

## **Edmonton Composite Assessment Review Board**

**Citation: CVG v The City of Edmonton, ECARB 2012-001856**

Assessment Roll Number: 9990081  
Municipal Address: 8610 JASPER AVENUE  
NW  
Assessment Year: 2012  
Assessment Type: Annual New

Between:

**CVG**

Complainant

and

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

Respondent

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**DECISION OF**  
**Hatem Naboulsi, Presiding Officer**  
**Jasbeer Singh, Board Member**  
**Mary Sheldon, Board Member**

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### **Preliminary Matters**

[1] The parties to the hearing indicated that they had no objection to the composition of the Board. The members of the Board indicated that there was no bias with respect to this file.

[2] Evidence, arguments and submissions are carried forward, where relevant, to this file from roll number 3055985.

### **Background**

[3] The subject property is known as Riverside Towers and is comprised of two high-rise apartment buildings situated in the Boyle Street neighborhood in Edmonton. The building was constructed in 1971 and has been given an effective age of 1981 for assessment purposes. It consists of 291 apartment suites (41 bachelor suites, 126 one bedroom suites, 80 two bedroom suites, 40 three bedroom suites and four penthouse suites). There is main floor commercial space with an assessed value of \$122,000.

### **Issue(s)**

[4] What is the appropriate Gross Income Multiplier to be used when establishing the value of the subject using the income approach?

[5] The 2012 assessment of \$122,000 in respect of the main floor commercial space is not in dispute. Although the Complainant had identified several reasons for the complaint in the document attached with the complaint form, at the hearing the Complainant narrowed the list down to;

- a. Is the Gross Income Multiplier (GIM) used to derive the 2012 assessment value of \$37,689,000 for the subject property fair and equitable?

### **Legislation**

[6] The Municipal Government Act reads:

#### ***Municipal Government Act, RSA 2000, c M-26***

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**

[7] The Complainant advised the Board that there was no issue between the parties concerning the assessed value of \$122,000 for the commercial component of the subject.

[8] With respect to the residential portion of the subject, the Complainant submitted that the subject had been valued for the current assessment by the City of Edmonton using the gross income multiplier (GIM) method. The potential gross income for the subject was estimated and a typical vacancy allowance was deducted. The resulting effective potential gross income was multiplied by a gross income multiplier (GIM) to arrive at an assessment value for the residential portion of the subject.

[9] The Complainant advised the Board that there was no issue with the City’s estimated income figures or vacancy allowance used in the preparation of the 2012 assessment. The only issue raised by the Complainant was the GIM used by the City to establish value for the residential portion of the subject.

[10] The Complainant provided third party evidence from Cushman and Wakefield documentation to show that there was a decrease in the average GIM for multi-family properties. The Complainant indicated that the GIM used in the assessment of the residential portion had

indeed decreased from 2011 to 2012 but submitted that the GIM of 9.81 used in the 2012 assessment was still too high.

[11] The Complainant provided a chart of the sales of five properties which, in the opinion of the Complainant, were similar to the subject (C-1, page 2). The Complainant advised that all comparables were classified as high-rise buildings. The first comparable (11350 104 Avenue) was located in the Oliver neighborhood, twenty years newer than the subject and included many amenities which made it superior to the subject. Only comparable #3 and comparable #5 were located in the Boyle Street area, similar to the subject. Comparable #2 and comparable #4 were located in Cromdale area, adjacent to Boyle Street area.

[12] The Complainant argued that these comparables demonstrated that the GIM of 9.81 used for the residential portion of the subject was too high. The Complainant adjusted the GIM from the five sales to reflect a GIM change of .030996 per year for each year of age. The adjusted GIM range for the sales comparables was from 8.63 to 10.56.

[13] The Complainant argued that the evidence from these sales comparables showed that a GIM of 9.0 would be appropriate for the subject.

[14] The Complainant submitted that applying this to the residential portion of the subject would result in an assessment of \$34,434,000. When the assessment of \$122,000 for the commercial component is added, the total assessment for the subject would be \$34,556,000.

