



ASSESSMENT REVIEW BOARD

Churchill Building
10019 103 Avenue
Edmonton AB T5J 0G9
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NOTICE OF DECISION NO. 0098 875/11

Colliers International Realty Advisors Inc
1000-335 8th Ave SW
Calgary, AB T2P 1C9

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 March 19, 2012, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
5213657	1150 Hooke Road NW	Plan:4907TR Block: 17 Lot: 75	\$14,554,500	Annual New	2011

Before:

Warren Garten, Presiding Officer
George Zaharia, Board Member
Tony Slemko, Board Member

Board Officer:

Annet Adetunji

Persons Appearing on behalf of Complainant:

Stephen Cook, Colliers International

Persons Appearing on behalf of Respondent:

Mark Sandul, Assessor, City of Edmonton
Steve Lutes, Barrister & Solicitor, City of Edmonton

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.

No other preliminary matters were brought forward before the Board

BACKGROUND

The subject property is a 147 multi-family residential complex comprised of 3 bachelor, 48 one bedroom, 78 two bedroom and 18 three bedroom suites with a combined average suite size of 969 square feet. The property is located on the north-eastern boundary of the City on 2.095 acres and was constructed in 1978. The property is currently assessed with an effective year built of 1978.

ISSUE(S)

There are two issues regarding this complaint:

1. The first issue pertains to Chronic Vacancy of the subject which has not been considered by the City in the assessment calculation
2. The second issue is the market value of the property based on the direct sales comparison approach and the (GIM) Gross Income Multiplier (9.79282) used by the City in the assessment calculation.

LEGISLATION

Municipal Government Act, RSA 2000, c M-26

s. 1(1)(n) ‘market value’ means the amount that a property, as defined in section 284(1)(r), might be expected to realize if it is sold on the open market by a willing seller to a willing buyer.

464(1) Assessment review boards are not bound by the rules of evidence or any other law applicable to court proceedings and have power to determine the admissibility, relevance and weight of any evidence.

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

1. The Complainant argued that the vacancy of 4% used by the City of Edmonton in the calculation of the 2011 assessment was understated as the actual vacancy for this property was chronic and should be changed to 10%.
2. The Complainant provided 2 months' worth of rent rolls (C-1 pg. 24-31) to support a higher vacancy. The first was a snapshot of February 2010 which appeared to show a vacancy higher than 4%; however, no detailed calculation was provided.
3. The Complainant further provided a rent roll (C-1 pg. 28-31) of a month that was deemed to be in 2009 which could not be confirmed. This month also appeared to have a higher vacancy than in the assessment; however, no detailed calculation was provided.
4. In response to questioning the Complainant agreed that the financial statements dated May 31, 2009 (provided to the City) displayed a vacancy loss which the Board was able to calculate to be 5.6% over a period from June 1, 2008 to May 31, 2009.
5. The Complainant argued that the vacancy had been in a chronic state over a period of 2 years.
6. The Complainant further requested a reduction of the GIM to 9.1 from 9.79282 and provided a list of 4 comparable property sales to support this request.
7. Upon questioning the complainant agreed that the average size of the units were approximately 970 square feet which is considered large by comparison in the marketplace.
8. It was determined that there were no comparable sales available in market area 11 which is the subject's market area.
9. In response to questioning, the Complainant agreed that the Complainant's sale number 1 was a judicial sale and may not be considered as comparable.
10. The Complainant requested a reduced assessment of \$12,680,000

POSITION OF THE RESPONDENT

1. In Response to the Complainant's evidence, the Respondent provided 6 comparable sales (R-1 pg. 48) in support of the 2011 assessment.
2. Upon questioning it was determined the comparable number 1 was post facto and could not be considered.
3. Further questioning pointed out that comparable number 2 was built in 2003 and had underground parking resulting in poor comparability.

4. Further, comparable number 5 was purchased by a City agency (Capital Region Public Housing) which could be deemed as an exceptionally motivated buyer who may pay well beyond normal market expectations and resulting in poor comparability.
5. It was determined that comparable number 6 had a sizeable vendor take back mortgage included in the transaction which could artificially inflate the final price of the sale resulting in poor comparability.
6. The Respondent provided 4 equity comparable properties (R-1 pg. 55) to support the current assessment.

DECISION

The CARB finds that:

1. The Vacancy rate will remain at 4% per the 2011 assessment from the City of Edmonton.
2. The Gross Income Multiplier (GIM) will be reduced to 9.28 from 9.79282

The Board's decision is to reduce the 2011 assessment to \$13,792,000.

REASONS FOR THE DECISION

1. The Board considered all evidence pertaining to the request to increase the vacancy to 10% from the existing 4% used in the 2011 assessment; however, the evidence of only one confirmed month of high vacancy is not enough to qualify for chronic vacancy status. As a result the vacancy used by the City of Edmonton was confirmed at 4%.
2. The Board considered all evidence pertaining to the Complainant's request to reduce the GIM to 9.1 from the existing 9.79282 as all sales comparable properties were carefully considered.
3. The Board placed the most weight on 3 sales from the Complainant and 2 sales from the Respondent for a total of 5 comparable sales.
4. The 3 Complainant's sales considered were numbers 2, 3 and 4 with GIM calculated at 9.04, 9.28 and 9.30.
5. The Respondent's sales considered were numbers 3 and 4 with GIM calculated at 10.56 and 9.24.
6. The Board found that these 5 sales being considered had an average GIM of 9.48 with a median GIM of 9.28. When the outlier sale (GIM 10.56) was removed, the GIM average is determined to be 9.22.
7. The Board placed the most weight on the median of the 5 comparables with a resulting GIM of 9.28.

DISSENTING OPINION AND REASONS

There were no dissenting opinions regarding this decision

Dated this 13th day of April, 2012, at the City of Edmonton, in the Province of Alberta.

Warren Garten, 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, RSA 2000, c M-26.

cc: CANRIDGE PROPERTIES LTD.
SHELTER CORP OF CANADA LTD