



## ASSESSMENT REVIEW BOARD

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### NOTICE OF DECISION      NO. 0098 279/10

Russ Reynolds  
1773 Denman Street  
Victoria, BC V8R 1Y3

The City of Edmonton  
Assessment and Taxation Branch  
600 Chancery Hall  
3 Sir Winston Churchill Square  
Edmonton, AB T5J 2C3

This is a decision of the Composite Assessment Review Board (CARB) from a hearing held on September 27, 2010 respecting a complaint for:

<b>Roll Number</b> 3811437	<b>Municipal Address</b> 10111 Bellamy Hill NW	<b>Legal Description</b> Plan: 9221520 Block: N1
<b>Assessed Value</b> \$38,870,000	<b>Assessment Type</b> Annual - New	<b>Assessment Notice for</b> 2010

#### Before:

David Thomas, Presiding Officer  
George Zaharia, Board Member  
Judy Shewchuk, Board Member

**Board Officer:** Annet N. Adetunji

#### Persons Appearing: Complainant

None

#### Persons Appearing: Respondent

Chris Hodgson, Assessment and Taxation Branch  
Cameron Ashmore, Law Branch

## **PRELIMINARY MATTERS**

The Respondent advised that a recent conversation with the Complainant indicated the Complainant would likely attend. Accordingly, the CARB delayed commencement of this hearing until 9:25 a.m. At that time, no further communication being received, the hearing commenced.

## **ISSUE**

The written submission of the Complainant advised that, based on the disclosures now offered to them, the Complainant would proceed on only one issue alleged within the Complaint.

The issue is whether the valuation of the parking income component of the total assessment is correct considering the actual income derived and the consequences of design flaws and depreciation in the parking structure.

## **LEGISLATION**

**The *Municipal Government Act*, R.S.A. 2000, c. M-26;**

*S.467(1) An assessment review board may, with respect to any matter referred to in section 460(5), make a change to an assessment roll or tax roll or decide that no change is required.*

*S.467(3) An assessment review board must not alter any assessment that is fair and equitable, taking into consideration*

- a) the valuation and other standards set out in the regulations,*
- b) the procedures set out in the regulations, and*
- c) the assessments of similar property or businesses in the same municipality.*

## **POSITION OF THE COMPLAINANT**

The Complainant notes that this hotel has 675 parking stalls, yet only 306 rooms, and must rely on outside sources of parking use and revenue. The Complainant argues the structure is old, has a low ceiling, small stalls and is less attractive for rentals. The result is the actual incomes have never come close to the Respondent's estimate, which is based on a monthly stall value of \$200.

The Respondent's valuation, after uncontested deductions, results in a net income of \$1,620,000. The Complainant argues that the actual incomes were as follows:

2006: \$1,060,286  
2007: \$1,157,089  
2009: \$1,338,670

These numbers, when stabilized under the City model at 70%, 20% and 10% with permitted standard deductions, results in a net income of \$957,549.

The income, when capitalized at the uncontested rate of 9.5%, results in a parking component valuation of \$10,080,000 and the assessment should be reduced accordingly. This results in an

effective monthly stall rental rate of \$137, which is a better reflection of the value of the parking structure.

Alternatively, the Complainant argues that if consideration is given for the economic obsolescence of the parkade, and assessment is made of what would be 462 “efficient rental stalls”, a rate of \$200 per stall per month is appropriate, but would again, after agreed deductions and cap rate, result in a parking structure value of \$10,084,242, which further supports the requested assessment.

### **POSITION OF THE RESPONDENT**

The Respondent states it has done market surveys of downtown parking to determine effective rental rates. The rate of \$200 applied here is the lowest rate set in the downtown area and is the same as that set for Edmonton House, a similar hotel located near the subject. The Respondent acknowledges that this parking structure is certainly in excess of the needs of the hotel alone, but given its location and the shortage of downtown parking, it is a viable business as well.

Valuation is to be based on typical rental rates, not actual, and reported actual rates generally lag (in time) behind the assessment year.

The Respondent argues the Complainant has given little substantive evidence to show why the typical rental rate is not appropriate for this property.

The arguments of structural and/or economic obsolescence also fail as the Complainant has given no evidence of any of the parking structure being unrentable. The argument that there are only 462 efficient or economic stalls in use is without any support in fact and can only be seen as attempting to derive a predetermined estimate of value.

Finally, the Respondent notes this hotel sold in early 2010 for \$47.8 million. While this sale is post facto and plays no part in the assessment, it is worthy of note that after the removal of typical furniture, fixtures and equipment, it leaves a remaining value very close to the assessment.

The Respondent also notes it reserves its right to proceed in an application for costs on this matter based on the Complainant’s late abandonment of most issues raised and defended.

### **FINDINGS OF FACT**

The assessment rate of \$200 per stall per month is an appropriate estimate of typical income for the parking component of this property.

### **DECISION**

The complaint is dismissed and the assessment is confirmed at \$38,870,000.

## **REASONS FOR THE DECISION**

The Respondent's assessment methodology to value the parking component for buildings, including hotels offering parking, is to assign a market rent per stall value based on market surveys completed in this downtown area.

A complaint based on this assigned market rent per stall value must show that there is something atypical about the parking facility in dispute; something that requires special consideration and that prevents the assigned market rent values from leading to a fair estimate of value.

The Complainant's argument, that actual incomes for 2006 – 2008 do not support the assessor's estimate of value for 2009, is insufficient evidence as presented to support the requested valuation.

The arguments that this lesser actual income is a result of functional (design) obsolescence or over-supply of rental units (economic obsolescence) are made without any supporting evidence to establish such obsolescence and as such can be given little weight. Accordingly, the complaint is dismissed.

## **DISSENTING OPINION AND REASONS**

There were no dissenting opinions.

Dated this 21<sup>st</sup> day of October, 2010, at the City of Edmonton, in the Province of Alberta.

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Presiding Officer

*This decision may be appealed to the Court of Queen's Bench on a question of law or jurisdiction, pursuant to Section 470(1) of the Municipal Government Act, R.S.A. 2000, c.M-26.*

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cc: Municipal Government Board  
The City of Edmonton, Law Branch  
Chateau Lacombe Hotel Ltd