



## ASSESSMENT REVIEW BOARD

Churchill Building  
10019 103 Avenue  
Edmonton AB T5J 0G9  
Phone: (780) 496-5026

### NOTICE OF DECISION NO. 0098 929/11

Altus Group  
17327 106A Avenue  
EDMONTON, AB T5S 1M7

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 April 25, 2012, respecting a complaint for:

Roll Number	Municipal Address	Legal Description	Assessed Value	Assessment Type	Assessment Notice for:
10015506	9707C 110 Street NW	Plan: 0420538 Unit: 1	\$5,520,500	Annual New	2011

#### Before:

Pat Mowbrey, Presiding Officer  
Dale Doan, Board Member  
Mary Sheldon, Board Member

**Board Officer:** Jason Morris

#### Persons Appearing on behalf of Complainant:

Chris Buchanan, Altus Group

#### Persons Appearing on behalf of Respondent:

James Cumming, Assessor, City of Edmonton  
Moreen Skarsen, Assessor, City of Edmonton  
Veronika Ferenc-Berry, Law Branch, City of Edmonton

## **PRELIMINARY MATTERS**

1. The Board members indicated that they had no bias to declare with regard to the subject property, and the parties indicated that they had no objection to the constitution of the Board.

## **BACKGROUND**

2. The subject property is an underground parkade, constructed in 1980, and located at municipal address 9707C 110 Street NW. It is known as Tower on the Park Parkade. It was assessed for the 2011 assessment year at \$5,520,500.

## **ISSUE(S)**

3. Is the 2011 assessment for the subject property correct?
  - a. Is the subject correctly classified as to location?
  - b. Is the number of underground and surface parking stalls correct?
  - c. Is the lease rate for underground and surface parking correct?
  - d. Is the applied expense ratio correct?
  - e. Is the capitalization rate correct?

## **LEGISLATION**

### ***Municipal Government Act, RSA 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**

4. The position of the Complainant is that the assessment of the subject at \$5,520,500 is incorrect.
5. With respect to classification and location of the subject the Complainant argued that the subject ought to be placed in the 124<sup>th</sup> Street office district rather than the downtown financial and government district as proposed by the Respondent.

6. In support of that position, the Complainant argued further that the subject was located across the boundary line and into the Oliver neighborhood and ought to be classified within the 124<sup>th</sup> Street office district.
7. To support that argument the Complainant submitted to the Board a map (C2, page 5) showing the boundary line between the downtown district and the 124<sup>th</sup> St. district. The Complainant argued that this map demonstrated that the subject was located across the boundary into the 124<sup>th</sup> Street district.
8. The Complainant pointed out to the Board that the City of Edmonton's annual realty assessment notice for 2011 indicated the location of the subject in the Oliver neighborhood (C1, page 10). The Complainant also provided 3<sup>rd</sup> party documentation concerning the sale of the office tower above the subject. This documentation located the building in the Oliver neighborhood.
9. With respect to the correct number of parking stalls in the subject parkade the Complainant submitted that there were 203 underground parking stalls and supported this argument by reference to the 3<sup>rd</sup> party sale documentation.
10. With respect to the lease rate to be applied to the underground and surface parking stalls the Complainant argued that the lease rates to be applied to the underground stalls should be comparable to the lease rates for parkades in the 124<sup>th</sup> Street office district. In particular the Complainant directed the Board to six office buildings in the 124<sup>th</sup> Street area which indicated underground parking stall rates at \$100 per stall per month (C1, page 12 point 44). In further support of this position, the Complainant provided assessment pro forma documentation for four of the six comparables (C1, pages 18 through 21). The Complainant advised the Board that there were no surface parking stalls to be valued (C1, page 14). In summary the Complainant submitted to the Board that the 203 underground parking stalls should be valued at \$100 per month per stall.
11. With respect to the correct expense ratio to be applied to the subject property the Complainant provided the Board with six comparables of parkades (C1, pages 24 through 29) that were assessed using the 40% expense ratio. In the opinion of the Complainant these comparables demonstrated that the correct expense ratio to be applied to the subject is 40%.
12. With respect to the capitalization rate the Complainant submitted that an 8% capitalization rate was correct.
13. The Complainant requested that the Board reduce the 2011 assessment of the subject to \$1,790,000.

#### **POSITION OF THE RESPONDENT**

14. With respect to the classification and location of the subject the Respondent presented to the Board a map outlining the downtown office market (R1, page 17). Further the Respondent also provided a map of the downtown office sector which outlined the government sector in that district as well as the financial sector and the remainder of the downtown office market (R1, page 18). These maps were compiled by the Applications Team Assessment and Taxation Branch and were printed June 2011. The Respondent

submitted that this documentation demonstrated that the subject was located in the downtown office sector.