[15] The Complainant requested that the Board reduce the assessment of the subject to \$34,556,000.

### **Position of the Respondent**

[16] The Respondent argued that the 2012 assessment of the subject was correct, fair and equitable. The Respondent presented for the consideration of the Board an assessment brief (R-1), a law and legislation brief (R-2) and a GIM brief (R-3).

[17] The Respondent agreed with the Complainant that there was no issue with respect to the value of \$122,000 for the commercial component of the subject. The Respondent also stated that the parties agreed on the estimated income and vacancy allowance used in calculating the assessment for the residential portion of the subject. The only issue was the determination of the appropriate GIM to use in calculating value for the residential portion.

[18] In support of the position that the assessment of the residential portion of the subject was correct, the Respondent presented a chart of three sales of properties which, in the opinion of the Respondent, were comparable to the subject (R-1, page 18). The Respondent pointed out to the Board that the first two sales were in the Oliver area of Edmonton which, the Respondent argued, was an area similar to the neighborhood of the subject, although outside its market area. The third sale was the same as the Complainant's sales comparable #1. The GIM range of these comparables was from 11.68 to 13.55.

[19] The Respondent explained to the Board that the 13.55 GIM it had used in the valuation of sales comparable #3 at 11230 104 Avenue (same as Complainant's sales comparable #1 at 111350 104 Avenue) was correct and that the Complainant's use of an adjusted 10.06 GIM was in error as actual income figures had been used in this calculation rather than typical figures. In

support of this argument, the Respondent directed the Board to the decision in the “Sun Life” case (R-2, page 37).

[20] The Respondent also presented a chart of four equity comparables that were similar to the subject (R-1, page 22). The range of GIM for these comparables was from 9.79 to 10.25. The Respondent advised the Board that these comparables were in the same market area as the subject. The Respondent argued that this GIM range supported a GIM of 9.81 which had been applied in the 2012 assessment of the residential portion.

[21] The Respondent submitted to the Board that there were three significant variables to consider when determining a gross income multiplier. The significant variables were market area, building type and effective age (R-1, page 28). The Respondent argued that other factors such as suite mix, condition or investment size were not significant factors.

[22] The Respondent requested that the Board confirm the assessment of the subject at \$37,689,000.

### **Decision**

[23] The decision of the Board is to confirm the current assessment of the subject at \$37,689,000.

### **Reasons for the Decision**

[24] In the opinion of the Board, the Complainant did not present convincing or persuasive evidence that the GIM requested was appropriate.

[25] The Board notes the submission of the Respondent that the significant variables in a gross income multiplier model are market area, building type and effective age. The subject is classified as a high-rise building. Three of the Complainant’s sales comparables are low-rise buildings. The high-rise comparable at 11350 104 Avenue is outside the subject’s market area and is twenty years newer than the subject. Only two of the Complainant’s sales comparables are in the subject’s market area. The fifth sale comparable is a post facto transaction.

[26] As well, the Board is not persuaded by the sales comparables presented by the Respondent that the GIM applied in the valuation of the subject is appropriate. All the comparables are in a different market area and only one is a high-rise building.

[27] However, the Board is persuaded that the GIM used in the valuation of the residential portion of the subject is correct by the equity comparables presented by the Respondent. These comparables are similar to the subject in terms of market area, building type and age and, in the opinion of the Board the GIM range of those comparables (9.79 to 10.25) supports the GIM of 9.82 applied to the residential portion of the subject.

[28] The Board concludes that the current assessment of the subject at \$37,689,000 is correct, fair and equitable.

**Dissenting Opinion**

[29] There was no dissenting opinion.

Heard commencing September 4, 2012.

Dated this 19<sup>th</sup> day of September, 2012, at the City of Edmonton, Alberta.

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Hatem Naboulsi, Presiding Officer

**Appearances:**

Tom Janzen  
for the Complainant

Allison Cossey  
Steve Lutes  
for the Respondent