

Edmonton Composite Assessment Review Board

Citation: CVG v The City of Edmonton, 2013 ECARB 01867

Assessment Roll Number: 10020390

Municipal Address: 8311 93 Avenue NW

Assessment Year: 2013

Assessment Type: Annual New

Between:

CVG

Complainant

and

The City of Edmonton, Assessment and Taxation Branch

Respondent

DECISION OF
Willard Hughes, Presiding Officer
Brian Carbol, Board Member
Brian Frost, Board Member

Preliminary Matters

[1] Upon questioning by the Presiding Officer, the parties did not object to the composition of the Board. The Board members stated they had no bias with regard to this file.

Background

[2] The subject property, known as Holyrood Gardens, is a multi building rental property consisting of 160 two bedroom townhouses within several structures as well as two five storey high rise structures. This appeal is for 70 of the townhouse units in 13 buildings of 4 to 6 units each. The property was developed in 1954, consistent with its effective year built, and is in fair condition, having received few upgrades. The subject improvements are situated on at 8311 – 93 Ave NW in the Holyrood Neighborhood of south Edmonton in market area 8.

Issue

[3] Has too great a Gross Income Multiplier (GIM) been used, resulting in the assessed value being in excess of the market value of the subject property?

Legislation

[4] 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

[5] It is the Complainant's position that the assessment is in excess of fair market value. In support, a 12 page brief was entered into evidence (Exhibit C-1).

[6] The Complainant stated there was no issue with the typical rents as applied by the City in its assessment as they fell reasonably close to the actual rents being attained pursuant to 2011 and 2012 operating statements. There was however issue with the GIM used to arrive at the final assessment. In support, evidence as obtained from The Network was provided, (Exhibit C-1, pages 8 - 12). In the five sales itemized (Exhibit C-1, page 2) GIM's range from 8.44 to 9.69. The Comparable sales were two to six years newer than the subject property and sold within one year of the valuation date. The Complainant stated that on the basis that the first two comparables were most similar to the subject property, exhibiting GIM's of 8.57 and 8.70, with additional support from the remaining comparables, the evidence pointed to a 8.60 GIM being correct as opposed to the 9.58 used in the assessment.

[7] The Complainant further pointed out that GIM decreased with age, yet a 9.58 GIM is utilized by the City for all pre 1972 properties, adding that the subject property is 18 years older, well beyond a reasonable time period for a GIM level to be maintained.

[8] The Complainant asked that the Board reduce the 2013 assessment from \$6,616,000 to \$5,939,000.

Position of the Respondent

[9] It is the Respondent's position that the property is fairly and equitably assessed. In support, an Assessment Brief (Exhibit R-2) was provided. Reference was also made to a Property Assessment/Law and Legislation Brief (provided in evidence as Exhibit R-1 for the appeal of roll number 04314621).

[10] As carried forward from the appeal for roll number 04314621, the Property Assessment/Law and Legislation Brief was used to summarize definitions and guidance for market value, mass appraisal, fairness and equity, and market value range.

[11] The Respondent explained that typical market rents as determined by the City are applied to time adjusted sales prices in order to determine market GIM. This is done to ensure consistency of data. The Respondent added that the Complainant has utilized third party data which could not or was not verified. Accordingly that information was deemed to have been unreliable.

[12] The Assessment Brief was used to summarize the basis of the assessment.

[13] The Respondent noted that row housing variables are similar to those for low rise and high rise properties.

[14] The Respondent stated that GIM is age related, decreasing as age increases and that the 9.58 GIM used in the subject property assessment was that lowest GIM that is applied, relating to all properties dated 1972 or older.

[15] The Respondent outlined six sales comparables. Four were 1968 to 1972 four plex properties in market area 8 which reflected a time adjusted sale price ranging from \$119,102 to \$191,017 per unit. The Respondent stated the four plexes best reflected the excess land evident with the subject property. The other two were walk up apartment sales (built in 1964 and 1968) which reflected a time adjusted sales price of \$93,177 and \$95,179 per unit (exhibit R-1, pages 23 and 24). The Respondent stated this provided support to the subject property assessment of \$94,500 per unit.

[16] The Respondent provided a list of the assessments for all row house developments in the City (exhibit R-1, pages 25 - 28). The assessments ranged from \$81,125 per unit to over \$260,000. The Respondent noted that the subject property is the fourth lowest in the City.

Decision

[17] The Board's decision is to reduce the 2013 assessment from \$6,616,000 to \$5,939,000.

Reasons for the Decision

[18] The Board considered the Complainant's information and was satisfied that there was sufficient data to support a GIM reduction to 8.60 and hence a reduction of the assessment as requested. The Complainant provided information on five recent sales of similarly aged properties that indicated a GIM range of 8.44 to 9.69. The Board noted the median GIM of 8.54 supported the Complainant's request that a GIM of 8.60 be utilized.

[19] The Board noted that the Respondent provided no argument or supporting evidence as to whether the GIM used was appropriate other than to say the 9.58 GIM used is the lowest GIM in the system and it is used for all 1972 and older properties. That the subject property is 18 years older than the 1972 cut-off date gave the Board further cause to question the correctness of the GIM used in the assessment.

[20] The Board considered the Respondent's argument that the subject property had a significant amount of excess land and as such was more comparable to one half a single family lot. The Board concluded that if the land value was indeed in play, a highest and best use analysis would default the assessment to land value, which it has not. The Board placed no weight on this argument.

[21] The Board considered the Respondent's sales data relative to value per unit. The Board was not satisfied that a four plex on a freehold lot was a satisfactory unit of comparison for a 70 unit townhouse project that was arranged in 4 and 6 unit clusters regardless of the amount of land opined as being in excess. The Board placed no weight on the four plex comparables.

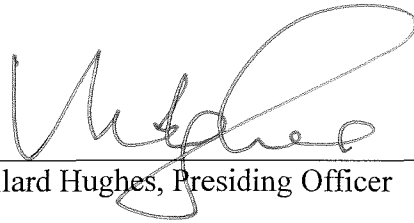
[22] The Board reviewed the Respondent's sales evidence for the two apartment properties and noted with interest that while the Respondent had not entered actual GIM into the spread sheet, a Board calculation showed GIM's of 8.92 and 9.16 for the two sales. They were 10 and 14 years newer properties than the subject. The Board concluded that if nothing else, they provided support to the Complainant's argument to reduce the GIM to 8.60.

Dissenting Opinion

[23] There was no dissenting opinion.

Heard commencing August 19, 2013.

Dated this 12th day of September, 2013, at the City of Edmonton, Alberta.

A handwritten signature in black ink, appearing to read 'Willard Hughes', is written over a horizontal line.

Willard Hughes, Presiding Officer

Appearances:

Tom Janzen
for the Complainant

Andy Lok
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.