

Edmonton Composite Assessment Review Board

Citation: CVG v The City of Edmonton, 2012 ECARB 1843

Assessment Roll Number: 9994237
Municipal Address: 13660 38 Street NW
Assessment Year: 2012
Assessment Type: Annual New

Between:

CVG

Complainant

and

The City of Edmonton, Assessment and Taxation Branch

Respondent

DECISION OF
Lynn Patrick, Presiding Officer
Darryl Menzak, Board Member
Judy Shewchuk, Board Member

Preliminary Matters

[1] Each of the Board members indicated that they had no bias with respect to this complaint; as well, both parties indicated that they had no objection to the composition of the panel.

[2] The City has recommended a reduction to \$11,936,500 based on the change in classification from row house to low-rise apartment. The Respondent has recommended the effective year built of 1985 be changed to the actual year built, 1978. The GIM has also been changed to 11.11 from 11.33. The Complainant rejected the recommended changes to the assessment.

Background

[3] The subject is a 104-suite complex that was classified by the City of Edmonton as a row house for the 2011 assessment year. Beginning in 2012, the City will assess this property as a low-rise apartment building. It is located at 13660 38 Street NW, in the Belmont neighbourhood of Multi-Residential Market Area 11. It has been assessed on an effective year built of 1985 and a Gross Income Multiplier (GIM) of 11.33. The subject's original assessment for 2011 was \$12,408,000.

Issue(s)

[4] Is the GIM used to prepare the original assessment correct?

[5] Is the recommended age, GIM and assessment market value correct and fair?

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 submitted an evidence package of 20 pages marked exhibit C-1. The Complainant contended that the evidence in C-1 supported a further reduction from the recommendation of the Respondent.

[8] The Complainant presented 12 sales comparables. The number of suites in these comparables ranged from 12 to 305, and the year built ranged from 1964 to 2003. These properties are located in various market areas of the City, two of which are in the same market area as the subject. The sale dates ranged from May 2009 to July 2011.

[9] The Complainant stated that there were no sales of row housing complexes, therefore only walk-up style apartments were used as comparables. The complainant also noted that the recommendation re-classifies the property as a walk-up.

[10] The Complainant stated that he accepted the City’s estimated income and vacancy allowance of 4% used to calculate fair values for properties; however, he took the position that the GIM used by the City in the preparation of the subject property’s assessment as a row-house is too high and that the recommended GIM of 11.11 still exceeds what he contends is a more appropriate figure at 10.25.

[11] To arrive at the more appropriate GIM, the Complainant adjusted the GIMs for all the sales comparables. The Complainant used GIMs as reported by The Network (a third party source) and adjusted them by a factor of 0.030996 per year for the difference in age between the subject and each comparable. This factor was derived from the City’s assessment model and was accepted by the Complainant.

[12] The Complainant’s adjusted GIMs ranged from 9.15 to 10.68. While the Respondent used a GIM of 11.11 for the recommended assessment of \$11,936,500, the Complainant submitted that 10.25 was more appropriate, and yielded a value of \$11,225,923.

[13] In response to questioning by the Respondent the Complainant stated that location adjustments were not made to the comparables and that equity was not an issue.

Position of the Respondent

[14] The Respondent submitted an assessment brief of 27 pages (exhibit R-1), a law and legislation brief of 43 pages (exhibit R-2) and a brief entitled “Errors Inherent in Mixing and Matching City GIMs/Incomes with Third Party GIMs/Incomes” (exhibit R-3).

[15] The Respondent submitted a request to reduce the assessment to \$11,936,500. The Respondent was previously classified the subject as part row house and part low-rise apartment. The property was inspected as part of a project which changed its effective age. The subject is now part of the low-rise inventory which has not been subject to a mass inspection program. Therefore, the Respondent requests that the effective age be reversed to the actual age resulting in a lower assessment.

[16] The Respondent submitted that approximately 2,200 Requests for Information (RFI) are sent out annually with an excellent return. From the returns the City is able to estimate the typical potential gross income and typical vacancy rate for properties. A GIM is then calculated and applied to all properties depending on the age, location and type of property.

[17] The Respondent provided a table of three low-rise sales comparables (R-1 page 12) indicating the type of property, location, age, vacancy, estimated potential gross income (EPGI) and calculated GIM. Two of the three comparables are in the subject’s market area exhibit higher GIMs than the one recommended for the subject. The GIMs for the comparables in the market area ranged from 11.56 to 14.07, supporting the recommended GIM of the subject at 11.11.

[18] The sale of a strata titled row house development, indicating a GIM of 11.33, was also provided as support for the reduced GIM of the subject.

[19] The Respondent submitted that its table of 22 low-rise assessment comparables in Market Area 11 (R-1 page 16), which indicated various ages, suite-mixes and sizes, EPGIs, estimated GIMs and assessments per suite, is fully supportive of the recommended GIM. The GIM increases from year-to-year by a factor of .030966 and ranges from 10.90 (for older buildings) to 11.89 (for newer buildings). The Respondent stated that the assessments of comparable properties support the assessment of the subject.

[20] The Respondent argued that the Complainant’s third party data showed actual rents while the City uses typical rents and vacancies in their calculations. The Respondent also stated that the Complainant was mixing and matching information with respect to incomes, vacancy, and ages and that the use of third party information can lead to discrepancies (R-3 page 5). The Respondent also argued that the Complainant did not time adjust his data or adjust for different market areas. Further, all of the Complainant’s comparables are walk-up buildings and not row housing.

[21] The Respondent stated that equity is an issue and that the GIMs used by the City are easily compared and can be explained. He also stated that the Complainant did not present any equity comparables to show that the assessment is not fair and equitable.

Decision

[22] The recommended assessment reduction to \$11,936,500 is accepted.

Reasons for the Decision

[23] The Respondent's evidence in support of the recommended reduced assessment carries more weight than the Complainant's evidence. The equity evidence of the Respondent strongly indicates its proposed GIM is fair. The actual numbers used by the Complainant and derived from the third-party source are mixed with the typical factors used by the Respondent, which is not an acceptable approach. That evidence is also questionable because the actual source and date of the information have not been substantiated.

[24] In addition, the inventory for low-rise apartments has not been completely inspected by the assessor. Given this fact, it would not have been fair to maintain the change to the subject's effective age, and subsequently its assessment, while all of the other properties in the low-rise category have not been inspected nor their effective ages changed. As such, the Respondent's recommendation restores the requisite element of fairness and equity to the subject's assessment. The Complainant did not introduce sufficiently compelling evidence to satisfy the Board that a further reduction was warranted.

Dissenting Opinion

[25] There is no dissenting opinion.

Heard commencing November 5, 2012.

Dated this 5 day of December, 2012, at the City of Edmonton, Alberta.

Lynn Patrick, Presiding Officer

Appearances:

Tom Janzen
for the Complainant

Amy Murphy
Renee Redekopp
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.