

**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:

***GOLDENCARE HOLDINGS LTD.
(as represented by LINNELL TAYLOR & ASSOCIATES), COMPLAINANT***

and

The City Of Calgary, RESPONDENT

before:

***R. Glenn, PRESIDING OFFICER
A. Wong, MEMBER
E. Reuther, 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 2011 Assessment Roll as follows:

ROLL NUMBER:	032041428
LOCATION ADDRESS:	2335 PEGASUS RD NE
HEARING NUMBER:	62736
ASSESSMENT:	\$11,240,000

This complaint was heard on the 21st day of September 2011, at the offices of the Assessment Review Board which is located on Floor Number 4, at 1212 – 31 Avenue NE, in Calgary, Alberta, in Boardroom 9.

Appeared on behalf of the Complainant: Joel Mayer, Agent for Linnell Taylor & Associates

Appeared on behalf of the Respondent: Shelly Turner, Assessor for the City of Calgary

Board's Decision in Respect of Procedural or Jurisdictional Matters:

No issues of procedure or jurisdiction were identified

Property Description:

The subject property is an 86,936 SF Suburban Full Service Hotel comprising 135 rooms, built in 1999, located near the Calgary International Airport.

Issues:

Whether the assessment is correct in light of a recent nearby road closure, on Barlow Trail.

Complainant's Requested Value:

\$10,550,000

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

The Complainant argues that the recently announced closure of a major roadway (Barlow Trail NE)adjacent to the subject will greatly impact the viability of the subject hotel, and that as a result, the capitalization rate of the subject should be increased by one full percentage point from 11.50% to 12.50%, to account for the increased risk to income. They argue that the closure will "choke off" the guest base.

The Complainant argues that the future closure of Barlow Trail NE was announced in April of 2011, and since that time, there has been a diminution in the market value of the subject property to informed and well-advised potential purchasers. They further argue that the resulting " going in " cap rate will reflect the risk of ownership.

They point to the location of the subject property as being specifically and carefully selected for its proximity to the Calgary International Airport, with Barlow Trail NE being the most direct southbound route linking the airport and its travellers with business locations on the east side of the city and beyond. Further, the Complainant relies on data from a Colliers International Report as evidence to support their position.

The Complainant's requested value was derived from the City's Market Value Summary for the subject property as of July 1, 2010, as follows:

Page 5 of Ex C1 (Modified Assessment Calculation)

Income to Real Estate \$996,699

Capitalization Rate 12.5%

Direct Capitalization \$ 7,973,592

Plus Excess Land \$ 2,578,340

Value Conclusion \$10,551,932 or, \$10,550,000 rounded

The Respondent argues that the assessed value of property represents an estimate of the value of the property as of December 31st in the year prior to taxation. They say the Complainant has not provided any sales or equity comparables, nor any testimonial evidence from market experts nor any appraisal information to support the increase the capitalization rate. No explanation has been offered as to why a 1% increase in the cap rate is more appropriate than any other amount.

The Respondent also provides two recent Board Decisions, one from 2010, the other from the current valuation year, both of which explain that an adjustment to the capitalization rate for hotels as a result of a future closure to Barlow trail is inappropriate.

While this Board is not bound by these decisions, the reasoning presented is quite compelling. The bottom line here is that the market value for 2010 was not shown to have been affected in a negative way.

The Board finds that the Complainant has provided no credible evidence that the closure of Barlow Trail NE has affected the market value of the subject property in 2010. Accordingly, the Complainant has not met the requisite onus required to demonstrate an incorrect assessment. The assessment in the amount of \$11,240,000 is herewith confirmed.

Board Decision:

The assessment is confirmed.

DATED AT THE CITY OF CALGARY THIS 7 DAY OF OCTOBER, 2011.



Richard Glenn
Presiding Officer

APPENDIX "A"

Documents presented at the Hearing and Considered by the Board

No.	Item
C1	Complainant's Brief with disclosure
R1	Respondent's Brief with 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.*

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<i>Decision No. 2339-2011-P</i>		<i>Roll No.032041428</i>		
<u>Subject</u>	<u>Type</u>	<u>Issue</u>	<u>Detail</u>	<u>Issue</u>
CARB	Other Property Types	Hotel/Motel	Capitalization Rate	Market Value -