

Edmonton Composite Assessment Review Board

Citation: CVG v The City of Edmonton, 2013 ECARB 01941

Assessment Roll Number:	Municipal Address:
9108853	4519 101A Avenue NW
9109158	4605 102 Avenue NW
9109356	4665 102 Avenue NW
9109992	4210 102 Avenue NW
9110156	4310 102 Avenue NW
9110255	4420 102 Avenue NW

Assessment Year: 2013
Assessment Type: Annual New

Between:

CVG

Complainant

and

The City of Edmonton, Assessment and Taxation Branch

Respondent

DECISION OF
Larry Loven, Presiding Officer
Darryl Menzak, Board Member
Jasbeer Singh, Board Member

Procedural Matters

[1] At the outset of the hearing the Complainant and the Respondent confirmed that they had no objection to the composition of the Board and the Board members declared that they had no bias in matters before the Board with respect to the above named roll numbers

[2] At the request of the Complainant to have the decisions on the above named roll numbers written as one decision, and with the Respondent's agreement, the Board confirmed to the parties that the Board's single decision would include all roll numbers identified above.

Preliminary Matters

[3] There were no preliminary issues before the Board.

Background

[4] The subject properties comprise the development known as the *River Valley Townhomes*. The development was built in 1960, and is assessed with an effective year built of 1967. The development contains 216 units as follows:

Roll Number	2-Bedroom	3- Bedroom	4-Bedroom	Total
9108853	32	64	18	114
9109158	14	28	0	42
9109356	8	16	6	30
9109992	2	4	0	6
9110156	6	12	0	18
9110255	2	4	0	6
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Issue(s)

- [5] Are the assessments of the subject properties correct?
- [6] Is the assessed Gross Income Multiplier (GIM) of the subject properties 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 submitted disclosure documents as follows:

Roll Number	Exhibit #	# Pages
9108853	C-1	21
9109158	C-2	21
9109356	C-3	21
9109992	C-4	21
9110156	C-5	21
9110255	C-6	21

[9] The Complainant confirmed that the total gross effective income, for the six subject properties, given on the 2011 income statement, was \$2,814,018 and closely matched the total assessed effective gross income of \$2,799,550.

[10] The Complainant provided the following chart containing eight sales comparables.

Sales					Average			
#	Comparable Address	# Suites	Year Built	Sale Date	GIM	SP/Suite	PGI/ Suite/Mo	Adjusted SP/Suite
1	10021 - 62 St	24	1963	Nov-09	9.27	\$100,000	\$ 946	\$116,596
2	6707 - 92 Ave	26	1964	May-11	8.17	\$ 86,538	\$ 919	\$103,864
3	15520 - 98 Ave	12	1971	May-11	9.39	\$ 95,000	\$ 879	\$119,209
4	14904 - 96 Ave	15	1966	Aug-11	7.67	\$ 70,000	\$ 792	\$ 97,487
5	2303 - 38 St	94	1981	Oct-11	8.77	\$ 96,277	\$ 953	\$111,431
6	9910 - 156 St	15	1972	Apr-12	9.39	\$104,000	\$ 952	\$120,496
7	10041 - 152 St	12	1963	May-12	9.30	\$ 96,500	\$ 892	119,327
8	10443 - 156 St	12	1970	Jun-12	7.73	\$ 91,000	\$1,012	\$ 99,183
Average					8.71		\$ 918	\$110,949
Median					9.02		\$ 933	\$114,014

[11] As evident from the chart above, the sales comparables ranged as follows: in number of suites, from 12 to 94; in age, from 1963 to 1981; in date of sale, from November 2009 to June 2012; in GIM, from 7.67 to 9.39; in sale price per suite, from \$70,000 to \$104,000; in average PGI per suite per month, from \$792 to \$1,012; and, in adjusted sales price per suite, from \$97,487 to \$120,496.

[12] The Complainant used the following methodology for adjusting the sales price per suite.

