

## Edmonton Composite Assessment Review Board

**Citation: Linnell Taylor Assessment Strategies v The City of Edmonton, 2013 ECARB 00196**

**Assessment Roll Number:** 10024801

**Municipal Address:** 9910 104 Street NW

**Assessment Year:** 2013

**Assessment Type:** Annual New

Between:

**Linnell Taylor Assessment Strategies**

Complainant

and

**The City of Edmonton, Assessment and Taxation Branch**

Respondent

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### DECISION OF

**Larry Loven, Presiding Officer**

**James Wall, Board Member**

**Judy Shewchuk, Board Member**

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### Procedural Matters

[1] None noted.

### Preliminary Matters

[2] At the outset of the hearing the Respondent objected to Complainant's disclosure on the grounds that it contained information on the Gross Income Multiplier (GIM) which had not been identified on the complaint form. The Respondent argued that in accordance with s. 9(1) of the *Matters Relating to Assessment Complaints Regulation* (MRAC), the CARB must not admit the evidence respecting the GIM or hear any argument respecting that matter.

[3] The CARB recessed to consider the matter. Without regard to the merits, the CARB found that the Complainant had identified matter 3 (an assessment amount) in Section 4 (Complaint Information) of the Complaint Form as the only matter under complaint.

[4] The GIM was not given as a reason for complaint in Section 5 (Reason(s) for Complaint); however, the CARB finds the assessment amount was checked as the matter under complaint. For the purposes of 2013 Annual Assessment, high-rise apartments were valued on the income approach using typical gross income (PGI), typical vacancy and typical GIM. Further, there is no stand-alone matter for GIMs listed in Section 4 of the Complaint Form. However, the Complainant stated that "actual income" and "typical rents" were of concern in the Reasons for Complaint. Therefore, the CARB decided to allow the information contained in the Complainant's disclosure regarding GIMs since a consideration of multipliers is implicit in an assessment complaint on an income generating property of this type.

[5] The Board also notes that the disclosure was submitted by Canadian Valuation Group (CVG), and CVG, represented by Tom Janzen, appeared before the CARB for the Complainant.

### **Background**

[6] The subject property is a high rise apartment building, constructed in 1963, known as the *Dunedin House*, located in Market Area 1B in Downtown Edmonton. The building contains 130 suites on 14 floors and a retail space on the main floor.

### **Issues**

[7] The complaint form identified the assessment amount as the matter for complaint. Specifically, the Complainant stated that the actual income is lower than typical and that there had been insufficient time to conduct meaningful discussions with the assessment staff.

[8] The issues being raised are:

- a. Is the 2013 assessment of the subject property fair and equitable?
- b. Is the GIM (9.58) utilized in preparing the 2013 assessment for the subject property correct?

### **Legislation**

[9] The *Municipal Government Act*, RSA 2000, c M-26, reads:

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;

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.

[10] The *Matters Relating to Assessment Complaints Regulation*, Alta Reg 210/2009, reads:

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.

### **Position of the Complainant**

[11] The Complainant presented evidence (C-1. pp. 15) and argument for the CARB’s review and consideration.

[12] The Complainant identified the subject property as a high rise apartment building (C-1, pp.3-6) located in Market Area 1B in Downtown Edmonton.

[13] The Complainant presented five sales comparables (C-1, pp. 10-14) with GIMs ranging from 8.53 to 9.66. The Complainant placed the most weight on the two comparables located in the same market area as the subject property. These comparables were shown to have GIMs of 8.94 and 8.54. This, in the Complainant's view, supports a GIM factor of 8.75, and results in a value of \$11,487,411 (or \$88,365 per suite), using the typical effective potential gross income (PGI).

[14] Additionally, the Complainant argued that dividing the potential gross income per suite per month for each of the five sales comparables by the PGI per suite per month of \$748 (or \$1,353,451/130/12) results in an adjusted price per suite ranging from \$85,428 to \$97,607. The Complainant stated that this adjustment accounted for inferior size and suite mix in the subject property and indicates a value of \$87,000 per suite, or \$11,310,000, for the subject property.

[15] In conclusion the Complainant requested a reduction of the residential portion of the 2013 assessment to \$11,400,000, plus \$289,000 for the retail portion as assessed, for a total assessment of \$11,689,000.

