



ASSESSMENT REVIEW BOARD

MAIN FLOOR CITY HALL
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NOTICE OF DECISION NO. 0098 36/10

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THE CITY OF EDMONTON
ASSESSMENT AND TAXATION BRANCH
600 CHANCERY HALL
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EDMONTON, AB T5J 2C3

This is a decision of the Composite Assessment Review Board (CARB) from a hearing held on June 22, 2010 respecting an appeal on the 2010 Annual New Realty Assessment.

Roll Number 2783108	Municipal Address 12525 118 Ave NW	Legal Description Plan 1505MC Block 41 Lot 11U/12
Assessed Value \$1,235,500	Assessment Type Annual New	Assessment Year 2010

Before:

Ted Sadlowski, Presiding Officer
Anthony Slemko, Board Member
Taras Luciw, Board Member

Persons Appearing: Complainant

Peter Smith, Agent

Persons Appearing: Respondent

Guo He, Assessor
Steve Lutes, Solicitor
Abdi Abubakar, Assessor Assistant

PROCEDURAL MATTERS

The question of bias was addressed and no objections were raised by either of the parties appearing or by the Board.

PRELIMINARY MATTERS

None.

ISSUE(S)

The amount of the assessment was identified on the complaint form as the issue.



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 Respondent used a higher Gross Income Multiplier (GIM) than the market derived GIM of 10.0.

The Complainant supported the market GIM by providing five sales comparables located in the same market area as the subject (exhibit C-1, page 2). Furthermore, the evidence includes a market view of Edmonton multihousing market from C.B. Richard Ellis that described a significant erosion in values in 2009 with vacancies climbing and rents dropping.

The Complainant requested a reduction of the 2010 assessment to \$1,100,000.

POSITION OF THE RESPONDENT

The Respondent defined the mass appraisal income approach to low-rise apartments as being the basis for the PGI (potential gross income), the vacancy rate, and the GIM.

The Respondent provided six sales comparables (exhibit R1, page 34) including three that were submitted by the Complainant. The average GIM of the six sales is 10.83. The Respondent believes a GIM of 10.80 is considered to be appropriate (exhibit R-1, page 34) from the analysis of the market data.

The Respondent's evidence included a rent roll dated December 31, 2008 for the subject and concluded that the actual rents support the assessment.

DECISION

The decision of the Board is to reduce the assessment from \$1,235,500 to \$1,184,000.

REASONS FOR THE DECISION

The subject is a walk-up apartment building that is two-and-a-half storeys high and is in average condition. It has 12 suites, nine being two bedroom and three being one bedroom. The Respondent used a gross income multiplier of 10.8 to arrive at the property assessment of \$1,235,500.

The Complainant and Respondent used the income approaches to determine the assessed value of the subject. Both the Complainant and the Respondent also provided sales comparables (exhibit R-1, page 34) and (exhibit C-1, page 2). The Board was persuaded by the comparables that were common to both submissions (11541/45 – 124 St; 11320 – 124 St and 12402 – 115 Avenue). They were similar to the subject in market area, age, the numbered suites and location.

The GIMs (gross income multiplier) of the comparable properties ranging from 9.78 to 11.06. The Board applied a GIM of 10.5 which is in range of the GIMs of the similar properties. Applying a 10.5 GIM to the typical potential gross income of \$112,762 (R-1, page 20) yields an assessment of \$1,184,000.

Dated this twenty-third day of June, 2010 A.D. at the City of Edmonton, in the Province of Alberta.

Presiding Officer

CC: Municipal Government Board
City of Edmonton, Assessment & Taxation Branch
City of Edmonton, Law Branch
CVG Ltd.