- For example, the subject properties' Potential Gross Income (PGI) per suite per month, \$1103, was divided by the first sales comparable's PGI per suite per month, \$946, to arrive at an adjustment factor. This factor, for sales comparable #1, was given to be 1.165 ($= \$1103/\946).
- The sale price for each of the sales comparables was multiplied by its corresponding adjustment factor to determine the adjusted sale price for that sales comparable.

- c. It was the Complainant's argument that this adjustment accounted for all differences, such as rental rates, age, suite mix and other factors, between the subject properties and each of the sales comparables.

[13] Placing the most weight on its sales comparables #1 and #2 as being physically closest to the subject properties, as well as #5 located in the southeast, the Complainant considered a value of \$111,000 per suite to be most appropriate.

[14] Based on its analysis and comparison of the sales comparables presented, the Complainant placing the most weight on those that were more similar to the subject properties in physical attributes, namely #1, #2 and #5, considered a GIM 8.75 to be appropriate.

[15] In conclusion, the Complainant requested the Board to reduce the 2013 assessments for the subject properties to \$12,900,000, \$4,700,000, \$3,400,000, \$675,000, \$2,025,000 and \$675,000, respectively.

[16] In summation, the Complainant stated: income was not an issue and practically all of the comparables were older than 1973, as were the subject properties; and, suite mix did not have any impact on the GIM and the adjusted sale price per suite accounted for all the differences that were meaningful to an investor in the market. The Complainant stressed that, as reported by independent market sources, the Gross Rent Multiplier (GRM) in respect of low-rise apartment buildings had shown no appreciable changes over the past four years (i.e. C-1, p. 20), and the sales comparables presented support a reduction in the subject properties' assessment.

Position of the Respondent

[17] The Complainant submitted disclosure documents as follows:

Roll Number	Exhibit #	# Pages
9108853	R-1	46
9109158	R-2	46
9109356	R-3	48
9109992	R-4	46
9110156	R-5	46
9110255	R-6	46

[18] The disclosure documents contained the row-house brief, market area maps, aerial photographs, photographs of the subject properties, proforma reports, complaint issues, comparable sales, equity comparables, additional evidence and a Law & Legislation briefs.

[19] The Respondent drew the Board's attention to the income approach used in mass appraisal, market value assessment, the GIM model, and significant variables like building type, effective year built and market area (location), in the Respondent's 2013 Row-House Assessment Brief (i.e. R-1, pp. 4-11).

[20] The Respondent highlighted the caution expressed by previous Boards in the use of third-party information, as the source of such information and the methodology used for its analysis and adjustments was not clearly defined.

[21] The Respondent reviewed the Income Detail reports for the subject roll numbers from the list of the subject properties. The summary of calculations is as below:

Roll Number	Average Suite Size (M ²)	Effective PGI	Assessed GIM	2013 Assessment	Assessment per Suite
9108853	147	\$1,480,523	9.58	\$14,183,000	\$124,412
9109158	142	\$ 541,721	9.58	\$ 5,189,500	\$123,559
9109356	148	\$ 390,299	9.58	\$ 3,739,000	\$124,633
9109992	142	\$ 77,401	9.58	\$ 741,500	\$123,583
9110156	142	\$ 232,205	9.58	\$ 2,224,500	\$123,583
9110255	142	\$ 77,401	9.58	\$ 741,500	\$123,583
		\$2,799,550			

[22] The Respondent provided a table containing five GIM sales comparables (i.e. R-1, p. 24). The sales comparables are summarized as follows:

- a. All were low rise buildings; in Market Areas 5, 7, 1A and 11;
- b. The effective year built ranged from 1968 to 1978;
- c. The number of suites ranged from 15 to 62;
- d. Suite size ranged from 80 to 108 square meters;
- e. GIMs ranged from 9.62 to 11.72;
- f. All sales occurred between September 2009 and April 2012; and,
- g. Time adjusted sale prices (TSAP) per suite ranged from \$90,490 to \$126,570.

[23] The Respondent provided a table containing six equity properties. The Board noted that the six equity comparables were the six subject properties (i.e. R-1, p. 30).

[24] The Respondent listed advantages of row-houses over low-rise apartments, noting these advantages are not factored into the GIM.

