

Edmonton Composite Assessment Review Board

Citation: CVG v The City of Edmonton, 2013 ECARB 01865

Assessment Roll Number: 7221989
Municipal Address: 11105 87 Avenue NW
Assessment Year: 2013
Assessment Type: Annual New

Between:

CVG

Complainant

And

The City of Edmonton, Assessment and Taxation Branch

Respondent

DECISION OF
Shannon Boyer, Presiding Officer
Martha Miller, Board Member
Mary Sheldon, Board Member

Procedural Matters

[1] The parties to the hearing stated that they had no objection to the composition of the Board. The members of the Board indicated that there was no bias with respect to this file.

[2] Where relevant, evidence, arguments and submissions are carried forward to this file from roll numbers 3055985 and 7191257.

Preliminary Matters

[3] There were no preliminary matters.

Background

[4] The subject property is known as Sir John Franklin and is a high-rise apartment situated in the Garneau neighborhood in Edmonton, Market Area 3. The building was constructed in 1969 and is comprised of 111 apartment suites: 55 one bedroom suites, 55 two bedroom suites, and 1 penthouse suite. There is main floor retail with an assessed value of \$1,105,500. The multi-residential is assessed at \$16,776,000.

Issue(s)

[5] Is the Gross Income Multiplier (GIM) used to determine the subject's 2013 Assessment, acceptable and equitable?

Legislation

[6] 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.

[7] The *Matters Relating to Assessment and Taxation Regulation*, Alta Reg 220/2004, reads:

s 2 An assessment of property based on market value

(a) must be prepared using mass appraisal,

(b) must be an estimate of the value of the fee simple estate in the property, and

(c) must reflect typical market conditions for properties similar to that property.

s 3 Any assessment prepared in accordance with the Act must be an estimate of the value of a property on July 1 of the assessment year.

Position of the Complainant

[8] The Complainant provided written evidence and oral argument to the Board in support of the request that the 2013 assessment be reduced (Exhibit C-1). The assessment of the retail income is not in dispute. The Complainant accepts the City’s estimated income and vacancy allowance (Exhibit C-2, pages 1-2).

[9] The Complainant argued that the GIM of 11.96 applied by the City to the multi residential assessment is incorrect, and suggested a GIM of 10.50. This would reduce the multi residential assessment to \$14,728,000.

[10] The Complainant noted that the GIM had increased in each of the last three years from 11.02 to 11.96 (Exhibit C-1, pages 2, 5-10). Referencing data from the Cushman and Wakefield report, the Complainant submits that GIMs have actually stabilized in the last three years. Based on this report, a reasonable GIM for the subject would be no greater than 11.02.

[11] The Complainant stated that the best calculation of GIM is based on the actual sale price and the actual income the property is generating on the sale date. Such a process shows exactly

what a buyer is prepared to pay for a building's ability to generate a particular income at a particular date.

[12] The Complainant produced six sales comparables with supporting data from The Network (Exhibit C-2, pages 2, 12-17). Five comparables are in the same Market Area as the subject and the GIMs range from 10.30 to 11.19. The Complainant stated that two comparables would require a downward adjustment for age to make them comparable to the subject. Based on these comparables, a GIM of 10.50 would be considered appropriate for subject.

[13] Under questioning, the Complainant agreed that he had not verified The Network data for accuracy, nor did he adjust the data.

[14] In conclusion, the Complainant requested that the Board reduce the GIM to 10.50, which would reduce the subject's 2013 assessment from \$17,881,500 to \$15,833,500.

Position of the Respondent

[15] The Respondent provided written evidence and oral argument to the Board in support of the 2013 assessment for the subject (Exhibit R-1; Exhibit R-2). The Respondent included Board decision ECARB 2012-001656, which also dealt with the subject in 2012.

[16] The Respondent said that the most important variables in determining the appropriate GIM are the building type, effective year built and the market area/location (Exhibit R-1, page 34).

[17] The Respondent provided four sales comparables (Exhibit R-1, pages 21, 22-26). Comparable #1 is a high rise building similar to the subject, while comparable #4 is the same age and in the same Market Area as the subject.

[18] The GIM for the Respondent's sales comparables ranged from 14.33 to 14.80. The Respondent argued that this supported the subject GIM at 11.96. The time adjusted assessment per suite ranged from \$140,732 to \$199,437. On this basis, the Respondent submitted that the subject's assessment at \$151,135 per suite is in the lower end of the range.

