \$1,494,500 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 provided the Board a 17 page brief (C-1) containing maps, pictures, sales comparables, assessment details and 2008 rental income in support of his request for a lower assessment. References to the 2009 income on pages 1, 2, 12 and 13 were deleted, as agreed to in discussions of the preliminary issues. The Complainant's position is that the subject property's 2011 assessment is excessive when compared to the sales of similar properties and the actual income yields in respect of the subject property.

The Complainant highlighted the following salient points of argument in support of the request for a lower 2011 assessment.

- The subject property was unusual in terms of suite-mix in that it had 60% bachelor suites (9 units) and 40% one bedroom suites (6 units).
- Sales comparable #1 (C-1, page 2) was better than the subject property as it commanded an average monthly rent of \$799/suite while the subject property could garner only \$563/suite.
- Because of the unusual suite-mix, it was difficult to find good sales comparables, however, comparable #4 (C-1, page 2) with a time adjusted sale price of \$92,545 was the closest to the subject property.

During cross-examination, the Complainant agreed that;

- The time adjusted sale price in respect of the comparable #1 (C-1, page 2) was considerably lower than the other comparables.
- The requested assessment value (\$90,000/suite) was lower than the average of the time adjusted sale price in respect of the six comparables (\$97,702/suite) provided by the Complainant (C-1, page 2).
- The requested lower 2011 assessment value of \$1,100,000 (C-1, page 2) translated to a per suite value of \$73,333.

The Complainant stressed that in the case of income generating properties, like the subject, income trumped most other considerations.

The Complainant requested for a reduced 2011 assessment of \$1,100,000.

## **POSITION OF THE RESPONDENT**

The Respondent provided an assessment brief (R-1) and a law and legislation brief (R-2) that included assessment details, pictorial evidence, excerpts from text books, legislation, past decisions by the Municipal Government Board (MGB), sales and equity comparables.

The Respondent argued that:

- The subject was located in a highly desirable part of the city (market area 3) with easy access to educational and health facilities.
- Mass appraisal is used to derive typical values and time adjusted sales occurring from January 2007 through June 2010, which are utilized for comparison and testing purposes.
- The Gross Income Multiplier (GIM) of 11.28 applicable to the subject property was derived from actual sales in the subject's market area and was well within the range of GIM values shown in respect of the Complainant's or the Respondent's sales comparables (C-1, page 2 and R-1, page 46).
- Sales comparable #4 (C-1, page 2) suggested by the Complainant as the closest comparable to the subject, was built in 1947, was divided into two mutually inaccessible sections and was shown to have average monthly rent of \$835/suite, as compared to the typical rent of \$759/suite applied to the subject property.
- The typical rent (\$759/suite) applied to the subject property was well below the CMHC published market rents for bachelor suites in this market area. During cross-examination, the Respondent conceded that CMHC surveys included high-rise buildings that may skew the results, but maintained that these figures adequately reflected the actual market conditions to support the assessed income levels (R-1, page 60).
- The Complainant's 2008 actual rent figures of \$563/suite/mo could not be relied upon or used for the 2011 assessments as the Complainant failed to provide vacancy figures or other supporting information.
- The Complainant's use of an arbitrary Gross Income Multiplier (GIM) of 10.5 applied to an unsubstantiated 2008 (actual) income of \$101,410 (C-1, page 12) to derive a value of \$1,065,000 for the 2011 assessment was not consistent with legislative requirements or the practices prescribed in professional text that say, "It is essential that the income or rent of the properties used to derive the multiplier is comparable to that of the subject and that the specific multiplier derived be applied to the same income base" (R-1, page 19).

## **DECISION**

The Decision of the Board is to confirm the 2011 assessment of the subject property at \$1,494,500 as fair and equitable.

## **REASONS FOR THE DECISION**

1. The Respondent indicated that for the purpose of the 2011 annual assessment, the low-rise apartments were assessed using the income approach that adjusts for attributes that impact market value.

2. The Board was not convinced by the Complainant's argument to base the 2011 assessment on the claimed low 2008 actual rental income (\$563/suite/mo) when the legislation requires the Respondent to rely on 'typical' income for the assessment.
3. The Board was not persuaded by the Complainant's position requesting for the 2011 assessment to be lowered to \$73,333/suite, while the average of the comparables provided by the Complainant was shown to be \$97,702 and the Complainant considered a value of \$90,000/suite to be 'appropriate' (C-1, page 2).
4. The Board was persuaded by the Respondent's five sales comparables (R-1, page 46), three of which are common with the Complainant's comparables (C-1, page 2), that support the 2011 assessment for the subject property.
5. The equity comparables provided by the Respondent (R-1, page 59) showed that the subject had been treated fairly and equitably for the 2011 assessment.
6. The Board finds that the Complainant failed to provide sufficient evidence to support the requested reduction in the 2011 assessment from \$1,494,500 to \$1,100,000.
7. The Board finds that the 2011 assessment of \$1,494,500 is fair and equitable.

### **DISSENTING OPINION AND REASONS**

There was no dissenting opinion.

Dated this 5<sup>th</sup> day of October, 2011, at the City of Edmonton, in the Province of Alberta.

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Dean Sanduga, Presiding Officer

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*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.*

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cc: K. Hansen Masonry Ltd.