

## **Edmonton Composite Assessment Review Board**

**Citation: CVG v The City of Edmonton, 2013 ECARB 01923**

**Assessment Roll Number:** 9961747  
**Municipal Address:** 10202 116 Avenue NW  
**Assessment Year:** 2013  
**Assessment Type:** Annual New

Between:

**CVG**

Complainant

and

**The City of Edmonton, Assessment and Taxation Branch**

Respondent

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**DECISION OF**  
**Willard Hughes, Presiding Officer**  
**James Wall, Board Member**  
**Randy Townsend, Board Member**

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### **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] Evidence, argument and submissions were carried forward to this file from Roll #9993392, where applicable.

### **Background**

[3] The subject property is a 94 unit, 2 storey row house complex known as Garden Court located at 10202 – 116 Avenue, in the neighborhood of Spruce Avenue. It was built in 1958 with an effective year built of 1978. It comprises 58 - two bedroom and 36 - three bedroom units. The project is located in Market Area (MA) 2 and is categorized in average condition. The 2013 assessment is \$11,154,500.

### **Issue(s)**

[4] What is the appropriate Gross Income Multiplier (GIM) to be applied to the subject property?

## **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 filed this complaint on the basis that the subject property assessment of \$11,154,500, arrived at with a GIM of 10.08, was in excess of the market value. In support of this position, the Complainant presented a 17 page brief (Exhibit C-1).

[7] The Complainant advised that the outstanding issue before the Board was the GIM (Exhibit C-1, pages 1 and 2).

[8] The Complainant provided a detailed GIM analysis of seven comparable low rise properties that sold between July 2011 and June 2012 (Exhibit C-1, pages 1 and 2). Effective year built ranged between 1959 and 1978, relative the subject at 1978, yielding a median GIM of 8.7. The information on the sales comparables was derived from The Network, a third party source for sales reports (Exhibit C-1, pages 7 to 13).

[9] The Complainant placed most weight on sales #1, 3, 6, and 7 which were considered to be the most similar in terms of age and other attributes, relative to the subject. Based on an analysis of these sales, a GIM of 8.7 was considered to be appropriate. Using the City’s estimated effective gross income of \$1,106,623 results in a value of \$9,627,620.

[10] As additional support for the value of \$9,627,620, the Complainant included a Direct Sales Analysis (Exhibit C-1, page 2) wherein an adjustment factor was calculated based on the ratio of the subject’s and the comparable property’s net operating income (per suite) to derive an adjusted sale price per suite for each of the comparables. This calculation provides a median adjusted value of \$102,333 per suite.

[11] The Complainant provided a copy of 2013 Market Beat Apartment Report prepared by Cushman and Wakefield (Exhibit C-1, pages 14 to 17) in support of the request for a GIM of 8.7. The Complainant referenced the Edmonton Housing 2012 Market Chart (Exhibit C-1, page 17), which the Complainant highlighted that the average GRM for multi family sales has flatlined between 2009 and 2012 at approximately 10.0.

[12] The Complainant requested a reduction in the 2013 assessment from \$11,154,500 to \$9,650,000 based on a GIM of 8.7.

### **Position of the Respondent**

[13] In support of the assessment, the Respondent presented written evidence (Exhibit R-1, containing 74 pages and Exhibit R-2 Law and Assessment Brief, containing 85 pages) and oral argument for the Board's review and consideration.

[14] The Respondent submitted 13 sales comparables of low rise properties (Exhibit R-1, page 37) with GIMs ranging from 8.76 to 11.97, with a median of 10.20, relative to the subject at 10.08. Effective year built ranged from 1967 to 1984. All sales were in Market Area 2, the same as the subject. Time adjusted sale prices ranged from \$101,511 to \$138,622 per suite.

[15] Additionally, the Respondent provided equity comparables of five row house projects, two located in Market Area 2 (same as the subject), and 3 in adjacent Market Area 1A. The per suite assessments ranged from \$90,416 to \$150,875, while the subject, at \$118,664, was in the lower to middle of the range (Exhibit R-1, page 51). While acknowledging the small sample size due to scarcity of row housing examples, the Respondent indicated these comparables provide support for the subject's assessment as being fair and equitable.

[16] The Respondent provided a 2012 CARB decision (Exhibit R-1, pages 53 to 60), wherein concerns were noted over using third party GIM/Income information. Moreover, the Respondent referenced Exhibit R-2, "Errors Inherent in Mixing and Matching City GIMs/Incomes with Third Party GIMs/Incomes", as further caution against the Complainant's use of third party reports.

[17] The Respondent recommended that the Board give little weight to the Cushman Wakefield Report (C-1, pages 14 to 17), as the information was city wide (not geographic specific), and was for all multi family forms from across the city.

[18] The Respondent requested that the 2013 assessment in the amount of \$11,154,500 be confirmed.

### **Decision**

[19] The decision of the Board is to confirm the 2013 assessment in the amount of \$11,154,500.

### **Reasons for the Decision**

[20] The Board considered the evidence and arguments as presented by the parties and places more weight on the Respondent's sales comparables with the range of GIMs between 8.76 and 11.97 which supports the subject's GIM of 10.08. The Board noted in the Respondent's information that the subject is newer than 11 of the 13 comparable properties and the subject should be higher in the GIM range, relative to 6 of the 7 Complainant's comparables, which were older than the subject.

[21] The Board placed limited weight on the Respondent's equity comparables of five row houses, due to relatively small sample size (due to scarce row housing examples) and some locations in adjacent market areas. Nonetheless, with the per suite assessments ranging from \$90,416 and \$150,875, and the subject at \$118,664, being at the low middle of the range

(Exhibit R-1, page 51), the Board finds these comparables provide support for the subject's assessment as being fair and equitable, with the aforementioned caveat noted.

[22] The Board places less weight on the Complainant's adjusted GIM analysis and adjusted Direct Sales Analysis (Exhibit C-1). The methodology of calculating the adjustment factor was not supported by any evidence of its acceptance and use in industry or for mass appraisal by a municipality.

[23] The Board considers third party information as presented with caution, and accepts the concerns as highlighted in Exhibit R-2 and as expressed in a previous Board decision referenced in Exhibit R-1, page 53.

[24] The Board gave little weight to the Cushman Wakefield Report, and Complainant position that GRMs have flat lined at approximately 10.0 between 2009 and 2012, as support for Complainant request of a GIM of 10.0. The Board finds that these numbers are City wide, not neighborhood specific, are not specific to row housing, and accordingly given little weight.

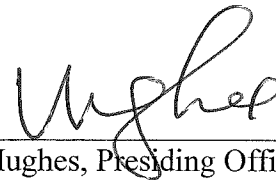
[25] Jurisprudence has established that the onus of showing an assessment is incorrect rests with the Complainant. The Complainant did not provide sufficient and compelling evidence for the Board to conclude that the assessment was incorrect. Accordingly, the Board accepts the recommendation of the Respondent and confirms the 2013 assessment of the subject at \$11,154,500.

#### **Dissenting Opinion**

[26] There was no dissenting opinion.

Heard commencing September 25, 2013.

Dated this 17<sup>th</sup> day of October, 2013, at the City of Edmonton, Alberta.



Willard Hughes, Presiding Officer

#### **Appearances:**

Tom Janzen  
for the Complainant

Devon Chew  
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.*