

**CALGARY
ASSESSMENT REVIEW BOARD
DECISION WITH REASONS**

In the matter of the complaint against the property assessment as provided by the *Municipal Government Act*, Chapter M-26, Section 460, Revised Statutes of Alberta 2000 (the Act).

between:

Bankers Hall GP Inc.
(as represented by Colliers International Realty Advisors Inc.), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

P. Mowbrey, PRESIDING OFFICER
D. Morice, MEMBER
R. Roy, MEMBER

This is a complaint to the Calgary Assessment Review Board in respect of the property assessment prepared by the Assessor of The City of Calgary and entered in the 2012 Assessment Roll as follows:

ROLL NUMBER:	068227107
LOCATION ADDRESS:	404 9 Avenue SW
HEARING NUMBER:	65941
ASSESSMENT:	\$24,340,000

The complaint was heard on July 31, 2012, in Boardroom 10 at the office of the Assessment Review Board, located at 1212 – 31 Avenue NE, Calgary, Alberta.

Appeared on behalf of the Complainant:

- C. Hartley

Appeared on behalf of the Respondent:

- H. Neumann

Board's Decision in Respect of Procedural or Jurisdictional Matters

[1] There were no procedural or jurisdictional matters raised by either party during the course of the hearing.

Property Description

[2] The subject property, known as the Bankers Hall West Parkade, is a 22,605 sq ft parcel of land located at 404 9 Avenue SW in the Downtown Commercial core of Calgary and is improved with a 9 level, including roof and underground level, parkade.

[3] The subject property was assessed by the income approach to value and the total 2012 assessment for the subject property is \$24,340,000.

Issues

[4] The Assessment Review Board Complaint form, filed February 15, 2012, contained a lengthy list of reasons and grounds for the complaint. The issues the Complainant brought forward at the hearing were:

1. Is the 2012 Assessment correct?
 - (a) Is the assessed expense ratio underestimated?
 - (b) Is the capitalization rate appropriate?

Complainant's Requested Assessment

[5] The Complainant requested an assessment for the 526 parking stall parkade of \$17,980,000.

Complainant's Position

[6] The Complainant's position was that the 2012 assessment for the subject was incorrect and argued the subject parkade was a free standing facility with a clear history of the operating costs exceeding 40% of revenue. With the revenue declining over the last three years, the trend for operating costs has only magnified.

[7] The Complainant indicated that the 2011 operating expenses were underestimated and the Complainant presented an Income Statement for the Years Ending December 31, 2010 and December 31, 2011. The Complainant stated that the Complainant's estimate of Net Operating Income for the subject was the average actual NOI for 2010 and 2011 of \$1,349,169.

[8] The Complainant reasoned that while there appears to be a grading system for parkades, there is no distinction of capitalization rates. There is no differentiation between the higher quality parkades that should be assessed at a lower capitalization rate, than inferior parkades. The subject was assessed with capitalization rate is 7.0% for the assessed classification of an A- Class parking facility. The Complainant argued that a capitalization rate more appropriate for the subject was 7.5%. The Complainant provided eight 2012 Assessment Income Approach Valuation documents for parking facilities to indicate the use of a 7.5% capitalization rate.

[9] The Complainant stated that based on a parkade 2011 CARB Decision, the operating

cost allowance was increased from 25% to 40% for all downtown parkades but the significant increase was tempered by a 0.5% decrease in the capitalization rate.

Respondent's Position

[10] The Respondent stated in support of the 2012 assessment that all assessments are prepared using the mass appraisal methodology and using typical data. The Respondent indicated the subject functions as a parking facility for Bankers Hall, located to the east of the subject and makes the parking ratio of Bankers Hall competitive with AA Class office buildings. The Respondent stated that a portion of the operating costs associated with the subject are paid by tenants of Bankers Hall as some of the stalls are reserved for the tenants of Bankers Hall. The Respondent indicated the subject is connected to Bankers Hall complex via the Plus 15.

[11] The Respondent provided a chart with the sales of parking facilities dated from 1986 to a post facto sale of the Bow Parkade dated April 2012. The Respondent provided third party transaction summary sheets and Certificate of Title documentation for the previous sales of which the two most recent are the same property, one in May 2007, and the last sale in April 2012. The 2007 sale transacted for a sale price of \$86,000,000 for 1010 parking stalls, and the post facto sale of April 2012 was for \$90,000,000 for 1010 parking stalls. The Respondent indicated the post facto sale in April 2012 is intended for trending information purposes and was not used in the 2012 assessment, but will be used in the preparation of 2013 assessment.

