

Edmonton Composite Assessment Review Board

Citation: Mainstreet Equity Corp., represented by Colliers International Realty Advisors Inc v The City of Edmonton, 2014 ECARB 01144

Assessment Roll Number: 2704682
Municipal Address: 10325 123 STREET NW
Assessment Year: 2014
Assessment Type: Annual New
Assessment Amount: \$8,396,000

Between:

Colliers International Realty Advisors Inc

Complainant

and

The City of Edmonton, Assessment and Taxation Branch

Respondent

DECISION OF

Shannon Boyer, Presiding Officer

Joseph Ruggiero, Board Member

Taras Luciw, Board Member

Procedural Matters

[1] Upon questioning by the Presiding Officer the parties indicated they did not object to the Board's composition. In addition, the Board members stated they had no bias with respect to this file.

[2] The Respondent carried forward comments relative to mass appraisal from roll 2748036 and the overview of deriving Gross Income Multipliers (GIM) from Exhibit R-2, the Law and Assessment Brief.

Preliminary Matters

[3] There were no preliminary matters.

Background

[4] The subject property is a 66 unit low rise apartment building, with an effective year built of 1978, located at 10325 – 123 Street NW in the Oliver neighborhood. The property has surface parking and upper units have a balcony.

Issues

[5] Is the assessment of the subject property excessive based on the Gross Income Multiplier (GIM) when compared to the time adjusted sale price of similar properties and their respective GIMs?

[6] Is the assessment of the subject property excessive when compared to the time adjusted sales price and assessment of similar properties and their Assessment to Sales Ratio (ASR)?

Position of the Complainant

[7] The Complainant submitted an evidence package containing detailed analysis of GIMs and comparable sales supporting its position that the subject property is over assessed (Exhibit C-1).

[8] The Complainant provided a time adjusted sale price per suite for 11 properties in Northwest Edmonton that sold between February, 2011 and May, 2013, together with their respective GIMs. The sales ranged from \$87,215 to \$108,051, averaging \$93,472, and the GIMs ranged from 8.61 to 10.89, averaging 10.03, compared to the subject assessed at \$127,212 with a GIM of 12.25. When applying a more equitable selling price of \$92,000 per suite to the subject, the resultant market value for the subject was \$6,072,000.

[9] The Complainant noted that there is no comparable transaction that had a GIM even remotely close to 12.25. A GIM of 10.25 would be a most fair and conservative estimate for the subject property resulting in an assessed value of \$7,025,500 compared to the current assessed value of \$8,396,000.

[10] The Complainant also provided a time adjusted sale price per suite for eight properties in the Oliver area that sold between July, 2012 and June, 2013, together with their respective GIM (page 8). The sales ranged from \$80,050 to \$138,840, averaging \$105,924, and the GIM ranged from 8.68 to 12.63, averaging 10.64, compared to the subject assessed at \$127,212 with a GIM of 12.25. After an adjustment to account for year of construction and number of suites, the Complainant applied an adjusted price of \$110,000 per suite to the subject resulting in a market value of \$7,260,000. The GIM was adjusted to 10.12.

[11] The Complainant also included a table with the assessment per suite for nine Oliver area properties that had a range from \$90,487 to \$130,867 and averaged \$100,536. By applying a more fair and equitable assessment of \$100,000 per suite to the subject property, an assessed value of \$6,600,000 is concluded. The Complainant noted that since all nine properties have transacted, an ASR can be used to determine whether the subject property is assessed fairly in the marketplace. The average ASR was 0.948 thus using an ASR of 0.95 results in an assessed value of \$6,029,000.

[12] Considering the evidence presented, the Complainant believed the most persuasive evidence supports a reduction to \$6,600,000 based on the equity approach to value and requested a reduction accordingly.

Rebuttal of the Complainant

[13] The Complainant submitted rebuttal evidence regarding the Respondent's comparables that were described as having a park influence. Further, the Complainant noted that the

Respondent described the Oliver neighborhood as being a prime area that was very desirable. The park influence would enhance that desirability.

[14] The Complainant argued that the Respondent initially described the park as being a positive attribute but later stated that there was no influence from a park and that there was no evidence that a park would influence a multi-residential property.

Position of the Respondent

[15] The Respondent submitted evidence defining mass appraisal, comparable sales and equity comparables as support for the position that the assessment is correct. The evidence included an overview of Mass Appraisal and its approaches, definitions and variables.

[16] The Respondent provided three sales comparables of low rise properties located in the Oliver neighborhood, City of Edmonton market area 1C, where the subject is located. The sales occurred between February, 2011 and November, 2011. The properties ranged in size from six to 65 units as compared to the subject with 66 units. The time adjusted sale price ranged from \$98,882 to \$179,735 per suite compared to the subject's assessment of \$127,212. Their GIMs ranged from 10.54 to 14.56 compared to the subject at 12.25.

[17] The Respondent also provided a list of three properties as equity comparables, all located in Oliver, all in average condition and built between 1976 and 1981. Their assessments ranged from \$120,000 to \$135,250 per suite and the GIMs ranged from 12.15 to 12.4. The subject, assessed at \$127,212 per suite with a GIM of 12.25 is in the range of the equity comparables.

[18] The Respondent critiqued the Complainant's 11 sales comparables in Northwest Edmonton and noted that one was a condominium property that is assessed under a different inventory; one was a foreclosure; four were multiple parcel sales, and five were valid sales but located in different market areas.

[19] The Complainant's equity comparables were also critiqued and four were described as multiple parcel sales including one that was a condominium; four were valid sales but located in different market areas, and one was a post facto sale. Of note was that only two of the properties were located in market area 1C, the Oliver neighborhood.

[20] The Respondent requested the Board confirm the 2014 assessment of \$8,396,000.

Decision

[21] The Board's decision is to confirm the 2014 assessment in the amount of \$8,396,000.

Reasons for the Decision

[22] The Board reviewed the evidence and places greatest weight on the Complainant's sales comparables located in closest proximity to the subject property that are described as located in the Oliver area. The Board notes that only one of the comparables is in the Oliver neighborhood and that its per suite sale price is higher than the assessment of the subject property. The sales comparable that is nearest to the subject in location, albeit outside the market area, and the sales comparable located in the subject property's market area, were described by the Complainant as the best comparable properties. The Board finds that time adjusted sale price of the properties supports the subject property's assessment.

[23] In analyzing the Complainant's remaining comparable properties, the Board notes that several are highly dissimilar in age, size, suite mix, and especially location. For these reasons the Board did not consider those.

[24] The Respondent's sales comparables, while all located in the Oliver market area, were dissimilar in either, size, suite mix or age and were not given any weight. The equity comparables also differed in size and suite mix and were not given any weight.

[25] The Board is not persuaded by the Complainant's GIM argument and does not accept the Complainant's GIM methodology because the sales were selected from vastly different locations from the subject and the Complainant's GIMs were derived from third party documents. The inherent problem was compounded when the GIM was adjusted using additional third party data.

[26] The Board does not accept the Complainant's methodology of calculating market value based on adjusting the subject's assessment to bring it in line with the average ASR from equity comparables.

Dissenting Opinion

[27] There was no dissenting opinion.

Heard July 16, 2014.

Dated this 6th day of August, 2014, at the City of Edmonton, Alberta.



Shannon Boyer, Presiding Officer

Appearances:

Steven Cook
for the Complainant

Amy Cheuk
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.

Appendix

Legislation

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.

Exhibits

Complainant: C1 46 pages
 C2 17 pages

Respondent: R1 57 pages
 R2 81 pages