Edmonton Composite Assessment Review Board

Citation: CVG v The City of Edmonton, 2013 ECARB 01921

Assessment Roll Number:	1084854
Municipal Address:	100 Hillcrest Place 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
James Wall, Board Member
Randy Townsend, 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.

Preliminary Matters

[2] Evidence, argument and submissions were carried forward to this file from Roll #9993392, where applicable.

Background

[3] The subject property is a 144 unit, 3 storey row house complex known as Hillcrest Place located along 159 Street south of Whitemud Freeway in the neighborhood of Patricia Heights. It was built in 1971 with an effective year built of 1985. It comprises one – 1 bedroom unit, 71 – 2 bedroom units, and 72 – 3 bedroom units. The project is located in Market Area (MA) 6 and is categorized in average condition. The 2013 assessment is $21,306,000.

Issue(s)

[4] What is the appropriate Gross Income Multiplier (GIM) to be applied to the subject property?

[5] Should five suites claimed by the Complainant to be "unrentable" be excluded from the 2013 assessment?

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 filed this complaint on the basis that the subject property assessment of $21,306,000, arrived at with a GIM of 10.78, was in excess of the market value. In support of this position, the Complainant presented a 22 page brief (Exhibit C-1).

[8] The Complainant advised that the primary outstanding issue before the Board was the GIM. In addition, the Complainant requested that five "unrentable" units be deleted from the assessment (Exhibit C-1, pages 1 and 2).

[9] The Complainant provided a detailed GIM analysis of seven comparable low rise properties that sold between August 2010 and June 2012 (Exhibit C-1, pages 1 and 2). Effective year built ranged between 1963 and 1981, relative the subject at 1985, yielding a median GIM of 9.3. The information on the sales comparables was derived from The Network, a third party source for sales reports (Exhibit C-1, pages 11 to 17).

[10] The Complainant placed most weight on sales #1, 2, 4, and 5 which were considered to be the most similar in terms of age and other attributes, relative to the subject. Based on an analysis of these sales, a GIM of 10.0 was considered to be appropriate. Using the City's estimated effective gross income of $1,976,472 results in a value of $19,764,720.

[11] As additional support for the value of $19,764,720, the Complainant included a Direct Sales Analysis (Exhibit C-1, page 2) wherein an adjustment factor was calculated based on the ratio of the subject's and the comparable property's net operating income (per suite) to derive an adjusted sale price per suite for each of the comparables. This calculation provides a median adjusted value of $127,423 per suite.

[12] The Complainant noted that five 2 – bedroom units were unrentable during 2012 due to water penetration and related issues. This was supported with a two sentence email from the property management firm identifying the five units (Exhibit C-1, page 22). The Complainant's

position is that the assessment should be reduced by the average assessment value per unit, totaling $739,790.

[13] The Complainant provided a copy of 2013 Market Beat Apartment Report prepared by Cushman and Wakefield (Exhibit C-1, pages 18 to 21) in support of the request for a GIM of 10.0. The Complainant referenced the Edmonton Housing 2012 Market Chart (Exhibit C-1, page 21), which the Complainant highlighted that the average GRM (Gross Revenue Multiplier) for multi family sales has flatlined between 2009 and 2012 at approximately 10.0.

[14] The Complainant requested a reduction in the 2013 assessment from $21,306,000 to $18,250,000 based on a GIM of 10.00 and exclusion of five unrentable suites.

Position of the Respondent

[15] In support of the assessment, the Respondent presented written evidence (Exhibit R-1, containing 77 pages and Exhibit R-2 Law and Assessment Brief, containing 85 pages) and oral argument for the Board's review and consideration.

[16] The Respondent submitted six sales comparables of low rise properties (Exhibit R-1, page 43) with GIMs ranging from 9.78 to 14.80, relative to the subject at 10.78. Effective year built ranged from 1972 to 2002. Market Areas 5, 6 and 7 were included. Time adjusted sale prices ranged from $138,412 to $209,422 per suite.

[17] The Respondent gave most weight to sale #3 (GIM 10.68, TASP $151,150/suite) with comparable building size and suite mix, and similar location attributes. The Respondent considered Market Areas 7 and 6 to be comparable, given proximity to river valley and other factors.