[25] The Respondent provided an enhanced chart of the Complainant's sales comparables that showed that the Complainant's sales comparables ranged in size from 51 to 109 square metres with an average suite size of 73 square metres, compared to an average suite size of 147 square metres for the subject properties.

[26] In conclusion, the Respondent stated: its equity and sales comparables showed that the subject properties had been assessed fairly and equitably; its sales comparables showed that the assessment per suite of the subject properties was in line with the market valuations; typical rents assessed for the subject properties were correct; and the assessment was based on legislated mass appraisal methodology.

[27] The Respondent requested the Board to confirm the 2013 assessments of \$14,183,000, \$5,189,500, \$3,739,000, \$741,500, \$2,224,500 and \$741,500, respectively.

Decision

[28] It is the decision off the Board to confirm the 2013 assessments of the subject properties as follows:

Roll Number	2013 Assessment
9108853	\$14,183,000
9109158	\$ 5,189,500
9109356	\$ 3,739,000
9109992	\$ 741,500
9110156	\$ 2,224,500
9110255	\$ 741,500

Reasons for the Decision

[29] The Board places little weight on the six equity comparables given by the Respondent, as they were the six properties under complaint.

[30] The Board notes that the Respondent's sales comparables' suite sizes average 94.2 square metres and matches the subject properties' suite size of approximately 145 square metres more closely than Complainant's suite sizes that average 73 square metres. The Board understands that the subject properties are all two story town-houses, and approximately one-third of the suite size may be attributable to the basement space.

[31] The Board notes that both the Complainant and the Respondent have used low-rise apartments for their sales comparables, and accepts the parties reliance on these sales comparables as "*No other Row House sales to use as comparable city wide*", as indicated in the comments on the Respondent's sales comparable chart.

[32] As both low-rise apartments and row houses are assessed on an income basis and trade on the open market on their ability to produce income, the Board finds that the variance in their income producing ability to be reflected in the sale price per suite as follows:

- a. The Board finds the variance in the average PGI per suite per month of the sales comparables provided by the parties to the assessed average PGI per suite per month of the subject properties the variance is to be in the range of 20%.
- b. Applying this variance to the sales price per suite of the sales comparables provided by the Complainant, the Board finds these results similar to that of the Complainant's adjusted sale price.
- c. If the same variance is then applied to the Respondent's comparables, the Board finds that the average and median sales prices match that of the per suite assessments of the subject properties.
- d. As verification, if the Respondent's adjustment method is applied to the Respondent's sales comparables, the average sales price per suite is approximately \$10,000 greater than the assessed value per suite of the subject properties.

[33] The Board finds the Respondent's sales comparables, ranging in age from one to nine years newer versus the Complainant's ranging from five to fourteen years newer, to more closely match the age of the subject properties.

[34] The Board finds neither the Complainant's nor the Respondent's sales comparables were located in the same market area as the subject properties.

[35] The Board finds that the Respondent's sales comparables more closely match the suite mix of subject properties, in that: the Complainant's sales comparables contain no 3 or 4-bedroom suites; whereas, the Respondent's sales comparables contain primarily 1, 2, and 3-bedroom suites, versus that the of the subject properties, containing only 2, 3 and 4-bedroom suites.

[36] As the Board places greater reliance on the sales comparables of the Respondent in terms of similarity s to the subject properties, the Board finds the sale GIMs of the Respondent's sale comparables support the assessed GIM of 10.58 applied to the subject properties.

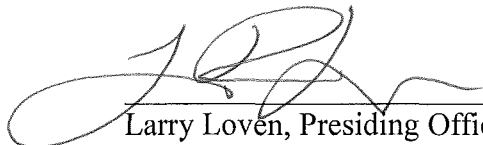
[37] Based on its consideration of the above findings, the Board concludes that the 2013 assessments of the subject properties were fair and equitable.

Dissenting Opinion

[38] There was no dissenting opinion.

Heard commencing October 15, 2013.

Dated this 14th day of November, 2013, at the City of Edmonton, Alberta.



Larry Loven, Presiding Officer

Appearances:

Tom Janzen
for the Complainant

Devon Chew
Ralf Winkler, - 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.