

## Edmonton Composite Assessment Review Board

**Citation: John C. Manning v The City of Edmonton, 2013 ECARB 01871**

**Assessment Roll Number:** 3053857

**Municipal Address:** 10730 102 STREET NW

**Assessment Year:** 2013

**Assessment Type:** Annual New

Between:

**John C. Manning**

Complainant

and

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

Respondent

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### DECISION OF

**Willard Hughes, Presiding Officer**

**Brian Carbol, Board Member**

**Brian Frost, Board Member**

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### **Procedural Matters**

[1] When asked by the Presiding Officer, the parties advised that there were no concerns respecting the composition of the Board, and the Board members advised that they had no bias respecting the matter before the Board.

### **Background**

[2] The subject property is a 33 suite low rise apartment complex located in the Central McDougall neighbourhood in market area 2. The subject property was built in 1968 and contains 22 one bedroom suites and 11 two bedroom suites.

### **Issue(s)**

[3] Is the assessment of the subject property correct?

**Sub –Issue:** Is the Gross Income Multiplier (GIM) used to derive the assessment of the subject property 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 entered Exhibit C-1 in support of a reduced assessment.

[6] The Complainant stated that the only issue is that the GIM is incorrect and accepts the potential gross income of \$320,137 as estimated by the City as correct.

[7] The Complainant presented four apartment sales to support a value lower than the current assessment of the subject property. The sale comparables range in age from 1959 to 1978 and in GIM from 8.53 to 8.70. The Complainant argues that these comparables, with most weight placed on those sales with similar physical, location and income producing attributes (sales # 1, 3, and 4), support a GIM of 8.60.

[8] In rebuttal, the Complainant argued that the calculated GIM for two of the Respondent’s sale comparables (Exhibit R- 1 p. 21, 22) were higher than those calculated through the Network documents presented (Exhibit C-2, p. 2, 3). In the first instance the City calculated the GIM at 9.05 while the Network had 8.53; in the second instance the City calculated the GIM at 8.76 while the Network had 8.61.

[9] In summary, the Complainant argued that the sales comparables he presented support a reduction of the GIM and that the Respondent’s sale comparables in several instances do not support the GIM value of 9.58 used by the City for walk-up apartments in market area 2.

[10] The Complainant requests a reduction of the assessment of the subject property, based on application of a GIM of 8.60 to the potential Gross Income, to \$2,650,000.

## **Position of the Respondent**

[11] In support of the assessment of the subject property the Respondent entered in to evidence Exhibit R-1 (47 pages). The Respondent cited that: "For the purpose of the 2013 Annual Assessment, Low Rise Apartments were valued based on the income approach using typical potential gross income (PGI), typical vacancy and typical gross income multiplier (GIM)." (Exhibit R-1, p. 6).

[12] The Respondent highlighted the Model Significant Variables used to develop the PGI and GIM for low rise apartments (Exhibit R-1, p. 7).

[13] The Respondent indicated that typical GIM of 9.58 is the rate that is used for all properties older than 1972.

[14] In support of the correctness of this value, the Respondent presented four comparable sales of low rise apartment buildings in Central McDougall that ranged in year built from 1967 to 1971; and in GIM from 9.05 to 10.20 in time adjusted sale price per suite from \$81,102 to \$91,000 (Exhibit R-1. p.19).

[15] The Respondent further presented three equity comparables from the Central McDougall neighbourhood and one from Queen Mary Park ranging in year built from 1961 to 1969; and in assessment per suite from \$74,388 to \$80,583 (Exhibit R-1, p. 24).

[16] The Respondent questioned the validity of the Network data presented by the Complainant regarding verification of income and time adjustments.

[17] The Respondent requested that the assessment of the subject property be confirmed at \$2,928,500.

## **Decision**

[18] The assessment of the subject property is reduced to \$2,782,000.

## **Reasons for the Decision**

[19] The Board gave consideration to the sale comparables presented by the Complainant. The comparables were in same market area, were with one exception of similar age and supported a GIM in the range of 8.53 to 8.70.

[20] The Board considered that the Complainant's sales data may be suspect in that it was derived from third party information and to that extent the Board felt the result may be suspect. The board, however, concluded that the Complainant's data was sufficient to cause the Board to question the validity of the GIM used in the assessment.

[21] The Board gave consideration to the Respondent's sale comparables and noted they did not support a GIM of 9.58. In this regard, the Board gave most weight to the Respondent's sale comparables #1 with a GIM of 9.05 and sale comparable #3 with a GIM of 9.17. These

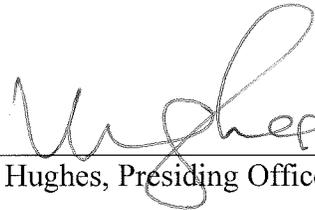
comparables support a GIM in this range, and suggested a GIM of 9.10 would be more appropriate.

[22] The Board therefore concludes that the GIM attributed to the subject property is incorrect, and by applying a GIM of 9.10 to the typical income derived for the subject property, a revised assessment of \$2,782,000, or \$84,303 per unit, is produced.

[23] The Board considered the Respondent's equity comparables. An assessment range of \$80,083 to \$94.513 per unit was evident, thus supporting the conclusion reached by the Board.

Heard August 20, 2013.

Dated this 12<sup>th</sup> day of September, 2013, at the City of Edmonton, Alberta.



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Willard Hughes, Presiding Officer

**Appearances:**

Tom Janzen  
for the Complainant

Amy Murphy  
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.*