[18] The Respondent provided three sales comparables for row housing properties (Exhibit R-1, page 50). The Respondent acknowledged the sales data was from a third party source (Anderson), and accordingly gave little weight to the GIM and PGI numbers. However, the Respondent noted that the TASP was considered valid information, with a range of sale prices per suite from $149,983 to $162,000 to be in support of the assessment (subject TASP of $147,958).

[19] Additionally, the Respondent provided equity comparables of 22 row houses located in Market Area 6, the subject's location. The per suite assessments ranged from $124,735 to $170,540, while the subject, at $147,958, was in the middle of the range (Exhibit R-1, page 54). These comparables support the subject's assessment as being fair and equitable.

[20] The Respondent provided a 2012 CARB decision (Exhibit R-1, pages 56 to 63), wherein concerns were noted over using third party GIM/Income information. Moreover, the Respondent referenced Exhibit R-2, "Errors Inherent in Mixing and Matching City GIMs/Incomes with Third Party GIMs/Incomes", as further caution against the Complainant's use of third party reports.

[21] Regarding the Complainant's request to delete five "unrentable" units from the 2013 assessment, the Respondent argued the request was not supportable. The Respondent indicated these units were shown as rented in the rent roll records of March 2012 (Exhibit R-1, pages 32 to 34); and moreover, the provided income statements (Exhibit R-1, page 39) were inconclusive in support of deletion of the five units. Also, the only support for such claim was a two sentence

email from the property manager saying the units were "unrentable", with no independent evidence.

[22] The Respondent recommended that the Board give little weight to the Cushman Wakefield Report (Exhibit C-1, pages 18 to 21), as the information was city wide (not geographic specific), and was for all multi family forms from across the city.

[23] The Respondent requested that the 2013 assessment in the amount of $21,306,000 be confirmed.

Decision

[24] The decision of the Board is to confirm the 2013 assessment in the amount of $21,306,000.

Reasons for the Decision

[25] The Board considered the evidence and arguments as presented by the parties and places more weight on the Respondent's sales comparables with the range of GIMs between 9.78 and 14.8 which supports the subject's GIM of 10.78. The Board noted the Respondent's information that the subject is newer than five of the six comparable properties and it should be higher in the GIM range, relative to the Complainant's comparables which were all considerably older than the subject.

[26] The Board also accepts the Respondent's equity comparables of 22 row houses, similar in effective age and all located in Market Area 6, the subject's location. With the per suite assessments ranging from $124,735 to $170,540 and the subject, at $147,958, being near the middle of the range (Exhibit R-1, page 54), the Board finds these comparables support the subject's assessment as being fair and equitable.

[27] The Board places less weight on the Complainant's adjusted GIM analysis and adjusted Direct Sales Analysis (Exhibit C-1). The methodology of calculating the adjustment factor was not supported by any evidence of its acceptance and use in industry or for mass appraisal by a municipality.

[28] The Board considers third party information as presented with caution, and accepts the concerns as highlighted in Exhibit R-2 and as expressed in a previous Board decision referenced in Exhibit R-1, page 56.

[29] The Board considered the request for the removal of five suites due to being "unrentable". The Board saw insufficient evidence to grant such request. In fact, rent rolls for March 2012 show the suites as occupied. Further, there was inconclusive evidence of reduced income resulting from unrentable units, and also there was some confusion whether these were 2 or 3 bedroom units. Finally, no support evidence was brought forward to substantiate such a claim, other than a two sentence email from the property manager indicating these units as unrentable.

[30] The Board gave little weight to the Cushman Wakefield Report, and Complainant position that GRMs have flat lined at approximately 10.0 between 2009 and 2012, as support for Complainant request of a GIM of 10.0. The Board finds that these numbers are City wide, not neighborhood specific, are not specific to row housing, and accordingly given little weight.

[31] Jurisprudence has established that the onus of showing an assessment is incorrect rests with the Complainant. The Complainant did not provide sufficient and compelling evidence for the Board to conclude that the assessment was incorrect. Accordingly, the Board accepts the recommendation of the Respondent and confirms the 2013 assessment of the subject at $21,306,000.

Dissenting Opinion

[32] There was no dissenting opinion.

Heard commencing September 25, 2013.
Dated this 17th day of October, 2013, at the City of Edmonton, Alberta.

Willard Hughes, Presiding Officer

Appearances:

Tom Janzen
for the Complainant

Devon Chew
Steve Lutes
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.