

**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:

Estancia Investments Inc. (as represented by MNP LLP), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

***P. Petry, PRESIDING OFFICER
I. Fraser, BOARD MEMBER
A. Huskinson, 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 2012 Assessment Roll as follows:

ROLL NUMBER: 067072801

LOCATION ADDRESS: 722 8 Avenue S.W.

FILE NUMBER: 65783

ASSESSMENT: \$8,330,000

This complaint was heard on 13 day of July, 2012 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue N.E. Calgary, Alberta, Boardroom 6.

Appeared on behalf of the Complainant:

- *M. Uhryn and G. Worsley*

Appeared on behalf of the Respondent:

- H. Neumann

Property Description and Background

[1] The subject property is known as the Campeau Parkade and is located in the downtown at 722 8 Avenue S.W. The structure has five stories, was built in 1962 and consists of 180 parking stalls.

[2] The subject property has been valued by the Assessor using the capitalized income approach. This dispute centres on the per stall rental rate of \$450 per month as assigned by the Assessor. Other factors applied by the Assessor in this approach include a 40% expense allowance and a capitalization rate of 7%. Only the per stall rental rate has been challenged by the Complainant.

Issues:

[3] What is the correct, fair and equitable rental rate for the subject property?

[4] Other matters and issues were raised in the complaint filed with the Assessment Review Board (ARB) on March 2, 2012. The only issue however, that the parties sought to have the Composite Assessment Review Board (CARB) address in the hearing on July 13, 2012 is the one referred to above, therefore the CARB has not addressed any of the other matters or issues initially raised in the Complaint.

Complainant's Requested Value:

[5] Based on a per stall rental rate of \$400 per month the Complainant requests a reduced assessment of \$7,410,000.00.

Board's Decision in Respect of Each Matter or Issue:

[6] The correct, fair and equitable rental rate for each of the 180 stalls within the subject

property is \$450 per month.

Summary of the Party's Positions

[7] The Complainant presented a list of 25 comparable parking rates from the DT2E Zone where the subject is located. This information showed both reserved and unreserved values for a number of periods. The median rate for 2011 Q4 reserved stalls was \$400 per month and for unreserved it was \$385 per month. The Complainant also presented a table of 19 rates for facilities that provided heated and secured parking. This information showed that both the average and median rates were also at \$400 per month.

[8] The Complainant submitted its June 7, 2011 City of Calgary Assessment Request for Information (ARFI) that showed an average monthly revenue from the 180 stalls to be approximately \$383.00 per stall. The Complainant also provided the 2010 ARFI and pointed out that there has been very little change from 2010 to 2011. Further the Complainant provided a statement from the Pacific Parkade at 710 6 Avenue indicating that their month rate is \$380 plus GST.

[9] The Complainant introduced the CRESA Partners Parking Study for several periods. The 2011 Q4 average rates for "B" class parking downtown showed reserved rates at \$421.97 and undeserved rates at \$378.62. The Complainant argued that given the age, location and achievable rates for the subject, it should be classed as a "B" parkade rather than a "A-" parkade.

[10] In its rebuttal the Complainant introduced a number of assessment comparables suggesting that the subject has not been assessed or classed on an equitable basis.

[11] Based on the foregoing information the Complainant argued that the assessment for the subject property should be reduced to \$7,410,000 or \$400 per stall per month.

[12] The Respondent argued that downtown parkades have access to additional revenue beyond that shown for reserved and unreserved monthly or daily tenants. There is usually evening and weekend revenue as well. Recognizing this the City had requested additional information through the ARFIs for parkades in 2011. The Assessor claimed that no information had been received from the Campeau Parkade owners. Other A- parkades are showing additional income and the basis for the typical \$450 rate applied by the Assessor includes all revenue to the owner.

[13] The Respondent introduced the ARFI information received from the Bow Parkade to show that the new sign-up rates ranged from an average rate of \$311.75 to \$433.58 however, the total revenue for the parkade divided by the number of stalls actually produces a per stall rate of \$473 per month.

[14] The Respondent also provided documents regarding a recent sale of the Bow Parkade in April 2012 for the sum of \$90,000,000 while the assessment is only at \$57,000,000. This is an indication that parkades in the downtown are substantially under assessed.