### **Position of the Respondent**

[16] The Respondent provided the CARB with a 56 page document (R-1) that included: mass appraisal methodology used for the assessment; photographs and maps showing the location of the subject property; the assessment detail report; the complaint form; a letter dated February 28 2013 from Linnell Taylor Assessment Strategies; the 2013 Annual Realty Assessment notice; Assessment Complaints Agent Authorizations; the Request for Information (RFI) showing the rent roll; 20 equity comparables; and the City of Edmonton 2013 Property Assessment Law and Legislation Brief.

[17] The Respondent further provided the CARB with a 14 page document (R-2) containing four low-rise sales comparables located in the same market area (1B) as the subject property. The Respondent confirmed there were no recent sales of high-rise apartment buildings in Edmonton. The GIM of the sales comparables ranged from 8.69 to 10.53, versus 9.58 for the subject property.

[18] The Respondent summarized the rent roll from the RFI in a table showing the monthly rent as \$115,548 or \$1,386,576 per year, stating the actual rent was lower than the assessed PGI of \$1,353,451.

[19] The Respondent also argued that the 20 high rise apartment building equity comparables (R-1, p.42), almost all located in Downtown Edmonton, and with GIMs ranging from 9.58 to 12.48, support the GIM factor of 9.58 used to calculate the 2013 assessment of the subject property.

[20] Regarding the alleged insufficiency of time outlined in the Complainant's reasons, the Respondent stated that the Complainant had the same 60 days to contact the assessor as all other property owners in the City of Edmonton (R-1, p.43).

[21] In conclusion, the Respondent stated that the subject property was fairly and equitably assessed and requested the assessment be confirmed at \$12,866,000.

## **Decision**

[22] The CARB confirms the 2013 assessment of \$12,866,000.

## **Reasons for the Decision**

[23] The CARB heard no evidence or argument regarding the 2013 Commercial Assessment of \$289,000 for the main floor retail portion, nor the vacancy rate of 3%.

[24] The CARB found that the sales comparables provided by both parties were dissimilar in that they are all low-rise apartment buildings, whereas the subject property is a high-rise. Further, while all of the Respondent's sales comparables are located in the same market area as the subject property, they are 15 to 20 years newer. Four out of 5 of the Complainant's sales comparables were located in a neighbouring market area, but are from 9 to 18 years newer than the subject property. For these reasons, the CARB finds that it can place little weight on the sales comparables provided by either the Complainant or the Respondent.

[25] Of the equity comparables (including the subject property) provided by the Respondent, the CARB finds 11 are similar to the subject property. All are high-rise apartments, and vary from one year older to 12 years newer than the subject. These comparables are all located in the downtown area (excepting one in neighbouring Rosssdale), and vary in number of suites from 47 to 348 (the subject property has 130 suites). All were assessed with a GIM factor of 9.58.

[26] The CARB further finds that the Respondent's summary of the rent roll provided by the manager of the subject property, and which shows a total annual rent of \$1,386,576 PGI, is similar to the typical PGI of \$1,353,451 shown on the income detail report used by the Respondent. Given the foregoing, the CARB finds that it can place little weight on the Complainant's argument respecting the requested value of \$87,000 per suite or \$11,310,000 for the subject property. The CARB understands that this argument was based on the adjusted sale price per suite of the Complainant's sales comparables to account for the stated inferior age and suite mix of the subject property, but does not find the argument compelling enough to warrant a change in the assessment. In other words, the subject property appears to be achieving market rents on par with the PGI given on the income detail report.

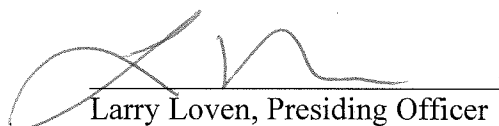
[27] In conclusion, given its consideration of all of the above reasons, the CARB finds the subject property was fairly and equitably assessed at \$12,866,000.

## **Dissenting Opinion**

[28] None.

Heard May 27, 2013.

Dated this 14<sup>th</sup> day of June, 2013, at the City of Edmonton, Alberta.

  
Larry Loven, Presiding Officer

## **Appearances:**

Tom Janzen

for the Complainant

Amy Murphy

Ralf Winkler

for the Respondent

*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.*