Edmonton Composite Assessment Review Board

Citation: CVG v The City of Edmonton, 2013 ECARB 01910

Assessment Roll Number: 2707172
Municipal Address: 10144 123 STREET NW
Assessment Year: 2013
Assessment Type: Annual New

Between:

CVG

Complainant

and

The City of Edmonton, Assessment and Taxation Branch

Respondent

DECISION OF
Larry Loven, Presiding Officer
John Braim, Board Member
Pam Gill, Board Member

Procedural Matters

[1] At the outset of the hearing the parties confirmed that they had no objections to the composition of the Board, and the Board confirmed that they had no reasons as to why they would be unable to hear the matter.

[2] The parties requested argument and evidence be carried forward from this roll number, 2707172, to roll numbers 2738920, 3374758, 3409059 and 3510005 where applicable.

Preliminary Matters

[3] None noted.

Background

[4] The subject property is a low rise apartment building, known as *Andrew Manor Apartments,* containing 22 suites (15 one-bedroom suites, 5 two-bedroom suites and 2 three-bedroom suites); was built in 1969, with an effective year built of 1974; and, is assessed at $118,681 per suite.

Issue(s)

[5] Is the 2013 assessment of the subject property correct?

Legislation

[6] 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

[7] The Complainant submitted a brief (Exhibit C-1, 17 pages) in support of their requested 2013 assessment of $2,350,000 of the subject property.

[8] The Complainant provided six sales comparables (C-1, p. 2), all located in the same market area as the subject property and ranging in number of suites from 9 to 99, age from 1964 to 1971, Gross Income Multiplier (GIM) from 9.46 to 10.67, sale price per suite from $88,181 to $121,428, average potential gross income (PGI) per suite per month, from $752 to $1,039, and adjusted sale price per suite from $98,598 to $110,860. The subject property has 22 suites, year of construction 1969, GIM of 11.31, $902 average PGI per suite per month, and assessment of $118,681 per suite.

[9] The Complainant explained the adjusted sale price per suite was determined by multiplying the sale price per suite of each sales comparable by a multiplier determined by the average assessed PGI per suite per month of the subject property divided by the average sales PGI per suite per month of that sales comparable. For example, the sale price per suite of the first sales comparable was given to be $94,444 per suite. This price was multiplied by a factor of the average assessed PGI per suite per month of the subject property, $902, divided by the average PGI per suite per month of that sales comparable, given as $864. It was the argument of the Complainant that this adjustment accounted for any changes in sale price and rental rates from the date of sale as well as any variation in such site specific factors as age, location and suite mix.

[10] Based on the average adjusted sale price per suite of the Complainant's sales comparables given as $104,452, the Complainant considered a value of $105,000 per suite to be appropriate, indicating a value of $2,310,000 for the subject property.

[11] Similarly, relying upon the GIMs of two sales comparables (#2 and #6) considered by the Complainant to be more similar in physical, locational, and income-producing attributes, given as 10.67 and 10.44, the Complainant considered a GIM of 10.5 to be appropriate. Appling this GIM to the June 2012 rent roll of the subject property, the Complainant determined a value of $1,863,036; and secondly, to the assessed effective PGI of the subject property, the Complainant determined a value of $2,424,324.

[12] In conclusion, the Complainant requested the 2013 assessment of the subject property be reduced to $2,350,000.

[13] In response to the Respondent's submission, R-1, the Complainant submitted a rebuttal document (Exhibit C-2, 4 pages). The Complainant's rebuttal charted the GIM for each of the Respondent's three sales comparables as given by Network compared to that determined by the Respondent. The GIMs for Complainant's sales comparables as determined by Network ranged from 10.44 to10.67, whereas those determined by the Respondent ranged from 11.25 to 12.16.

Position of the Respondent

[14] The Respondent presented a brief (Exhibit R-1, 41 pages) containing a testimonial statement, a 2013 low-rise apartment brief, market area maps, aerial photographs, photographs, a profile report, complainant issues, comparable sales, equity comparables, additional evidence and a law brief.

[15] The Respondent pointed the Board to mass appraisal, valuation, potential gross income model and high-lighted to the Board model significant variables, for potential gross income as average suite size, balcony, building type, condition, effective year built, market area (location, river view suites, stories and suite mix; and for gross income multiplier as building type, effective year built and market area (location). The Respondent also high-lighted to the Board the Network disclaimer regarding reliance on outside sources.

