



ASSESSMENT REVIEW BOARD

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NOTICE OF DECISION 0098 90/11

CVG
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 August 8, 2011, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
1079268	10125 121 Street NW	Plan: 4423AJ Block: 20 Lot: 355 / Plan: 4423AJ Block: 20 Lot: 5 - 10 / Plan: 4423AJ Block: 20	\$39,594,500	Annual New	2011

Before:

Ted Sadlowski, Presiding Officer
Jack Jones, Board Member
Jasbeer Singh, Board Member

Board Officer: Nicole Hartman

Persons Appearing on behalf of Complainant:

Tom Janzen, Canadian Valuation Group

Persons Appearing on behalf of Respondent:

Abdi Abubakar, City of Edmonton, Assessor
Tanya Smith, City of Edmonton, Law Branch

PRELIMINARY MATTERS

There were no 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.

BACKGROUND

The subject property, known as The Pinnacle, is an average condition high-rise apartment building constructed in 1972 in the Oliver neighbourhood. The building comprises 249 apartment suites (149- 1 bdrm. & 100- 2 bdrm.) of which 124 have a river valley view. There are also 25,565 square feet of main floor commercial space and 218 underground parking stalls.

ISSUE(S)

The Complainant had listed a number of issues on the complaint form but the evidence and argument presented at the hearing addressed only the following:

- 1) Is the 2011 assessment of the subject property at \$39,594,500 fair and equitable?
- 2) Is the gross income multiplier (GIM) utilized to determine the 2011 assessment correct?

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 presented evidence (C-1) and argument for the Board's review and consideration.

The Complainant indicated that they were in agreement with the 2011 assessment with respect to the income, vacancy rate and valuation of the commercial component. The only requested revision to the 2011 assessment was with respect to the GIM applied to the residential component.

The Complainant presented five comparable sales of apartments (C-1, page 2) from 2007 (noting that no other high-rise sales had occurred prior to the valuation date of July 1, 2010). These sales showed an average GIM of 11.92. The Complainant then utilized data from a Cushman & Wakefield report (C-1, page 16) to illustrate that the average gross rent multiplier (GRM) for multi-family sales decreased from 13.00 in 2007 to 10.1 in 2010, a drop of 22.3%.

The Complainant then applied the 22.3% decrease to the average GIM of the sales comparables to derive a requested GIM for the subject property of 9.25. When the requested GIM is applied to the subject property's 2011 assessment the value of the residential component of the subject building comes to \$31,129,000.

When the requested residential assessment is added to the commercial assessment the total requested 2011 assessment is reduced from \$39,594,500 to \$35,400,000.

POSITION OF THE RESPONDENT

The Respondent presented evidence (R-1 & R-2) and argument for the Board's review and consideration.

The Respondent presented four equity comparables (R-2, page 60) of assessments of properties that were similar to the subject property with respect to market area, age, condition and having underground parking. The GIM for these comparable properties ranged from 10.47 to 10.73 compared to the GIM of the subject property which is 10.50.

The Respondent also presented a multi-family walk-up apartment sale (R-1, page 61) from a large complex with a GIM of 10.67 to support the GIM of 10.50 utilized for the 2011 assessment.

The Respondent referenced the variables that impact the income a property can achieve as well as the factors that impact the GIM (R-1, page 53). The three key variables impacting the GIM are market area, building type and age. The Respondent noted that only two of the Complainant's sales comparables (C-1, page 2), #2 & #4, were in the same market area as the subject property.

The Respondent presented five sales comparables (R-1, page 87) with a GIM range of 10.93 to 17.88. Of the five sales comparables, three were from the same market area as the subject property.

The Respondent presented six sales comparables of walk-up apartments (R-1, page 102) which included income data and the associated GIMs derived from three different sources. The three sources were The Network, Anderson Data and the City of Edmonton. The purpose of the presentation was to illustrate that the data and the results derived from the same data can vary significantly depending on the sources of the information and the way it is analyzed.

The Respondent requested the 2011 assessment of \$39,594,500 be confirmed as it is fair and equitable.

DECISION

The decision of the Board is to confirm the 2011 assessment of \$39,594,500 as fair and equitable.

REASONS FOR THE DECISION

- 1) The Board placed greatest weight on the equity (R-2, page 60) and sales (R-1, page 87) comparables provided by the Respondent which were similar to the subject property in market area, building type and age. These comparables supported the GIM of 10.50 utilized in the 2011 assessment as being fair and equitable.
- 2) The 2011 assessment GIM of 10.50 was further supported by the sales data for multi-family non high-rise buildings provided by the Respondent (R-2, page 61; R-1, page 103). This sales data indicated that the range of the GIM utilized by the Respondent was appropriate for the subject property.
- 3) The Board placed little weight on the methodology employed by the Complainant to derive their requested GIM as it relied heavily on mixing GIM and GRM data and was derived from a broad base of market areas and building types that were not similar to the subject property.
- 4) The Board finds that the GIM of 10.50 utilized in arriving at the 2011 is appropriate for the subject building's market area, building type and age.

DISSENTING OPINION AND REASONS

There were no dissenting opinions.

Dated this 16th day of August, 2011, at the City of Edmonton, in the Province of Alberta.

Ted Sadlowski, 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: Peppertree Apartments Ltd.