

Edmonton Composite Assessment Review Board

Citation: CVG v The City of Edmonton, 2013 ECARB 01872

Assessment Roll Number: 3269859

Municipal Address: 10615 111 STREET 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

Procedural Matters

[1] Upon questioning by the Presiding Officer, the parties indicated no objection to the Board's composition. As well, the Board Members indicated no bias with regard to this file.

Preliminary Matters

[2] At the onset of the hearing, the Presiding Officer indicated that the Assessment Review Board (ARB) administration had no record of receipt of the Respondent's disclosure.

[3] In response to questioning from the Board, the Respondent indicated delivery of the Respondent Disclosure, and provided evidence of such delivery (Exhibit R-1). In addition, the Complainant confirmed his receipt of the Respondent's disclosure.

[4] The Board acknowledged the matter was an administrative error on the part of the ARB, and saw no issue of dispute or fairness. All parties confirmed a desire to continue with the hearing.

Background

[5] The subject property is a 33 unit low rise apartment building, located at 10615 - 111 Street NW, in the neighborhood of Queen Mary Park. It has an effective year built of 1967. The suite mix is 1 bachelor unit, 20 one bedroom units, and 12 two bedroom units. The building is located in market area 2 and is classified in average condition. The 2013 assessment is \$2,930,000.

Issue(s)

- [6] Is the assessment of the subject property correct?
- a. Is the Gross Income Multiplier (GIM) used in the calculation of the assessment correct?
 - b. Is the Potential Gross Income (PGI) used in the calculation of the assessment correct?

Legislation

[7] **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

[8] The Complainant filed this complaint on the basis that the subject property assessment of \$2,930,000, arrived at using a GIM of 9.58, was in excess of market value. In support of this position, the Complainant presented a 19 page document (Exhibit C-1) and a five page document (Exhibit C-2).

[9] The Complainant provided income statements and rent rolls from the subject property that show an actual effective gross income of \$289,501. This is less than the Respondent’s estimated effective gross income of \$305,871 (Exhibit C-1, p1, 9, 10, 11).

[10] The Complainant provided a detailed GIM analysis of seven comparable multi-residential properties. Sale dates ranged from July 2011 and October 2012. Effective year built of the comparables ranged between 1959 and 1978. Time adjusted sale price per suite ranged from \$70,739 to \$96,000. Location #3, 4 and 6 were given the most weight by the Complainant. The Complainant indicated that these three sales had the most similar physical, locational and income producing attributes. With this analysis, the Complainant concluded that a GIM of 8.75 was appropriate and a more accurate reflection of the market.

[11] When considered in conjunction with the 2012 actual effective PGI less 4.5% vacancy (\$285,350), applying the 8.75 GIM yields a value of \$2,496,814.

[12] In rebuttal, the Complainant provided a 5 page document (Exhibit C-2), which contained information from a third party source (the Network), specifically regarding the Respondent's comparables. Of the four sales identified, three included GIM's of 8.23, 9.85 and 10.36.

[13] The Complainant requested a reduction in the 2013 assessment from \$2,930,000 to \$2,500,000 based on a GIM of 8.75.

Position of the Respondent

[14] In support of the assessment, the Respondent provided the Board with a 40 page submission (Exhibit R-2) for the Board's review and consideration.

[15] The Respondent provided four sales comparables (Exhibit R-2, p 21) for low rise properties all within market area 2, the same as the subject. Sales dates ranged between February 2010 and May 2012. Effective year built of the comparables ranged between 1967 and 1968. Time adjusted sale price per suite ranged from \$87,500 to \$96,000. The range of the GIMs for the four properties was between 9.95 and 10.61, with an average of 10.19.

[16] The Respondent also provided equity comparables (Exhibit R-2, p 26) of four other properties in close proximity to the subject and with similar attributes in support of the assessment.

[17] The Respondent indicated that a typical GIM of 9.58 is the rate that is used for properties older than 1972.

[18] The Respondent indicated their estimated/typical income analyses are considered to be accurate given income analysis is based largely on large volume of rental incomes received from surrounding property owners. Also, typical rents do not include management decisions that could skew incomes when actual rents are considered.

[19] The Respondent requested that the 2013 assessment of \$2,930,000 be confirmed.

Decision

[20] The decision of the Board is to confirm the 2013 assessment of \$2,930,000.

Reasons for the Decision

[21] The Board considered the evidence and arguments as presented by both parties, and places more weight on the Respondent's sales comparables with an average GIM of 10.19, which supports the subject's GIM of 9.58. The Board further notes that the Respondent's comparables are all within two years of the effective age of the subject (compared to a 20 year range for the Complainant), are within the same market area, and are of the same building type. These are the three most significant variables when determining GIMs. The Respondent's comparables also have similar attributes such as project size and suite mix.

[22] The Board was not persuaded by the Complainant's arguments that a significant difference exists between the income analyses (typical and actual numbers) provided by both the Respondent and the Complainant, respectively.

[23] The Board considered third party information with caution. Notwithstanding, the Complainant's third party information provided in Exhibit C-2 is considered by the Board, in part, to be supportive of the assessment.

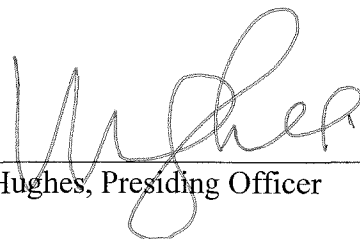
[24] The onus is on the Complainant to demonstrate that an assessment is incorrect. The Board is satisfied that the Complainant did not provide sufficient and compelling evidence to alter the assessment. Accordingly, the 2013 assessment of \$2,930,000 is confirmed.

Dissenting Opinion

[25] There was no dissenting opinion.

Heard commencing August 20, 2013.

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



Willard Hughes, Presiding Officer

Appearances:

Tom Janzen
for the Complainant

Amy Murphy, Assessor
Ralf Winkler, Assessor
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.