[15] The Respondent presented a table showing assessment data for the Freestanding parkades in the downtown by class groupings. The "A-" class shows 5 parkades including the subject all assessed at a rate of \$450 per stall.

[16] The Respondent provided a number of parkade sales with sale dates ranging from 2001 to 2012. This information was plotted graphically and showed a trend line of rising per stall values. Information published by Colliers International was also provided to indicate that Calgary

parking rates overall have a median rate of \$472.50 and are the highest in Canada.

[17] Based on the foregoing information the Respondent argued that the subject rate is correct, fair and equitable and therefore the assessment should be confirmed.

Findings and Reasons for the Board's Decision:

[18] The CARB considered the numerous parking rate comparables that the Complainant presented as representative of the DT2E zone. These rates were predominantly for parking facilities within office buildings and while some freestanding parkades may have been included, these were not analyzed separately. The CARB agrees with the Respondent that office parking facilities cannot be compared with freestanding parking structures. The freestanding parkades have been allowed a 40% expense ratio and this may not be justified for office building parking facilities where recoverable expenses, facility management costs and capitalization rates may be quite different from the subject. The CARB therefore placed little weight on the comparables offered by the Complainant.

[19] The CARB considered the Respondent's evidence respecting the Bow Parkade sale and other sales data but did not find this information to be very helpful in light of the issue before the CARB. The general position of parking rates in Calgary vs other cities in Canada was also found to be a little relevance to the issue at hand.

[20] The Respondent indicated that it had not received the 2011 ARFI from the Complainant and therefore could not accept that the income presented by the Complainant in this hearing is fully representative of the total revenue derived by the owners. The CARB considered the ARFI evidence brought forward by the Complainant and concludes that the 2011 ARFI in the form provided by the Complainant had been filed with the assessment office; however it appears that the information is incomplete as it does not provide full details respecting both total revenue and operating expenses.

[21] The Complainant argued that the ARFI shows an average income of \$383 from monthly and daily parking. Further it was argued that it is unlikely that there would be any significant additional revenue from evening or weekend parking given the location of the subject away from the downtown core. The CARB believes that any weekend and evening revenue would potentially be less than the Bow Parkade but nevertheless the CARB is not prepared to guess at the potential weekend and evening parking revenue or lack thereof for the subject. This is a very important point as the unknown quantum for weekend, evening and any other income available to the owners of the subject and other "A-" class parkades is central to the Complainant's case.

[22] With respect to the Complainant's concern about the subject's class and comparability with other "A-" or "B" class structures the CARB is left with a similar dilemma to that discussed in the preceding paragraph. The Complainant's analysis regarding these questions fall short of showing sufficient detail about each property such as age, condition, experience respecting ability to garner weekend and evening revenue and their overall respective financial performances to determine comparability from either a class or equity perspective.

[23] As the CARB could not determine with confidence the matter of class for the subject, the CRESA Partner Parking study for "B" class facilities could not be inferred to relate directly to the subject and therefore this information was not persuasive.

Summary

[24] The most important question before the CARB in this case related to whether or not the subject and other "A-" class freestanding parkades typically generate revenue approximating \$450 per stall per month. The challenge by the Complainant relied primarily on the 2011 and 2010 ARFIs for the subject which showed monthly and daily parking revenue of approximately \$383 per stall per month. Most of the other data presented by the Complainant focused on rates for reserved and unreserved parking only, leaving in question revenue from weekend and evening parking. The matters of comparability and class were secondary but the CARB found it had insufficient evidence to answer these questions.

[25] In the final analysis the CARB found the Complainant's evidence was not sufficiently compelling to alter the assessment in this case. The assessment of \$8,330,000 is therefore confirmed.

DATED AT THE CITY OF CALGARY THIS 18th DAY OF July 2012.



Presiding Officer

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

NO.	ITEM
1. C1	Complainant Disclosure
2. C2	Complainant Rebuttal
2. R3	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.*

FOR ADMINISTRATIVE USE

Subject	Property Type	Property Sub-Type	Issue	Sub-Issue
Parking Facility	Parkade	Outside Core	Rental Rate	Equity/Class