



ASSESSMENT REVIEW BOARD

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NOTICE OF DECISION 0098 87/11

John C. Manning
c/o 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 July 13, 2011, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
8141319	10011 - 89 Avenue NW	Plan: 7995R Block: 116 Lot: 16-18	\$2,043,500	Annual New	2011

Before:

Steven Kashuba, Presiding Officer
Judy Shewchuk, Board Member
Ron Funnell, Board Member

Board Officer: Nicole Hartman

Persons Appearing on behalf of Complainant:

Peter Smith, Canadian Valuation Group

Persons Appearing on behalf of Respondent:

Cameron Ashmore, City of Edmonton, Law Branch
Mark Sandul, City of Edmonton, Assessor
Meghan Richardson, City of Edmonton
Amy Murphy, City of Edmonton

PRELIMINARY MATTERS

At the request of the Respondent the witnesses were sworn in. 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.

BACKGROUND

The subject property is an 18-suite apartment complex located in south-central Edmonton. It was built in 1980 and contains 3 bachelor suites, 9 one-bedroom suites, and 6 two-bedroom suites. The current assessment is \$2,043,500.

ISSUE(S)

1. Do the Gross Income Multiplier and the Capitalization Rate support the assessment of the subject property?
2. Do the sales of comparable properties support the assessment?

LEGISLATION

Municipal Government Act, R.S.A. 2000, c. M-26;

s. 460(1) A person wishing to make a complaint about any assessment or tax must do so in accordance with this section.

s. 460(5) A complaint may be about any of the following matters, as shown on an assessment or tax notice:

- (a) the description of a property or business;
- (b) the name and mailing address of an assessed person or taxpayer;
- (c) an assessment;
- (d) an assessment class;
- (e) an assessment sub-class;
- (f) the type of property;
- (g) the type of improvement;
- (h) school support;
- (i) whether the property is assessable;
- (j) whether the property or business is exempt from taxation under Part 10.

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.

Matters Relation to Assessment Complaints Regulation 301/2009 (MRAC);

s. 9(1) A composite assessment review board must not hear any matter in support of an issue that is not identified on the complaint form.

s. 13(1) For the purposes of section 468 of the Act, a decision of an assessment review board must include

- (a) a brief summary of the matters or issues contained on the complaint form,
- (b) the board's decision in respect of each matter or issue,
- (c) the reasons for the decision, including any dissenting reasons, and
- (d) any procedural or jurisdictional matters that arose during the hearing, and the board's decision in respect of those matters.

POSITION OF THE COMPLAINANT

In support of their request for a reduction in the assessment amount, the Complainant presented 4 sales comparables (Exhibit C-1, page 2) which reflect the number of suites, ages of building, sale date, Gross Income Multiplier, Capitalization Rate, and Sale Price per suite. Based upon an analysis of the information provided in these sales comparables and by utilizing a Capitalization Rate of 7%, and a Gross Income Multiplier of 9.50, the Complainant submitted that the assessment should be reduced to \$1,700,000.

To further support their request, the Complainant presented an income statement, dated 01/01/2010, from which they extracted the net income. By using an income approach to value and applying a Gross Income Multiplier of 9.50, the Complainant arrived at a requested assessment value of \$1,700,000.

POSITION OF THE RESPONDENT

In support of the assessment the Respondent presented 5 sales comparables and their Sales Information (Exhibit R-1, page 17). The Respondent included a chart which demonstrated the comparables' Attributes and Gross Income Multiplier Factors compared to those of the subject property. In particular, the Respondent submitted that the income stream for the subject property is higher than the income streams of three comparable sales, and slightly lower than those of the two remaining properties. In the opinion of the Respondent, this comparison shows that the subject property is correctly assessed.

In addition, the Respondent presented 5 equity comparables (Exhibit R-1, page 23) located in the same sector of the City as the subject and which have similar characteristics. It is their submission that the assessment of \$113,528 per suite of the subject property is comparable to the assessment values per suite in these comparable properties (Exhibit R-1, page 23).

The Respondent submitted an analysis of the Complainant's 4 sales comparables (Exhibit R-1, page 16) and pointed out that one sale was converted to a condo. When it was sold as a walk-up there was no condo conversion factor in effect. Sale #3 had an inferior suite mix, and a time adjustment was not required for sales after May, 2009. From this analysis, the Respondent concluded that the Complainant's sales comparables lacked credibility.

DECISION

It is the decision of the Board to confirm the assessment of the subject property for 2011 at \$2,043,500.

REASONS FOR THE DECISION

1. The Board places considerable weight upon the sales comparables presented by the Respondent which exhibit characteristics similar to that found in the subject property and which support the assessment in terms of income stream and price per suite.
2. The Respondent's equity comparables, located in the same area of the City, support the assessment.
3. The Board places less weight upon the 4 sales comparables presented by the Complainant in that these were derived from the Network, which brings into question whether or not these sales all occurred at arm's length. Further to this, the Board notes that Sale #4 occurred in July 2010, after the valuation date of July 1, 2010.
4. As to the issue of the use of a Gross Income Multiplier and a Capitalization Rate to determine market value, the Board is not able to draw any conclusions from the information provided by the Complainant in that the information was derived from the Network.
5. Finally, the Board acknowledges that the Complainant objected to the Respondent presenting equity comparables since it was their submission that equity was not at issue. However, the Respondent pointed out that the Complaint Form completed by the Complainant did list equity to be an issue. The Board reviewed the Complaint Form submitted by the Complainant, and confirms that the Complainant did list equity to be an issue. As a result, the Board places considerable weight upon the equity comparables submitted by the Respondent, which do support the assessment.

DISSENTING OPINION AND REASONS

There were no dissenting opinions.

Dated this 26th day of July, 2011, at the City of Edmonton, in the Province of Alberta.

Steven Kashuba, 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: CVG
PAUL PALUDET PROFESSIONAL CORPORATION