



ASSESSMENT REVIEW BOARD

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NOTICE OF DECISION NO. 0098 257/10

Task Management Corp
745 West 66 Avenue
Vancouver, BC V6P 2R4

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 08, 2010 respecting a complaint for:

Roll Number 3746104	Municipal Address 11035 97 Street NW	Legal Description Plan: RN83 Block: 38 Lot: 14 / 15 / 16
Assessed Value \$1,526,000	Assessment Type Annual - New	Assessment Notice for 2010

Before:

Hatem Naboulsi, Presiding Officer
Jim Wall, Board Member
Jasbeer Singh, Board Member

Board Officer: Annet N. Adetunji

Persons Appearing: Complainant

Kevin Ng, Task Management Corp

Persons Appearing: Respondent

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PRELIMINARY MATTERS

The parties present indicated no objection to the composition of the Board. The Board members indicated no bias with respect to this file.

BACKGROUND

The subject property is a heritage building constructed in 1919 and contains 14 rooming units and 9 self-contained suites. The 2010 assessment of the subject is \$1,526,000.

ISSUE

Is the subject property correctly assessed?

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 submitted that the property is subjected to CMHC rent controls under a 15 year agreement to provide low rental housing. Further, he stated that ‘the heritage’ designation prohibits any re-development to increase the income potential of the property and the same designation requires better upkeep and costly exterior maintenance.

The Complainant stated that low-income tenants result in higher default/delinquency and loss of income and that the old drainage system of the property is prone to problems and requires extensive work to minimize flood damage.

The Complainant provided 2 sales comparables (C1, pages 5-6) to support a reduction in the assessment to \$900,000 (C1, page 2).

POSITION OF THE RESPONDENT

The Respondent submitted a 71 page assessment brief (R1) and stated that the subject property was assessed using the cost approach as it was deemed to be of a rooming house type. The land component of the cost approach was supported through 5 sales comparables (R1, page 32) and 9 equity comparables (R1, page 33).

The Respondent asked the Board to confirm the assessment.

DECISION

The decision of the Board is to reduce the assessment from \$1,526,000 to \$1,128,500.

REASONS FOR THE DECISION

The Board finds that due to the subject property's type, age, and heritage designation, expenses related to insurance, repairs and maintenance are higher than typical for this type of property. The Board also finds that the increased repairs and maintenance are partly due to drainage problems. The Board is of the opinion that higher than typical expenses related to this property are not effectively captured in the cost approach. The Board finds the subject property's value is adversely affected by the rent controls imposed by CMHC.

The Board finds that the assessed value of the subject property should be based on an income approach which would recognize the aforementioned factors.

The Board finds that the gross annual income of the subject property is \$98,176. The rent roll as supplied by the owner to the Respondent (R1, page 25) indicated an actual annual gross income of \$92,880.

The Complainant submitted a sale comparable which was similarly affected by rent controls and which indicated a gross income multiplier of 12.15. When this gross income multiplier is applied to the \$92,880 actual gross income of the subject, the resultant value is \$1,128,500 which the Board considers to fairly reflect the value of the subject property.

DISSENTING OPINIONS AND REASONS

None.

Dated this 20th day of September, 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