

Edmonton Composite Assessment Review Board

**Citation: Linnell Taylor Assessment Strategies v The City of Edmonton, 2013 ECARB
00198**

Assessment Roll Number: 3100500
Municipal Address: 9922 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

DECISION OF
Larry Loven, Presiding Officer
James Wall, Board Member
Judy Shewchuk, Board Member

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] 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, low-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 building on the subject property is an 11 suite low-rise apartment complex known as the *Adams Apartments* and is located in Downtown Edmonton. It has an effective year built of 1946 and contains 6 bachelor suites and 5 one bedroom suites. A portion of the building was originally constructed in 1906 as a single family dwelling. Demolition of the building is planned for 2013.

Issues

[7] Is the 2012 assessment of the subject property fair and equitable?

[8] 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) and argument for the CARB’s review and consideration.

[12] The Complainant identified the subject property containing an apartment complex (C-1, p.1). The building is planned to be demolished in 2013 and the owner is not leasing any vacant units.

[13] The Complainant presented four low-rise apartment sales comparables (C-1, pp. 10-14), all located in the same market area (1B) as the subject property, to support the contention that a GIM of 8.5 is appropriate.

[14] The Complaint also argued that the sale price per suite of each of the four sales comparables (adjusted by dividing the assessed value per suite (\$87,029/11 suites/12 months = \$659) by the PGI/suite/month of the sales comparable) indicates a value of \$65,000 per suite for a total of \$715,000.

[15] Regarding the age of the sales comparables, ranging from 1977 to 1988, versus the subject's effective year built (1946), the Complainant confirmed there were no sales of similar older properties.

[16] The Complainant also argued that the subject property should be valued as land only since the building is scheduled for demolition in 2013. The Complainant provided the annual realty assessment notices for 2013 for two undeveloped multi-residential comparable located in Downtown Edmonton, which show a 2013 property assessment of \$65.60 (\$397,000/6,057 square feet) and \$78.69 per square foot (\$397,000 (\$121,000/1,539 square feet). These indicated that the subject property's land value should be \$491,000 (\$65.00 per square foot x 7,554 square feet).

[17] In summary, the Complainant requested the 2013 assessment for the subject property be reduced to \$500,000. This revision is based on the short remaining life of the building.

Position of the Respondent

[18] The Respondent provided the CARB with a 43 page submission (R-1) that included a description of the mass appraisal methodology used for the assessment; the 2013 assessment detail report for the subject property; the complaint form; the agent authorization form; the request for information (RFI) for the subject property; a table containing 16 equity comparables; and the City of Edmonton 2013 Property Assessment Law and Legislation Brief.

[19] The Respondent also provided the CARB with a 14 page submission (R-2) containing the details of four low-rise apartment sales comparables all located in the same market area as the subject. The year built for the sales comparables varied from 1977 to 1983 and sales GIMs ranged from 8.72 to 10.53. A 9.58 GIM was applied to the subject property. The Respondent clarified that the value of an apartment building does not appear to continue to decline if built prior to 1972.

[20] The Respondent argued that on the condition date of December 31, 2012 the building on the subject property had not been demolished and was still operating as an apartment building.

[21] The Respondent summarized the owner's rent roll from the RFI showing a total monthly rent of \$6,885 or \$82,620 per annum. The Respondent concluded that the typical rent used to calculate the assessment for the subject property's effective Potential Gross Income (PGI) of \$83,547 was within 5% of the actual rent of the subject property.

[22] The Respondent argued, based on the 16 equity comparables provided (R-2, p.16), that the subject property was fairly and equitably assessed.

[23] 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. 31).

[24] Finally, the Respondent concluded the subject property was fairly and equitably assessed at market value and requested the assessment be confirmed at \$800,000.

[25] The Respondent clarified the effective year built of 1946 was derived taking into account the construction date of the original single family dwelling built in 1906 and the construction of the additional apartments in 1955.

Decision

[26] The decision of the CARB is to reduce the 2013 assessment from \$800,000 to \$710,000.

Roll Number	Original Assessment	New Assessment
03100500	\$800,000	\$710,000

Reasons for the Decision

[27] The CARB heard no evidence that the Complainant had insufficient time to address the 2013 assessment with the assessor. The CARB notes that the Complainant's disclosure was received April 10, 2013, prior to the due date of April 15, 2013.

[28] The CARB was not persuaded by the Complainant's argument that the subject property should be valued as land only due to the planned demolition of the building. The CARB finds that the Respondent correctly assessed the subject property as a low-rise apartment. The RFI submitted by the property manager for the subject supports the Respondent's argument that the building was existing as of December 31, 2012, and continued to be operated as an apartment. No evidence was given that the subject property existed as land only as of the December 31, 2012 condition date.

[29] The Respondent's table of 16 equity comparables, including the subject property (R-1, p.30), supports a GIM of 9.58 for the subject. The Board notes the equity comparables appear similar to the subject in terms of location and effective year built, and tend to support the Respondent's argument that the subject property was equitably assessed with the GIM of 9.58.

	Respondent Minimum	Subject	Respondent Maximum
Year Built	1945	1946	1979
#Stories	1.5	2.5	3.5
Apartment Mix	5 – 1-Bedroom	6 - Bachelor; 5 - 1-Bedroom	31 – 1-Bedroom 2 – 2-Bedroom
Suite Total	5	11	33
Average Suite Size	47	66	87
Vacancy	0.04	0.04	0.04
2013 GIM	9.58	9.58	10.18

Assessment per Suite	63,850	72,727	98,000
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[30] However, when considering the GIM as an indication of an income producing property to continue to produce revenues, the CARB found that the age of the subject property (1946), especially when viewed in comparison to the sales comparables of both parties, would have a negative effect on the GIM. Therefore, the CARB finds the GIM of 8.5, as considered to be appropriate by the Complainant, to be applicable to the subject property.

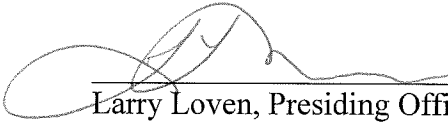
[31] Applying the GIM of 8.5 to the effective PGI of \$83,547 shown on the Income Approach Summary provided by the City of Edmonton (C-1, p.9) results in a value of \$710,149.50, rounded to \$710,000.

Dissenting Opinion

[32] None noted.

Heard May 27, 2013.

Dated this 27 day of May, 2013, at the City of Edmonton, Alberta.


Larry Loven, Presiding Officer

Appearances:

Tom Janzen
for the Complainant

Amy Murphy
Ralf Winkler
Steve Lutes
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.