



**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 City of Calgary, 1167186 Alberta Ltd  
(as represented by Altus Group Limited), COMPLAINANT***

and

***The City Of Calgary, RESPONDENT***

before

***L. Yakimchuk, PRESIDING OFFICER  
B. Jerchel, BOARD MEMBER  
J. Pratt, 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: 067234104**

**LOCATION ADDRESS: 800 1 Av SW**

**FILE NUMBER: 76127**

**ASSESSMENT: \$4,170,000**

This complaint was heard on August 19, 2014 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 10.

Appeared on behalf of the Complainant:

- *D. Hamilton, Altus Group*

Appeared on behalf of the Respondent:

- *H. Neumann, City of Calgary Assessor*

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

- [1] There were no procedural or jurisdictional matters.
- [2] Neither party objected to any members of the Composite Assessment Review Board panel (the Board).

**Property Description:**

- [3] The subject property is a 68 stall underground parkade located in the Eau Claire community. It has been assessed using the income approach.

**Issues:**

- [4] Should the capitalization (Cap) rate for this property be increased from 4.50% to 6.25%?

**Complainant's Requested Value: \$3,000,000**

**Board's Decision:**

The Board confirmed the assessment at \$4,170,000.

**Legislative Authority, Requirements and Considerations:**

The Composite Assessment Review Board (CARB) derives its authority from the Act RSA 2000 Section 460.1:

- (2) Subject to section 460(11), a composite assessment review board has jurisdiction to hear complaints about any matter referred to in section 460(5) that is shown on an assessment notice for property other than property described in subsection (1)(a).

For the purposes of this hearing, the CARB will consider the Act section 293(1)

In preparing an assessment, the assessor must, in a fair and equitable manner,

- (a) apply the valuation and other standards set out in the regulations, and
- (b) follow the procedures set out in the regulations.

Matters Relating to Assessment and Taxation Regulation (MRAT) is the regulation referred to in the Act Section 293(1)(b). The CARB decision will be guided by MRAT Section 2, which states that

An assessment of property based on market value

- (a) must be prepared using mass appraisal,
- (b) must be an estimate of the value of the fee simple estate in the property, and
- (c) must reflect typical market conditions for properties similar to that property.

and MRAT Section 4(1), which states that

The valuation standard for a parcel of land is

- (a) market value, or

if the parcel is used for farming operations, agricultural use value

### **Position of the Parties**

#### **Complainant's Position:**

[5] Altus Group, on behalf of the Complainant, explained that the subject property is located on the remote edge of downtown, near the river in DT2, and often has vacancies during the day. This parkade does not command as high a rent rate as others in the downtown area.

[6] The Complainant provided the 2014 Parkade Summary and 2014 Parking Rate Summary from the City of Calgary. The Summary showed that parking rates for "C" and "C-" quality parkades were assessed at \$4,600 annually (\$383/month) and DT2 Office Monthly Parking rates were \$300/month for "C", "C-" and "D" parkades (C1 p85,86). The Complainant argued that the subject parkade produced an income most similar to the "C" office parkades.

[7] The Complainant presented the City of Calgary Capitalization Rate Analysis which included the April 30, 2012 Bow Parkade sale for \$90,000,000. The Complainant also provided an advertisement from Brookfield Office Properties which implies that the Bow Parkade was purchased to complement the purchase of the adjacent property for redevelopment. The Complainant argued that the sale of the Bow Parkade was motivated by more than the income producing value of the parking and should not be used as a comparable property for the purposes of assessment.

[8] The Complainant argued that a comparison to office parking would be more accurate for the subject, and an increase in Cap rate would reduce the assessment of the property to a value in keeping with the true value of this parkade.

**Respondent's Position:**

[9] The Respondent, City of Calgary, argued that the Complainant had provided no market evidence to support the argument for an increase in Cap rate. The Respondent provided documentation to confirm that the sale of the Bow Parkade had been a market value sale (R1 p15-26).

[10] The Respondent also included a Parkade Capitalization Rate Summary which included the previous May 17, 2007 sale of the Bow Parkade for \$86,000,000. The Respondent argued that there was little change in the value between the two sales and there was no proof that either of the sale values was affected by the desire to redevelop the property. The Respondent also pointed out that the parkade is still operated as a parkade, with an income which supports the assessment (R1 p30-34).

[11] The Respondent agreed with the Complainant that the location of the subject property is on the edge of downtown. The subject property is a fairly new and well maintained parkade but it is rated a "C" quality to reflect location. The rent rate for "C" quality parkades corrects for the reduced income because of location.

**Board's Reasons for Decision:**

[12] The Board considered the Complainant's comparables and found that they were not similar to the subject property. Office parking is assessed at different rates than freestanding parking.

[13] The Board found the Respondent's argument, that differences between the subject parkade and other parkades were taken into consideration through the quality ratings, to be accurate. For these reasons, the Board confirmed the assessment at a 4.50% Cap rate.

[14] The Board confirmed the assessment at \$4,170,000.

DATED AT THE CITY OF CALGARY THIS 2<sup>nd</sup> DAY OF September 2014.



**L. Yakimchuk**

**Presiding Officer**

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

<b>NO.</b>	<b>ITEM</b>
1. C1	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.*

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For office use only:

<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>
CARB	Retail	Parking	Sale Comparison	Sales

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