

Central Alberta

Regional Assessment Review Board

Decision #CARB 0262-471/2012

Complaint ID #471

Roll #1630446

COMPOSITE ASSESSMENT REVIEW BOARD DECISION HEARING DATE: 2012 AUGUST 30

PRESIDING OFFICER: M. CHILIBECK
BOARD MEMBER: R. SCHALLER
BOARD MEMBER: V. HIGHAM

BOARD CLERK: S. PARSONS

BETWEEN

Gold Bar Investments Ltd
Represented by: Canadian Valuation Group Limited

Complainant

- and -

The City of Red Deer

Respondent

[1] This is a complaint to the Central Alberta Regional Assessment Review Board in respect of a property assessment prepared by the Assessor of the City of Red and entered in the 2012 Assessment Roll as follows:

ROLL NUMBER:	1630446
MUNICIPAL ADDRESS:	4813 – 51 STREET
ID Number:	471
ASSESSMENT:	\$1,305,000.

[2] This complaint was heard by the Composite Assessment Review Board (Board) on the 30th day of August, 2012 in the Council Chambers of City Hall in The City of Red Deer.

[3] Appeared on behalf of the Complainant:

- T. Janzen, representative of Canadian Valuation Group Ltd.

[4] Appeared on behalf of the Respondent:

- R. Kotchon, property assessor of The City of Red Deer

JURISDICTION

[5] The Central Alberta Regional Assessment Review Board has been established in accordance with section 456 of the *Municipal Government Act R.S.A. 2000, ch M-26* (hereinafter, "the MGA") and the *City of Red Deer Assessment Review Board Bylaw 3441/2009*.

[6] Neither party raised an objection to any Board member hearing the complaint.

[7] No procedural or jurisdictional matters were raised by either party.

PRELIMINARY MATTER

[8] No preliminary matters were raised by either party.

PROPERTY DESCRIPTION

[9] The subject property is a two level parkade with 97 parking spaces located across the alley from the Professional Building in downtown Red Deer. This property is commonly known as the Professional Building Parkade.

BACKGROUND

[10] The subject property is assessed using the capitalized income method wherein a capitalization rate (cap rate) of 7.0% was applied to determine the assessed value.

[11] The Complainant disputes the cap rate of 7.0%.

COMPLAINANT'S REQUESTED VALUE:

\$1,015,000.

ISSUES

[12] The Complainant identified two matters on the Assessment Review Board Complaint Form and attached a list outlining several reasons for the complaint. At the hearing the Complainant advised that the matter of an assessment amount is under complaint and identified the following issue.

1. The cap rate should be increased to 9% (from 7%).

BOARD'S FINDINGS IN RESPECT OF EACH ISSUE

1. Capitalization Rate

Complainant

[13] The Complainant argued that the cap rate should be the same as for the Professional Building located across the alley at 4808 – 50 Street because, if the parkade was situated on the same parcel of land as the Professional Building, both would be valued at the same cap

rate. The subject property and the Professional Building are owned by the same owner, Gold Bar Investments Ltd., and the subject parkade is used solely to provide parking to the tenants of the Professional building. The parkade is not open to the general public for use on an hourly or daily basis.

[14] The cap rate for the subject was reduced by 1% (from 8% to 7%) from the year previous versus the cap rate for the Professional Building was reduced by 0.25% (from 8.75% to 8.5%). The Complainant asserted there is no logical explanation why the cap rate for the parkade changed differently than the cap rate for the building. It was asserted by the Complainant the cap rate should be the same as used in the assessment of the Professional Building (8.5%) or as requested under complaint for the Professional Building (9%).

Respondent

[15] The Respondent argued the subject property is a separate parcel of land and there is no encumbrance filed on the title for this parcel to prevent it being sold separate and apart from the Professional building therefore, the subject is valued on its own merits. In support of this assertion, the Respondent cited a decision from The City of Edmonton Composite Assessment Review Board, number 0098-717/10, which stated "The Board was persuaded by the Respondent's argument that a stand-alone parkade, although primarily serving the needs of a downtown office building but not tied to it through a restrictive caveat, needs to be viewed independently on its own merits and equitably with similar properties."

[16] The Respondent argued that cap rates for a parkade are typically lower than for office buildings because a parkade does not require the same level of repairs and maintenance and there are no tenant complaints therefore, there is reduced risk in the cash flow.

Board Finding

[17] The Board is persuaded by the Complainant's argument that the parkade should be valued at the same cap rate as the Professional Building since the parkade provides parking exclusively to tenants of the Professional Building, and provides no public access whatsoever. The fact that the subject parkade solely serves the Professional Building was not refuted by the Respondent. Also, the Respondent did not provide any evidence to justify the different change in the 2011 parkade cap rate versus the 2011 building cap rate. There is one other parkade similar to the subject however it is valued at a different cap rate (6%) than for the subject for which no explanation was provided by the Respondent. It appears that the cap rate for the parkade was a subjective decision.

[18] The Board placed little weight on decision 0098-717/10, since the facts of the subject case are readily distinguishable from the facts of the decision. The Board reviewed the decision and noted that most of the decision deals with cap rates for office buildings. The decision is based on a different fact scenario than the subject, such as; public/tenant use versus solely tenant use, nine comparable parkades versus in the subject case of one comparable. Also, the Board noted the decision confirmed the cap rate for the parkade that was 0.50% less than the cap rate for the office building (Revillon Building) that it primarily serves, which is significantly different than for the subject at 1.50% less than the Professional Building cap rate. The Respondent provided no evidence or persuasive argument to explain why the spread in cap rate in Red Deer would be significantly different than in Edmonton. Also the Respondent provided no evidence to

substantiate a greater spread in the 2011 cap rate (1.50%) between the parkade and the Professional building than the spread in the 2010 cap rate (0.75%).

[19] While the Board agrees with the Respondent's assertion of the Edmonton decision regarding the Revillon Parkade, the Board in this case finds that the subject parkade is solely used by the tenants of the adjacent Professional Building. Though there is no caveat/restriction registered on title, the Board accepts that it is highly unlikely the owner would sell the parkade separate and apart from the Professional Building, thereby jeopardizing the rentability of the Professional Building. Therefore the Board concludes that the subject parkade shall be assessed using the same cap rate as was decided by this Board for the Professional building, being 9%.

DECISION

[20] For the reasons noted above the Board decided to CHANGE the assessed value of the subject property as follows:

Roll # 1630435 \$1,015,000.

[21] Dated at The City of Red deer, in the Province of Alberta this 28 day of September, 2012 and signed by the Presiding Officer on behalf of all panel members who agree that the content of this document adequately reflects the hearing, deliberations and decision of the Board.



M. Chilibeck,
Presiding Officer

This decision can be appealed to the Court of Queen's Bench on a question of law or jurisdiction. If you wish to appeal this decision you must follow the procedure found in section 470 of the Municipal Government Act which requires an application for leave to appeal to be filed and served within 30 days of being notified of the decision. Additional information may also be found at www.albertacourts.ab.ca.

APPENDIX "A"

Documents Presented at the Hearing
And considered by the Board

<u>NO.</u>	<u>ITEM</u>
1. C1	Complainant's Disclosure of Evidence
2. R1	Respondent's Disclosure of Evidence

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Decision No. 0262-471/2012		Roll No. 1630446		
<u>Appeal Type</u>	<u>Property Type</u>	<u>Property Sub-Type</u>	<u>Issue</u>	<u>Sub-Issue</u>
CARB	Office Parkade	Standalone Parkade	Income Method	Capitalization Rate