



ASSESSMENT REVIEW BOARD

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NOTICE OF DECISION 0098 88/11

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:
1265123	9108 149 Street NW	Plan: 5754HW Block: 4 Lot: 1 Plan: 5754HW Block: 4 Lot: 2	\$1,179,500	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 (CVG)

Persons Appearing on behalf of Respondent:

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

PRELIMINARY MATTERS

At the Respondent's request 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

Located in west Edmonton in the Jasper Park Neighbourhood, the subject property was built in 1969 and consists of an 11-suite apartment complex in which all the units are 3-bedroom. It has been rated in average condition.

ISSUE(S)

1. Is the vacancy rate sufficiently high in the subject property to warrant a reduction in the assessment amount?
2. Do the Gross Income Multiplier (GIM) and the Capitalization Rate, as utilized by the City of Edmonton, support the assessment?
3. Do the sales comparables support a reduction in the assessment?

LEGISLATION

The 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 AR 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

The Complainant submitted Exhibit C-1 in which four sales comparables were presented reflecting the number of suites in each building, age, date of sale, GIM, Capitalization Rate, and the selling price of each unit.

The Complainant provided an analysis and comparison of the sales information to derive a requested GIM of 9.00 and an overall capitalization rate of 8.0%. By applying the GIM and Cap Rate to the subject property, the Complainant derived a requested 2011 assessment of \$950,000.

In addition, the Complainant provided an Income Statement for December 2010 (Exhibit C-1, page 6) which reflected the income and expense streams for the month. In particular, the Complainant noted that the vacancy rate in the subject property was inordinately high at 27.27% (Exhibit C-1, page 7) as at January 1, 2010 and 9.09% as at June 1, 2010 (Exhibit C-1, page 8).

The Complainant supported their sales comparables with adjustments to bring the sales to the valuation date of July 1, 2010 (Exhibit C-1, pages 9-13).

POSITION OF THE RESPONDENT

In support of the 2011 assessment, the Respondent presented several photographs of the subject property (Exhibit R-1, pages 5 – 9) and a Tax Assessment and Collection System Report (Exhibit R-1, page 10) which provides the details of the subject property and the assessment amount per suite of \$107,227. In addition, the Respondent presented owner reports as regards parking; the rent roll for the month of February, 2010; an income statement for December, 2009; a rent roll for the move-in date of February 28, 2010; and the potential gross income for 2010 (Exhibit R-1, pages 12-18).

The Respondent provided three comparable sales derived from the Network from which a time-adjusted sale price per suite was calculated (Exhibit R-1, page 19). These sales comparables, in the opinion of the Respondent, reflect similar attributes, GIM factors, and sales information similar to that of the subject property (Exhibit R-1, page 20), and support the assessment of the subject property.

DECISION

It is the decision of the Board to confirm the assessment of the subject property for 2011 at \$1,179,500.

REASONS FOR THE DECISION

1. The Board notes that the relatively high vacancy rate as reported by the Complainant is neither supported by the Request for Information report submitted to the City of Edmonton nor by typical vacancy rates in the industry. In this regard, the Board places considerable weight upon the data presented by the Respondent wherein typical vacancy rates are applied to the income stream of the subject property and which support the assessment (Exhibit R-1, page 19).
2. The Board places considerable weight upon the Respondent's analysis of the Potential Gross Income (PGI) and the normalized vacancy rate applied to sales comparables which support the assessment (Exhibit R-1, page 20).
3. The Board places little weight upon the four sales comparables presented by the Complainant (Exhibit C-1, page 2) in that insufficient information is provided through which the Board would be able to make a valid comparison to the subject property in terms of condition, suite mix, size of suites, and condition of the building. In this regard, the Board places considerable weight upon the sales comparables presented by the Respondent which present an analysis of attributes, gross multiplier factors, and sales information.
4. Finally, the Board accepts that when the Respondent's sales comparables are subjected to a gross income and capitalization rate analysis, the current assessment is supported.

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
257168 ALBERTA LTD.