

Edmonton Composite Assessment Review Board

Citation: Altus Group v The City of Edmonton, 2013 ECARB 01820

Assessment Roll Number: 9993462

Municipal Address: C208 2421 104 S treet NW

Assessment Year: 2013

Assessment Type: Annual New

Between:

Altus Group

Complainant

and

The City of Edmonton, Assessment and Taxation Branch

Respondent

DECISION OF
Dean Sanduga, Presiding Officer
Jack Jones, Board Member
Robert Kallir, Board Member

Procedural Matters

[1] Upon questioning by the Presiding Officer the parties before the Board indicated no objection to the Board's composition. In addition, the Board Members indicated no bias with respect to this file.

Background

[2] The subject property is a multi-residential and commercial property located in the Ermineskin neighbourhood. The building has an effective year built of 1981 and contains 226 apartment suites along with 9,389 square feet of CRU space. The subject property has been assessed for 2013 utilizing the income approach to valuation.

Issue(s)

[3] Is the gross income multiplier (GIM) of 10.38 utilized to derive the 2013 assessment of the subject property correct?

[4] Is the 2013 assessment of the subject property at \$30,844,500 fair and equitable?

Legislation

[5] 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.

Position of the Complainant

[6] The Complainant presented evidence (Exhibit C-1) and argument for the Board’s review and consideration.

[7] The Complainant indicated that the only issue before the Board is the GIM rate applied in determining the valuation of the residential portion of the subject property. The assessment of the commercial section of the subject property is not in issue. The GIM utilized in deriving the assessment is 10.38 and the Complainant is seeking a GIM of 9.58 for a total revised assessment for the subject property of \$28,553,500.

[8] In support of the requested GIM, the Complainant presented seven equity comparables (Exhibit C-1, page 17) of properties all owned by the same owner as the subject property. All comparables have a 2013 assessed GIM of 9.58 compared to the GIM for the subject property of 10.38. Five of the seven comparables are located within the same market area as the subject property. The effective year built of the comparables ranges from 1968 to 1973 whereas the subject property’s effective year built is 1981.

[9] The Complainant also noted that the capitalization (“cap”) rate developed by the owner of the equity comparables is 5.5%. This cap rate applied to all “B” class buildings of the owner as categorized by the owner. The Complainant illustrated the cap rate range between “A”, “B” and “C” class buildings of the owner (C-1, pages 21 & 22) as categorized by the owner as being between 5.25% and 5.75%.

[10] In summary the Complainant requested that the GIM utilized to derive the 2013 assessment of the subject property be revised from 10.38 to 9.58, which would reduce the overall assessment from \$30,844,500 to \$28,553,500.

Position of the Respondent

[11] The Respondent presented evidence (Exhibit R-1) and argument for the Board's review and consideration.

[12] The Respondent outlined the "Multi-Residential Annual Cycle" (R-1, page 11) of data collection and analysis as well as the "Mass Appraisal" (Exhibit R-1, pages 3 to 13) methodology utilized in valuing properties. In particular the Respondent noted the three significant variables that are analyzed in developing GIMs which are: building type, effective year built and market area. Therefore buildings of a similar type (e.g. high rise) and within a similar market area would only be differentiated by age for the sake of the GIM development. The age factor utilized for 2013 is 0.1 per year for buildings newer than 1973. All buildings older than 1973 received a 2013 assessed GIM of 9.58.

[13] In the case of the subject property, a factor of 0.8 has been added to the GIM to account for the age variance from the base age year of 1973 $((1981 - 1973) = 8 \text{ years} \times 0.1 = 0.8 \text{ and } 0.8 + 9.58 = 10.38)$.

[14] The Respondent presented eight equity comparables (Exhibit R-1, page 25), all high rises and all within market areas #6 and #7. The comparables are all in average condition and have the same vacancy rate applied. The GIMs were equitably applied to the comparables with the age adjustment factor of 0.1 per year.

[15] The Respondent also presented an analysis of the data presented by the Complainant (R-1, page 29). Based on a 5.5% cap rate, the analysis results in a GIM of 12.28 for the subject property, thus supporting the assessed GIM of 10.38.

[16] In summary the Respondent requested that the assessed GIM of 10.38 be accepted and that the 2013 assessment of the subject property be confirmed at \$30,844,500.

Decision

[17] The decision of the Board is to confirm the application of the GIM for the derivation of the 2013 assessment of the subject property as 10.38.

[18] The decision of the Board is to confirm the 2013 assessment of the subject property at \$30,844,500 as fair and equitable.

Reasons for the Decision

[19] After review and consideration of the evidence and argument presented by both parties, the Board determined that the 2013 assessment of the subject property at \$30,844,500 is appropriate.

[20] The Board placed greatest weight on the Respondent's evidence and methodology with respect to deriving an accurate GIM as of the valuation date of July 1, 2012. The Respondent identified the significant variables associated with developing a GIM as being: building type, effective year built and market area.

[21] The Board placed weight on the Respondent's equity comparables (Exhibit R-1, page 25) which indicated that buildings of the same type and within the same or similar market area are

assessed equitably utilizing the same GIM which is then adjusted to suite the effective age of the particular property at a rate of 0.1 per year after 1973.

[22] The Board placed little weight on the Complainant's equity comparables (C-1, page 17) as they included comparisons with buildings that were significantly older than the subject property (up to thirteen years) with no adjustment for the age variance. In addition, the Board noted that the Complainant's comparables were all sourced from the subject property owner and were not an indication of the overall market place.

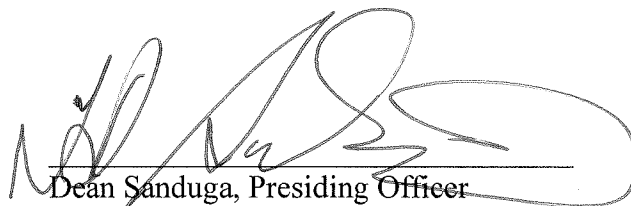
[23] The Board finds that the Respondent has properly applied the legislated mass appraisal methodology in determining the 2013 assessment of the subject property.

Dissenting Opinion

[24] There was no dissenting opinion.

Heard on October 9, 2013.

Dated this 28th day of October, 2013, at the City of Edmonton, Alberta.



Dean Sanduga, Presiding Officer

Appearances:

Brett Flesher, Altus Group
for the Complainant

Amy Murphy, Assessor, City of Edmonton
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.