[19] The Respondent's five equity comparables are all high rise buildings of average condition of the same age and in the same Market Area as the subject (Exhibit R-1, page 28). The GIM applied to all five comparables was 11.96, similar to the subject's GIM of 11.96. The assessment per suite ranged from \$152,298 to \$164,209 as compared to the subject at \$151,135. The Respondent stated that the equity comparables demonstrate that the subject has been assessed fairly and equitably.

[20] The Respondent stated that mass appraisal methodology is used to determine the assessment base for property in accordance with legislative requirements (Exhibit R-1, pages 40-50). In addition, the Respondent elaborated on widely accepted principles of appraisal, including the importance of applying adjustments to comparables to ensure consistency in comparability. Two models, the PGI and GMI, working in tandem are used to arrive at the assessment.

[21] The Respondent was critical of the Complainant's methodology of mixing and matching data. The Complainant was using a PGI based on the City's typical income and vacancy and, at the same time, applied GIMs from third party documents which were calculated from unadjusted actual income and sale price at the time of sale (Exhibit R-2).

[22] The Respondent also cautioned the Board about potential inaccuracy in the use of third party documents (Exhibit R-2).

[23] The Respondent argued that the Cushman and Wakefield report was derived from dissimilar properties from various market areas, and should be given little weight.

[24] In conclusion, the Respondent asked the Board to confirm the 2013 assessment for the subject at \$17,881,500.

Decision

[25] The Board confirms the 2013 assessment of the subject at \$17,881,500.

Reasons for the Decision

[26] The Board agrees with the Respondent that each year's assessment is determined independently; therefore, the history of increasing GIM, without more evidence, is not sufficient to overturn an assessment.

[27] The Board notes that it is not bound by previous CARB decisions. The 2012 CARB decision for the subject property was used only for information purposes in the Board's deliberations.

[28] The Board agrees with the Respondent that the PGI and the GIM for the subject must be derived and applied in a consistent manner.

[29] The Board agrees that there are potential sources of error if relying on a third party document for income or GIM.

[30] The Board reviewed the Complainant's sales comparables with particular focus on building type, age and location. The Board concluded that comparables 2 and 3 met two of the three criteria, being similar in age and market area as subject. Since the GIM of these comparables was derived from third party unadjusted actual sale and income data, the Board places little weight on the Complainant's comparables. In the Board's opinion the Complainant did not present persuasive evidence that the GIM requested is appropriate.

[31] The Board reviewed the Respondent's sales comparables with the same criteria and determined that only one was a high rise, two were in the same market area, and three were substantially newer than the subject. Comparable 4, a low rise apartment on 81 Avenue, met two of the three criteria (age and location), and was the best comparable. Even where one of the Respondent's sales comparables is inferior to the subject in one of three factors, (market area, property type and condition), the GIM still supports the assessment. For example, although comparable 4, is inferior in building type, it still achieves a higher GIM than the subject.

[32] The Board examined the Respondent's equity comparables. All comparables were high rise buildings of similar condition in the same market area. One comparable was slightly newer and two were slightly older. The same GIM was applied to the subject and all eight comparables. The Board places greater weight on these comparables.

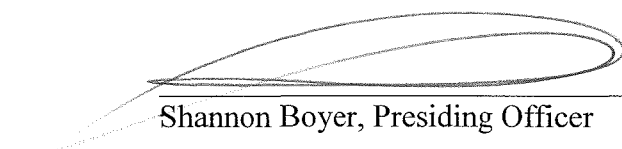
[33] In the Board's opinion, the Respondent's equity comparables support the appropriateness of the GIM applied to the subject. Further, the Board is satisfied that the GMI has been fairly and equitably applied to the subject.

[34] In the Board's opinion, the Respondents' equity comparables support the appropriateness of the GIM applied to the subject. Further, the Board is satisfied that the GIM has been fairly and equitably applied to the subject.

[35] The Board concludes that the 2013 assessment of the subject is correct and equitable.

Heard commencing August 12th, 2013.

Dated this 11th day of September, 2013, at the City of Edmonton, Alberta.


Shannon Boyer, Presiding Officer

Appearances:

Tom Janzen

For the Complainant

Allison Cossey

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.