



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:

Palliser Square Properties Ltd. (as represented by Altus Group), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

R. Fegan, PRESIDING OFFICER

T. Livermore, BOARD MEMBER

A. Wong, BOARD 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 2014 Assessment Roll as follows:

ROLL NUMBER:	201123809
LOCATION ADDRESS:	120 10 AV SW
FILE NUMBER:	75380
ASSESSMENT:	\$40,640,000

This complaint was heard on the 11th day of June, 2014 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 6.

Appeared on behalf of the Complainant:

- S. Meiklejohn, (Altus Group)

Appeared on behalf of the Respondent:

- H. Neumann, (City of Calgary)

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

- [1] The Complainant requested and the Board agreed to cross reference the evidence and argument from exhibits C-2 and C-3 of hearing 75749 with the evidence from this hearing.
- [2] The Respondent requested and the Board agreed to cross reference the evidence from exhibit R-1 of hearing 75749 with the evidence presented at this hearing

Property Description:

- [3] The subject property is a free standing parkade with 626 parking stalls built in 1970 and located at 120 10 AV SW in Calgary. It is a strata title and much of the parkade is located over the CPR railway tracks between 9th and 10th Avenues. The parkade was originally built as a 1,388 stall parkade but the title was divided into two separate legal entities several years ago when a new office tower was constructed on the abutting parcel. 626 parking stalls are addressed as 120 10th AV SW and 762 parking stalls are addressed as 140 10th AV SW.

Issues:

- [4] The physical condition, characteristics and classification of the subject property are issues in this complaint.
- [5] The grouping of this parkade with other downtown parkades is an issue in this complaint.
- [6] The rental rate used to value the parking stalls is an issue.
- [7] The capitalization rate applied to the net income of the subject is an issue.
- [8] Assessment equity is an issue in this complainant.

Complainant's Requested Value: \$20,850,000

Board's Decision: The Complaint is allowed in part and the assessment is set at \$21,860,000.

Legislative Authority, Requirements and Considerations:

The Act, Section 293(1) *"In preparing an assessment, the assessor must in a fair and equitable manner.*

(a) apply the regulations and other standards set out in the regulations, and

(b) follow the procedures set out in the regulations."

The Act, Section 289(2) *"Each assessment must reflect; the characteristics and physical condition of the property on December 31 of the year prior to the year in which a tax is imposed under Part 10 in respect of the property,"*

Position of the Parties**Complainant's Position:**

[9] The Complainant provided a number of City of Calgary publications indicating that the subject property was located in the geographic district know as the Beltline. The Complainant argued that it was wrong to use downtown valuation parameters for a property located in the Beltline.

[10] The Complainant provided evidence that the other half of this parkade (140 10th AV SW) was assessed in a completely different manner than the subject. The subject was treated as a free standing downtown parkade and 140 10th AV SW was deemed to be part of an office complex and was assessed using Beltline rates. In addition to 140 10th AV SW, the Complainant provided comparisons with parking facilities located in Stampede Station, the IBM Building and the Keynote building which the Complainant argued were newer and superior parking facilities assessed at lower rates.

[11] The Complainant pointed out to the Board that although there was an entrance into the parkade from 9th AV SW (downtown), in addition to the entrance off of 10th AV SW, the only exit was on 10th AV SW (beltline). Both 120 and 140 10th AV SW use the same entrances and exit.

[12] The Complainant argued that capitalization rate used to value free standing parkades was incorrect. The capitalization rate of 4.5% was derived from a single sale (Bow Parkade) in which the adjoining land owner was motivated to acquire the abutting parcel in order to own the entire city block and enhance their development opportunities for the half of the block that they already owned.

[13] The Complainant argued that the capitalization rate used for free standing parkades in 2014 was based solely on the sale of the Bow Parkade and should be disregarded in 2014 in the same manner that it had been disregarded in 2013. The Complainant provided six, 2013 CARB decisions where the capitalization rate for parking structures had been amended by the Board.

CARB 70165-P2013	cap changed from 4.5% to 6.25% (rejected Bow Parkade sale)
CARB 70249-P2013	cap changed from 4.5% to 6.25% (rejected Bow Parkade sale)
CARB 70258-P2013	cap changed from 4.5% to 6.25% (rejected Bow Parkade sale)
CARB 72144-P2013	cap changed from 4.5% to 6.0% (calculation error in Bow Parkade sale)
CARB 72146-P2013	cap changed from 4.5% to 5% (rejected Bow Parkade sale)
CARB 72289-P2013	cap changed from 4.5% to 5% (rejected Bow Parkade sale)

[14] The Complainant pointed out to the Board the assessment per stall in the subject property is \$64,920 while the assessment per stall in 140 10 AV SW is \$34,927. The Complainant argued that all of these parking spaces are located in the same structure and share the same entrances and exit and should be assessed at the same value per stall.

Respondent's Position:

[15] The Respondent argued that the subject property was a downtown free standing Class B parkade.

[16] The Respondent argued that the sale of the Bow Parkade was the best market indicator for the capitalization rate for parkades in downtown Calgary and a capitalization rate of 4.5% was appropriate.

Board's Reasons for Decision:

[17] On page 5 of exhibit R-1, the Respondent states; "The purpose of property assessments is not to reflect one sale price, but to assess all similar property at a similar value so that taxation is fairly and uniformly distributed among all taxable property". The Board agrees with that statement.

[18] In the case of the subject property, the most similar property is the eastern half of the same parkade. Both facilities have strata titles. Both facilities share the same entrances and exit. Both facilities were built at the same time. In fact it is one structure divided by title only. Both facilities are owned by the same owners.

[19] The Board does not challenge the assessor's right to group and classify properties for assessment purposes, however the result of this grouping and classification must be an equitable assessment.

[20] The Board noted that the property at 140 10th AV SW is assessed at a per stall value (after rates, adjustments and capitalization have been applied) at \$34,927 per stall and the subject property stalls are assessed at \$64,920 per stall. The Board found this to be inequitable.

[21] Based on the similar physical characteristics and similar location of these two properties which essentially share the same structure, the Board reduces the assessment of 120 10th AV SW to the assessed value per stall of 140 10th AV SW.

DATED AT THE CITY OF CALGARY THIS 15th DAY OF July 2014.


R. Fegan

Presiding Officer

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

NO.	ITEM
1. C1	Complainant Disclosure
2. C2	Complainant Disclosure
3. C3	Complainant Disclosure
2. R1	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.*

CARB Identifier Codes

Decision No.		Roll No.		
<u>Complaint Type</u>	<u>Property Type</u>	<u>Property Sub-Type</u>	<u>Issue</u>	<u>Sub-Issue</u>
CARB	Commercial	Parkade	Market Value	Equity

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