[12] The Respondent included a Colliers 2011 Parking Rate Survey, and brought to the Board's attention that Calgary is shown to be in the top 25 monthly parking rates in the world with a reported rate of \$486.34 per stall per month and in North America is in the top 10 for daily parking rates with an indicated rate of \$26 per stall per day. The parking survey includes 61 central business districts across North America. The survey indicates that rates have changed little over the past twelve months.

[13] The Respondent included a photo of signage for the subject parkade by Brookfield Properties advertising parking rates as \$26 daily maximum.

Complainant Rebuttal

[14] In the Rebuttal the Complainant highlighted a CARB Decision, 1660/2011-P, which indicated that the post facto sale of a property had not been taken into consideration in the Board's decision.

Decision

[15] The Decision of the Board is to confirm the 2012 Assessment of \$24,340,000 for the subject property.

Reasons

[16] The Board reviewed and carefully considered the evidence of the Complainant and Respondent.

[17] In regard to the issue, is the assessed expense ratio underestimated, the Board referred to the Income Statement for the Years Ending December 31, 2010 and December 31, 2011,

to the Income Statement for the Years Ending December 31, 2010 and December 31, 2011, presented by the Complainant, and noted the NOI stated in the analysis was actual revenue and expenses taken from the subject's financial records. There was one supporting comparable with financial information however, the analysis was left to be done by the Board.

[18] The Board noted the Complainant averaged the actual 2010 and 2011 NOI reported by the owner, to reach the NOI of \$1,349,169 as the basis in the calculation for the requested assessment. However, the Board was confused because in one estimate the Complainant applied a 7% capitalization rate for a proposed assessment of \$19,273,842, then the requested capitalization rate of 7.5% was applied for a proposed assessment of \$17,988,920.

[19] The Board finds the Complainant presented the actual performance of the subject but insufficient comparable evidence to support the issue that the assessed expense ratio was underestimated and therefore accepts the assessed expense ratio of 40%.

[20] In regard to the issue, is the capitalization rate appropriate, the Complainant provided Income Approach Valuation Assessment reports for 8 properties that indicated a capitalization rate of 7.5% and sited them as B Class parking facilities. There was no supporting documentation presented for the comparables.

[21] The Board noted the Complainant referred to the 3 most recent sales of comparable parkades presented by the Respondent but indicated the 2004 sale should not be given consideration for current downtown parkade capitalization rates, the 2007 sale is of limited use to establish capitalization rates as this sale occurred in an explosive upward trend and with the change in direction since then negates the analysis and expectations of the purchaser, and the April 2012 sale is a post facto sale occurring well after the valuation date of July 01, 2011 and should be given no consideration in establishing a capitalization rate.

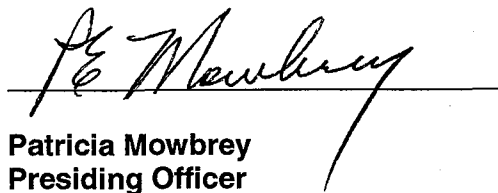
[22] The Board finds the Complainant lacked evidence to support the requested capitalization rate of 7.5% and therefore accepts the assessment capitalization rate of 7%.

[23] The Board placed greatest weight on the Respondents evidence.

[24] The Board finds the 2012 Assessment of the subject property of \$24,340,000 is correct, fair and equitable.

The assessment is **CONFIRMED** at: **\$24,340,000**

DATED AT THE CITY OF CALGARY THIS 12th DAY OF Sept., 2012.



Patricia Mowbrey
Presiding Officer

APPENDIX "A"

DOCUMENTS PRESENTED AT THE HEARING AND CONSIDERED BY THE BOARD:

NO.	ITEM
1. C1	Complainant's Submission (41 pages)
2. R1	Respondent's Submission (146 pages)
3. C2	Complainant's Rebuttal Submission (20) pages)
4.	CARB 1325/2011-P
5.	CARB 1660/2011-P
6.	Land Title Certificates and Real Net Transaction Reports

An appeal may be made to the Court of Queen's Bench on a question of law or jurisdiction with respect to a decision of an assessment review board.

Any of the following may appeal the decision of an assessment review board:

- (a) the complainant;*
- (b) an assessed person, other than the complainant, who is affected by the decision;*
- (c) the municipality, if the decision being appealed relates to property that is within the boundaries of that municipality;*
- (d) the assessor for a municipality referred to in clause (c).*

An application for leave to appeal must be filed with the Court of Queen's Bench within 30 days after the persons notified of the hearing receive the decision, and notice of the application for leave to appeal must be given to

- (a) the assessment review board, and*
- (b) any other persons as the judge directs.*

FOR ADMINISTRATIVE USE

Subject	Property Type	Property Sub-Type	Issue	Sub-Issue
CARB	Other Property Types	Parking	Income Approach	Expenses Capitalization Rate