

Edmonton Composite Assessment Review Board

Citation: CVG v The City of Edmonton, ECARB 2012-002257

Assessment Roll Number: 7191257
Municipal Address: 11147 82 AVENUE NW
Assessment Year: 2012
Assessment Type: Annual New

Between:

CVG

Complainant

and

The City of Edmonton, Assessment and Taxation Branch

Respondent

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

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 Concorde Apartments and is a high-rise apartment situated in the Garneau neighborhood in Edmonton. The building was constructed in 1965 and consists of 101 apartment suites (56 bachelor suites, 22 one bedroom suites, 22 two bedroom suites and 1 three bedroom suite). It is assessed as being in a “good” condition.

Issue(s)

[4] 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 \$13,211,000 for the subject property fair and equitable?

Legislation

[5] 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

[6] The Complainant submitted to the Board that the subject had been valued for the 2012 assessment by the City of Edmonton using the gross income multiplier method (GIM). 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 to arrive at a value for the subject.

[7] 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.

[8] In support of its position that the 2012 assessment of the subject was excessive, the Complainant pointed out to the Board that the GIM applied to the subject by the City of Edmonton in preparing the assessment had risen from 10.91 for 2011 to 11.36 for the assessment year 2012 (C-1, pages 6-9). 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.

[9] The Complainant provided a chart of the sales of six properties comparable to the subject to the Board (C-1, page 2). The Complainant argued that this chart demonstrated that the GIM of 11.36 used in the preparation of the subject’s assessment was too high. In this chart, the Complainant adjusted the GIM from the six sales to reflect a GIM change of .030996 per year for each year of age.

[10] When this adjustment was made, the Complainant demonstrated that the GIM of these sales ranged from 9.02 to 10.61. The Complainant advised the Board that the first five of the sales comparables were low-rise apartments while the sixth was a high-rise building. The first

five comparables were in the same market area as the subject while the sixth was outside that area. The ages of the comparables ranged from 1965 to 1978 for the first five comparables while the sixth was thirty-six years newer than the subject and included several amenities not found in the other comparables.

[11] The Complainant argued that the evidence from these sales comparables showed that a GIM of 10.00 would be appropriate for the subject.

[12] The Complainant requested that the Board reduce the 2012 assessment of the subject to \$11,631,000.

Position of the Respondent

[13] 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).

[14] In support of that position, the Respondent presented a chart of three sales of properties comparable to the subject (R-1, page 19). 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 sales comparable presented was the same as the Complainant's sales comparable #six at 11230 104 Avenue. The GIM range of these comparables was from 11.68 to 13.55.

[15] The Respondent explained to the Board that the 13.55 GIM was used in the valuation of the comparable at 11230 104 Street. This comparable has been used by both parties. The Respondent submitted that the Complainant had calculated an adjusted GIM of 10.06 (unadjusted 11.18) for this comparable, which, the Respondent argued, was in error as actual income figures had been used in this calculation rather than the typical figures.

[16] The Respondent also presented a chart of the assessments of five properties comparable to the subject (R-1, page 23). These properties were all located in the same market area as the subject, were all high-rise multi-residential buildings built between 1965 and 1977. The GIM range of these comparables was from 11.36 to 11.73. The Respondent argued that this supported the GIM of 11.36 applied to the subject.

[17] The Respondent submitted to the Board that there were three significant variables to consider when determining a gross income multiplier. These significant variables were market area, building type and effective age (R-1, page 29). The Respondent argued that other factors such as suite mix, condition or investment size were not significant factors.

[18] The Respondent argued that the Complainant's use of actual income figures in establishing a GIM for its sixth comparable (the same as the Respondent's comparable #3) was not correct and pointed the Board to the decision in the "Sun Life" case (R-2, page 37).

[19] The Respondent also noted for the Board concerns with the validity of the Complainant's sales comparables. Specifically, the Respondent pointed out that the Complainant's sales #1 and #3 were non-arms length sales and should therefore not be considered. As well, the Respondent cautioned the Board against relying on the Complainant's calculations drawn from the third party

documentation as this documentation contained information from all parts of Edmonton, as well as from all types of multi-residential properties.

[20] The Respondent requested that the Board confirm the 2012 assessment of the subject at \$13,211,000.

Decision

[21] The decision of the Board is to confirm the current assessment of the subject at \$13,211,000.

Reasons for the Decision

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

[23] 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 a high-rise building and all but one of the Complainant's sales comparables are low-rise apartments. While those low-rise comparables are located in the same market area as the subject, only three are of a similar age to the subject. The only high-rise comparable presented by the Complainant is located outside the market area of the subject and, as well, is thirty-six years newer than the subject.

[24] The Board is not persuaded by the sales comparables presented by the Respondent that the GIM applied in the valuation of the subject was appropriate. While the three comparables provided were high-rise buildings, all were outside the subject's market area and one was thirty-seven years newer than the subject.

[25] The Board was persuaded by the high-rise equity comparables presented by the Respondent that supported the GIM used in the valuation of the subject property. Those comparables were 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 supports the GIM of 11.36 applied to the subject.

[26] Therefore, the Board concludes that the current assessment of the subject at \$13,211,000 is correct, fair and equitable.

Dissenting Opinion

[27] There was no dissenting opinion.

Heard commencing September 4, 2012.

Dated this 19th day of September, 2012, at the City of Edmonton, Alberta.

Hatem Naboulsi, Presiding Officer

Appearances:

Tom Janzen
for the Complainant

Allison Cossey
Steve Lutes
for the Respondent