15. Furthermore the Respondent argued that the location of a property on one side or other of the boundary between the downtown district and the 124<sup>th</sup> district was not conclusive for assessment purposes. Rather, it is the marketability of the property that would determine the classification of the property for assessment purposes. In this case, the Respondent considered the subject to be more similar to properties in the downtown government district. Furthermore, the Respondent argued that the office tower above the parkade was classified as a downtown building in the government district. The Respondent recognized that each roll number must be assessed on its own. However in this case the subject parkade had a relationship to the above office tower by virtue of parking leases.
16. With respect to the correct number of parking stalls for the subject, the Respondent pointed out to the Board that the third party sales document from 2002 referenced 277 parking stalls while a 2007 third party document sale referenced 203 parking stalls. In view of this confusion the Respondent conducted an on-site inspection of the subject parkade and counted each stall. He advised the Board that pursuant to this inspection the correct number of parking stalls was 308 which included 287 underground stalls and 21 surface stalls. He submitted that this count of 308 stalls was also supported by an RFI document from the property owner in 2007 which also indicated 308 parking stalls (R1, page 68).
17. The Respondent submitted to the Board that the lease rate applied in the current assessment of the subject parkade for \$165 per stall per month for underground stalls and \$100 per stall per month for surface stalls was correct. The Respondent submitted to the Board documentation from the City of Edmonton's RFI data (R1, page 28) as well as Impark data to support the lease rates applied in the 2011 assessment of the subject. In addition, the Respondent provided a chart of downtown equity comparables (R1, page 76). The Respondent argued that this chart demonstrated that \$165 per stall per month for underground and \$100 per stall per month for surface parking is fair and equitable.
18. With respect to the correct expense ratio to be applied the Respondent argued that all of the comparables presented by the Complainant were above ground, free standing parkades open to the general public which had no leases and no recoverable expenses (R1, page 86). This was not comparable to the subject as the subject's expenses were recoverable from parking stall leases.
19. With respect to the correct capitalization rate the Respondent agreed with the Complainant that 8% was appropriate.
20. In conclusion the Respondent requested that the Board increase the assessment of the subject from \$5,520,500 to \$6,833,500. This request was based on an increase of the number of parking stalls from 227 to 308 and a change in the capitalization rate to 8%

## **DECISION**

21. The decision of the Board is to deny the Respondent's proposed increase to \$6,833,500 and to reduce the 2011 assessment of \$5,520,500 to \$3,966,000.

## **REASONS FOR THE DECISION**

22. With respect to the issue of the classification and location of the subject property the Board notes that in the 2011 Annual Realty Assessment notice sent to the property owner the subject is described as being located in the Oliver neighborhood.
23. The Board also notes the argument of the Complaint that previous tribunal decisions have confirmed that each roll number must be assessed on its own and the Board notes further the Complainant's argument that the subject is located over the boundary line into the 124<sup>th</sup> Street office district.
24. However the Board accepts the evidence of the Respondent that the downtown office market district as expanded includes the subject parkade (R1, page 18). The Board also accepts the Respondent's argument that, while each assessment roll must be considered on its own merits, in this case there is a relationship between the subject parkade and the office tower above by virtue of parking leases. The office tower above is classified as being in the downtown office market area and it would be unreasonable to have the office tower in one location or district and the parkade directly below in a different location or district. However the Board does recognize that the subject parkade is located in a fringe location of the downtown office market area, is isolated and does not benefit from downtown amenities.
25. With respect to the correct number of parking stalls the Board accepts the evidence of the Respondent that the correct number of stalls is 308 including 287 underground stalls and 21 surface stalls. The Board has come to this conclusion upon hearing the submission of the Respondent that there was an actual physical count of the stalls in the parkade. This is further supported by the evidence presented by the Respondent in the 2007 RFI request for information prepared by the property owner. The Board noted the discrepancies between the two third party sales documents one of which was relied upon by the Complainant in estimating the number of parking stalls.
26. With respect to the correct lease rate for underground parking stalls the Board is of the opinion that an appropriate lease rate would be \$100 per stall per month for underground stalls and zero dollars for surface parking stalls. The Board came to this conclusion by noting the location of the subject parkade in a fringe, isolated area of the downtown office market district as noted above. In the opinion of the Board an appropriate lease rate for the underground stalls would be similar to the rate in the 124<sup>th</sup> Street office district. This lease rate of \$100 per stall per month is supported by evidence from the Complainant for the underground parking stalls in the 124<sup>th</sup> Street office district. The Complainant also provided assessment pro formae for properties in the 124<sup>th</sup> Street suburban office district that showed surface parking stalls at a nil value.
27. With respect to the correct expense ratio to be applied the Board is of the opinion that the 6 percent ratio applied by the Respondent is appropriate. The Board agrees with the Respondent that in the case of the subject parkade expenses are recoverable as leases are in place. The comparables supplied by the Complainant to support a 40 percent ratio were all of free standing above ground public parkades in which stalls are not leased and expenses are not recoverable.

28. With respect to the correct capitalization rate to be applied to the parkade the Board notes that the Respondent has agreed with the Complainant that 8 percent is appropriate.
29. The Board finds the 2011 assessment for the subject property of \$3,966,000 to be correct, fair and equitable.

### **DISSENTING OPINION AND REASONS**

30. There was no dissenting opinion.

Dated this 21st day of May, 2012, at the City of Edmonton, in the Province of Alberta.

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Patricia Mowbrey, Presiding Officer

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*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, RSA 2000, c M-26.*

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cc: CONDOMINIUM CORPORATION NO 0420538