

Edmonton Composite Assessment Review Board

Citation: CVG v The City of Edmonton, 2013 ECARB 01870

Assessment Roll Number: 10030324

Municipal Address: 10746 102 STREET NW

Assessment Year: 2013

Assessment Type: Annual New

Between:

CVG

Complainant

and

The City of Edmonton, Assessment and Taxation Branch

Respondent

DECISION OF
Willard Hughes, Presiding Officer
Brian Carbol, Board Member
Brian Frost, Board Member

Procedural Matters

[1] Upon questioning by the Presiding Officer, the parties indicated no objection to the Board's composition. As well, the Board Members indicated no bias with regard to this file.

Background

[2] The subject property is a 39 unit low rise apartment building, located at 10746 – 102 Street NW, in the neighborhood of Central McDougall. It has an effective year built of 1981. The suite mix is 4 bachelor units and 35 one bedroom units. The building is located in market area 2 and is classified in average condition. The 2013 assessment is \$3,694,500.

Issues

- [3] Is the assessment of the subject property correct?
- a) Is the Gross Income Multiplier (GIM) used in the calculation of the assessment correct?
 - b) Is the Potential Gross Income (PGI) used in the calculation of the assessment correct?

Legislation

[4] 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

[5] The Complainant filed this complaint on the basis that the subject property assessment of \$3,694,500, arrived at using a GIM of 10.38, was in excess of market value. In support of this position, the Complainant presented an 18 page document (Exhibit C-1) and a six page document (Exhibit C-2).

[6] The Complainant provided a detailed GIM analysis of four comparable multi-residential properties (Exhibit C-1, p 2). Sale dates range from July 2011 to April 2012. Effective year built of the comparables range from 1959 to 1978. The time adjusted sale price per suite ranged from \$70,739 to \$85,500. Locations #1, 3 and 4 were given the most weight. The Complainant indicated that these three sales had the most similar physical, locational and income producing attributes. A GIM of 8.60 (which is the average GIM of the four comparables) is considered appropriate and is requested by the Complainant.

[7] The Complainant provided income statements and April 2012 rent rolls from the subject that shows an actual effective potential gross income of \$289,598. This is considerably less than the Respondent’s estimated effective potential gross income of \$355,938 (Exhibit C-1, p 1, 9-13). The Complainant indicated that his evidence on actual incomes demonstrates that the subject does not achieve the income levels as identified by the Respondent using typical rents and therefore merits a reduction in assessment.

[8] In rebuttal, the Complainant provided a six page document (Exhibit C-2), which contained information from a third party source (the Network) specifically regarding the Respondent’s comparables of the five sales identified, four of which included GIM’s of 10.22, 10.15, 9.15 and 9.28.

[9] The Complainant requested a reduction in the 2013 assessment from \$3,694,500 to \$2,400,000 based on a GIM of 8.60 and a PGI of \$289,598.

Position of the Respondent

[10] In support of the assessment, the Respondent provided the Board with a 42 page submission (Exhibit R-1) for the Board's review and consideration.

[11] The Respondent provided six sales comparables (Exhibit R-1, p 21) for low rise properties all within market area 2, the same as the subject. Sale dates ranged from August 2009 to June 2012. Effective year built of the 6 comparables ranged from 1961 to 1977. Time adjusted sale price per suite ranged from \$90,000 to \$101,800. The range of the GIMs for the six comparables was between 9.17 and 11.03, with an average of 10.08.

[12] The Respondent indicated their estimated/typical income analyses are considered to be accurate given income analysis is based largely on large volume of rental incomes received from surrounding property owners. Also, typical rents do not include management decisions that could skew incomes when actual rents are considered.

[13] The Respondent also provided equity comparables (Exhibit R-1, p 28) of four other properties in close proximity to the subject and with similar attributes in support of the assessment.

[14] The Respondent concluded that the assessment is fair and equitable, and requested that the 2013 assessment of \$3,694,500 be confirmed.

Decision

[15] The decision of the Board is to reduce the 2013 assessment to \$3,006,027.

Reasons for the Decision

[16] Regarding the GIM issue, the Board placed more weight on the Respondent sales comparables. The GIM of 10.38 of the subject is well within the range of GIMs identified, albeit at the higher end. The Board considers a contributing factor for this higher GIM to be that the subject building is a newer building (1981), and newer than all the sales comparables used by both the Respondent and the Complainant.

[17] The Respondent's equity comparables in Exhibit R-1 provided support for the subject's GIM.

[18] Regarding the income issue, the Board accepted the Complainant's evidence that the actual incomes were considerably lower than the typical estimated incomes provided by the Respondent. Actual effective PGI from the Complainant was \$289,598, compared to the estimated PGI of the Respondent of \$355,938. This was supported by evidence contained in the residential rent rolls. Moreover, it was noted by the Complainant that the 2011 income statement effective gross income was \$265,104, again much lower than the Respondent's income numbers. This reduced income would contribute to a lesser value than indicated by the Respondent using higher estimated income numbers.

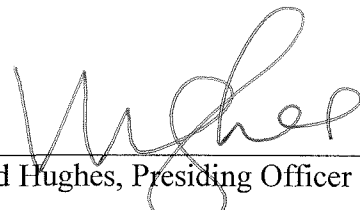
[19] Accordingly, the assessment has been adjusted to reflect the actual PGI as indicated by the Complainant. The assessment is revised using a PGI of \$289,598 and GIM of 10.38, resulting in an assessment of \$3,006,027.

Dissenting Opinion

[20] There was no dissenting opinion.

Heard commencing August 20, 2013.

Dated this 12th day of September, 2013, at the City of Edmonton, Alberta.



Willard Hughes, Presiding Officer

Appearances:

Tom Janzen
for the Complainant

Amy Murphy, Assessor
Ralf Winkler, Assessor
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.