



## ASSESSMENT REVIEW BOARD

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

### NOTICE OF DECISION NO. 0098 314/11

APTAS  
#397 52471 RR 223  
Sherwood Park, AB T8A 4P9

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 October 25, 2011, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
4313532	9950 90 AVENUE NW	Plan: I24A Block: 124 Lots: 1 - 6	\$5,912,500	Annual New	2011

#### Before:

David Thomas, Presiding Officer  
James Wall, Board Member  
Petra Hagemann, Board Member

**Board Officer:** Karin Lauderdale

#### Persons Appearing on behalf of Complainant:

Michelle Warwa-Handel, APTAS

#### Persons Appearing on behalf of Respondent:

Cameron Ashmore, Law Branch  
Renee Redekopp, Assessment 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. The witnesses were sworn in and evidence was provided under oath by both parties.

## **BACKGROUND**

The subject property is a multi family walk-up apartment located at 9950 - 90 Avenue in the Strathcona area of Edmonton. It was built in 1972 and is comprised of 1 bachelor suite, 22- 1 bedroom, 25- 2 bedroom and 1-3 bedroom suites.

## **ISSUE(S)**

The issues before the Board are:

1. Do sales in the area support a reduced value per suite?
2. Do sales in the area support a lower GIM (Gross Income Multiplier)?
3. Is the assessment 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 presented a 2 part, 53 page document (C-1) to the Board. The Complainant argued that sales in the area of the subject indicated a lower per suite value than exhibited in the 2011 assessment of the subject property. In addition these same sales support a lower GIM than that used by the City in the 2011 assessment.

Equity comparables put forward suggest the subject property's 2011 assessment is not fair and equitable.

In support of the requested per suite value and GIM, the Complainant provided 5 sales comparables (C-1, pg 4). These sales comparables ranged in size from 20 units to 72 units, indicate a per suite value range from \$94,545 to \$109,836; average of \$103,221/suite. The sales comparables exhibited an average GIM of 9.6102 and a median of 9.2011.

The subject property's 2011 assessment reflects a value of \$120,663/suite and a GIM of 11.22776.

The Complainant notes the Respondent used a potential gross income (PGI) of \$542,884 and a vacancy factor of 3% compared to the Complainant's actual PGI of \$497,592 and a vacancy factor of 3%; this resulted in a Respondent's effective potential gross income (EPGI) of \$526,597 compared to the Complainant's \$482,665.

The Complainant provided the Board with 1 equity comparable (C-1, pg 30), a sister building located next to the subject property. This equity comparable is assessed at \$115,892/suite. In rebuttal the Complainant notes the 2011 assessment of 3 of the 4 Respondent's sales comparables (C-2, pg 2-4) ranged from \$96,240/suite to \$116,580/suite, well below the subject property's 2011 assessment of \$120,663.

The Complainant referred the Board to third party information (C-1, pg 40-53) as a reference to the rental market including typical rents and vacancy rates.

The Complainant concludes the 2011 assessment of the subject property should be reduced to \$5,057,841 or \$103,221/suite.

## **POSITION OF THE RESPONDENT**

The Respondent requested a dismissal of the complaint on the grounds that the Complainant did not provide any evidence supporting their burden of proof.

The Board did not grant this request and asked the Respondent to present their case.

The Respondent submitted a 77 page brief (R-1) defending the assessment of the subject property. The brief contained information on the mass appraisal process, significant variables used in the model to determine the assessment of multi-residential properties, law and legislation brief, the income detail report of the subject apartment building and sales and equity comparables.

The Respondent presented the Board with 4 sales comparables (R-1, pg 29) similar to the subject in age, condition and market area. The GIM and sale price per suite support the assessment of the subject property.

The 3 equity comparables presented by the Respondent (R-1, pg 34) similar to the subject in age, condition, size, average suite size and market areas indicate the assessment to be fair and equitable.

The Respondent advised the Board that the City's estimated rents for the subject are based on typical market rents which are derived from actual rental information submitted by more than 2,200 property owners in the City of Edmonton.

The Respondent requests the Board to confirm the assessment of the subject property.

## **DECISION**

The decision of the Board is to confirm the 2011 assessment at \$5,912,500.

## **REASONS FOR THE DECISION**

The Complainant has relied on the same five sales as support for the argument that either direct sales comparison or GIM values derived from sales support a lesser assessment.

The Board, in reviewing these sales for comparability, noted the following:

Sale #1 located at 2808 – 79 Street is a property located in Mill Woods, a very different market area from the subject. Additionally this property exists as a condominiumized property which sold by judicial sale. This was not found to be a comparable property.

Sale #2 located at 10725 – 109 Street is also in a different market area and has a different suite mix from the subject property. The Board believes this property as located has limited comparability to the subject.

Sale # 3 located at 12615 – 152 Avenue is also located far from the subject property in a different market area. This property is more than 25 years newer than the subject. The Board did not find comparability in this sale.

Sale #4 located at 10015 – 83 Avenue, located in the same market area, is nearly 11 years older in effective age than the subject. This property is smaller over all and is comprised of mostly (75%) 1-bedroom suites. The subject is nearly evenly divided between 1 and 2-bedroom apartments. The Board believes this property is only a weak comparable to the subject property.

Sale #5 located at 8905 – 75 Street is also located in a different market area; one the Board believes is significantly lower in general value. Again the suite mix differs significantly from the subject. The property has undergone significant upgrades, without determining the effective age for this property it is not possible to compare age to the subject.

The Board noted that in both the Complainant's and Respondent's submissions reference is made to the significant variables in the modeled value of the property included age, condition and market area as well as suite mix. In reviewing the Complainant's evidence, the Board found very little support in the comparables presented for the conclusion that the Complainant seeks.

The Complainant in pursuing comparability by GIM (gross income multiplier) chose the sales value of sale #4 located at 10015 – 83 Avenue. To this was applied the actual income of the subject to obtain a value sought of \$5,117,310. Without adjustments for age, suite mix and PGI this comparison has little meaning.

Finally the Complainant has sought a fairness and equity valuation of \$115,892/suite based on an adjoining "sister building" so assessed. The Board found that without better evidence, particularly as to suite mix, this relief was not warranted.

The Complainant rebuttal document (C-2) made reference to equity comparables to 3 of 4 city sales comparables. The evidence presented also gave insufficient information particularly in suite mix, to give consideration to this request.

With the benefit of greater time to review the 53 pages presented, the Board determined that within the Complainant's submission, evidence and argument that the presentation did not meet the onus of proof as to the correctness or equity of the assessment for the subject property.

With this conclusion, the Board does not include their review of the Respondent's submission.

### **DISSENTING OPINION AND REASONS**

There were no dissenting opinions and reasons.

Dated this 1<sup>st</sup> day of November, 2011 at the City of Edmonton in the Province of Alberta.

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David Thomas, 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: F TONN CONSTRUCTION CO. LTD.