

**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

***The Manufacturers Life Insurance Company
(as represented by Colliers International Realty Advisors Inc.), COMPLAINANT***

and

The City Of Calgary, RESPONDENT

before

***L. Yakimchuk, PRESIDING OFFICER
J. Lam, MEMBER
J. Massey, MEMBER***

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

ROLL NUMBER: 067073304

LOCATION ADDRESS: 625 7 Av SW

FILE NUMBER: 66487

ASSESSMENT: \$15,590,000

This complaint was heard on September 4, 2012 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 9.

Appeared on behalf of the Complainant:

- *C. Hartley, Colliers International Realty Advisors Inc.*

Appeared on behalf of the Respondent:

- *A. Czechowskyj, City of Calgary Assessor*

Property Description:

[1] City Service Parkade is a free standing parkade in downtown Calgary on the south side of 7th Ave between 5th and 6th Streets SW. It is accessed from an alley.

Issues:

[2] Are the correct income, expense and capitalization (cap) rates used in the calculation of the assessed value of this property? Should this property have a “B” rating to account for its physical characteristics and age?

Complainant’s Requested Value: \$12,570,000

Board’s Decision in Respect of Each Matter or Issue:

Evidence and Arguments

[3] The Complainant, C. Hartley, on behalf of Colliers International Realty Advisors Ltd., argued that with changes to supply and demand, revenues to the subject parkade property had decreased between 2009 and 2011. He stated that actual revenue in 2009 was \$2,194,802.54, in 2010 was \$1,697,131.16 and in 2011 was \$1,623,241.95.

[4] Mr. Hartley argued that in the interest of equity, parkades should be classified as “A”, “B” or “C”, with accompanying changes in cap rates, according to the physical characteristics of the properties.

[5] The Complainant further argued that although the City had changed its operating cost allowance from 25% to 40%, this did not accommodate all costs and that the increase in the cost allowance was accompanied by a cap rate increase of 0.5%.

[6] The Complainant also offered three sales, including the 2004 sale of the subject property, all of which he said were not relevant transactions because they were either post facto or portfolio transactions.

[7] As there were no relevant market transactions, the Complainant chose to use a “B” classification for the parkade, in keeping with the classification of office buildings with connected parkades, and to use the “B” office building cap rate of 7.5%. Mr. Hartley presented the

assessments of eight "B" office buildings with affiliated parking to support his calculations.

[8] Mr. Hartley also presented Operating Statements for the subject parkade from 2009 to 2011 to support his argument that income had decreased in that period.

[9] The Respondent, A. Czechowskyj, City of Calgary assessor argued that the City of Calgary had recognized that income had gone down for the parkade and this was reflected in the decreased assessment from 2011 (\$17,710,000) to 2012 (\$15,590,000).

[10] The Respondent agreed there were no sales of similar properties in the assessment period on which to base a market value assessment or to support an assessment. He went on to demonstrate that the office building parking examples provided by the Complainant indicated an income of \$61,465/parking stall for these properties. The subject property is assessed at \$46,261/stall which compensates for the difficulties the Complainant presented.

[11] Mr. Czechowskyj provided a list of parkade equity properties (R1 p33) with rental rates that supported the rates applied to the assessed property. The Respondent also provided past and post facto sales information that demonstrated that the sale values of parkade properties are increasing.

[12] In rebuttal the Complainant argued that new buildings have different characteristics and this should be recognized in a classification system for parkades.

Board Findings

[13] The Board found that the Complainant was not comparing the subject parkade to other similar parkades, but to office buildings. The classification of the property according to the classification of office buildings with parking was not accurate because of different cost structures for the two types of buildings.

[14] The Board found that there was merit to the proposal that the 2012 assessment should reflect a downward trend from 2009 to 2011. This is currently reflected in the lower assessment of \$15,590,000, down from the 2011 assessment of \$17,710,000.

[15] The Complainant did not provide comparables or arguments to support a further decrease in the 2012 assessment. Therefore, the Board supports the 2012 City of Calgary assessment for this property.

Board's Decision:

[16] The Board confirms the assessment at \$15,590,000.

DATED AT THE CITY OF CALGARY THIS 10 DAY OF October 2012.


Lana Yakimchuk
Presiding Officer

APPENDIX "A"**DOCUMENTS PRESENTED AT THE HEARING
AND CONSIDERED BY THE BOARD:**

NO.	ITEM
1. C1	Complainant Disclosure
2. C2	Complainant Rebuttal
3. R2	Respondent Disclosure

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 MGB Administrative Use Only:

Decision No. 1728-2012-P

Roll No. 067073304

Subject	Type	Issue	Detail	Issue
CARB	Parkade	Free Standing	Income Approach	Rates