[16] The Respondent directed the Board to a detail report for the 2013 assessment period of the subject property showing a PGI of $238,029 and a vacancy of 0.03 or 3% (R-1, p. 18).

[17] The Respondent provided a chart containing five sales comparables, striking two of the sales as they were duplications. Two of the three sales presented by the Respondent were also presented by the Complainant. Regarding the Respondent's sales comparables: all three sales comparables varied in sale GIM from 11.25 to 12.16; and time adjusted sale price per suite (TASP) from $109,219 to $115,742; compared to the subject property with an assessed GIM of 11.31 and an assessed value per suite of $118,681 (R-1, p. 21).

[18] The Respondent provided a chart containing five equity comparables (including the subject property) all located in the Oliver neighbourhood, ranging in effective year built from 1972 to 1980, number of stories from 2.5 to 3.5, all in average condition, all assessed at a vacancy of 0.03, with a 2013 estimated GIM ranging from 11.21 to 11.91, and assessment per suite from $114,500 to $119,818 (R-1, p.27).

[19] In conclusion the Respondent requested the 2013 assessment of the subject property be confirmed at $2,611,000.

Decision

[20] It is the decision of the Board to reduce the 2013 assessment of the subject property from $2,611,000 to $2,464,000.

Reasons for the Decision

[21] Considering the Complainant's rebuttal evidence regarding the variance between the GIM given by the Network versus those given by the Respondent for the Respondent's sales comparables the Board finds the a lower income results in a higher calculated GIM, but in the absence of the assessed GIM for the comparables, the Board has little it can rely upon to further analyze the variances.

[22] The Board finds the Complainant's unique methodology regarding adjustment of the sales comparables price per suite to be unverifiable by standard appraisal principles and appears to create an inequity with the actual (or even the time adjusted) sales price per suite. Accordingly, the Board places little reliance on these adjusted sales price per suite of the Complainant's sales comparables.

[23] The equity comparables provided by the Respondent support the assessed GIM of the subject property at 10.58. The Respondent's 2013 low-rise apartment assessment brief, states the value of low-rise apartment buildings, such as the subject property, was based on the typical PGI, typical vacancy and typical potential GIMs. However, as both parties submitted sales comparables on which they relied to support their respective valuations of the subject property, the Board places greater reliance on section 4.6.3 of the International Association of Assessment Officers (IAAO) standard (as quoted by the Respondent in their 2013 low rise apartment assessment brief): "*...Sales comparison models can be equally effective in large jurisdictions with sufficient sales...*". The Board is then drawn to closely consider the sales comparables provided.

[24] The Board finds that the subject property is over assessed at $118,681 per suite based on the Complainant's sales comparables (C-1, p. 2), and the June 2012 effective rent roll of $177,432.40 (net of 3% assessed vacancy rate) times the assessed GIM of 11.31 gives a value of $2,008,534 or $91,297 per suite.

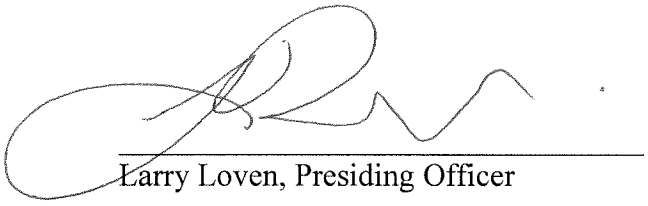
[25] Furthermore, the Respondent's three comparable sales (R-1, p. 21), which average $112,654 per suite do not support the assessed value of the subject at $118,681 per suite.

[26] The Board finds the Respondent's three sales comparables (two of which are in common with the Complainant's sales comparables), and additionally #3 and #5 of the Complainant's sales comparables (C-1, p. 2), which are closer in age to the subject, support a market value of $112,000 per suite or $2,464,000. The Board notes that this market value, based on an assessed effective PGI of $230,888, results in a GIM of 10.67.

Dissenting Opinion

[27] None noted.

Heard commencing September 17, 2013.
Dated this 16th day of October, 2013, at the City of Edmonton, Alberta.



Larry Loven, Presiding Officer

Appearances:

Tom Janzen
for the Complainant

Amy Murphy
Ralf Winkler
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.