

**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:**

***Bhanji Brothers Investments Ltd. (as represented by Colliers International),  
COMPLAINANT***

**and**

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

**before:**

***B. Horrocks, PRESIDING OFFICER  
J. Joseph, MEMBER  
K. Farn, 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 2011 Assessment Roll as follows:

<b>ROLL NUMBER:</b>	<b>044026003</b>
<b>LOCATION ADDRESS:</b>	<b>2359 BANFF TR NW</b>
<b>HEARING NUMBER:</b>	<b>64511</b>
<b>ASSESSMENT:</b>	<b>\$9,600,000</b>

Appeared on behalf of the Complainant:

- Appeared on behalf of the Respondent:

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

There were no preliminary matters. The merit hearing proceeded.

The subject property is a 1.71 acre parcel located in the Banff Trail Community in NW Calgary. The parcel contains a 105 room, full service hotel, commonly referred to as the Quality Inn. The building was constructed in 1972 and is considered to be of B+ quality.

The Assessment Review Board Complaint Form contained the statement "the assessment amount indicated on the assessment notice is incorrect..." amongst other things.

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

The Complainant's Disclosure is labelled C-1.

The Complainant, at page 24, provided a Valuation Proforma Analysis, that was based on Revenues and Expenses for the calendar years 2008 and 2009, and projected Revenues and Expenses for 2010. The 2010 projections were based on the actual revenues and expenses for the first 6 months. There was no evidence that seasonality was taken into account. He used a weighting of 0%, 10% and 90% for 2008, 2009 and 2010 respectively to arrive at his normalized

Revenues and Expenses for calculating his Net Income of \$936,523. After deducting Income to reserves (8.0%), Net income to FF&E (15.0%) and Income to intangibles (1.5%), the same factors as utilized by the assessor, he arrived at an Income to real estate of \$707,075 which when capitalized at 11.5% yields an indicated value of \$6,148,475 (the requested assessment).

The Complainant noted there were similar Gross Operating Incomes between the parties for the years 2008 and 2009, but there were significant differences in Total Operating Expenses for those same years. He argued that occupancy had declined significantly and that the Board has the ability to shift the weighting used for normalizing, accordingly. He presented 3 alternatives for the Board to consider, if they were swayed by his evidence and arguments. In response to a question, he acknowledged that "management fees" had been double counted in his calculations.

The Respondent's Disclosure is labelled R-1.

The Respondent, at page 17 provided the Valuation Proforma Analysis. He explained that Revenues and Expenses had been included for the full calendar years 2007, 2008, and 2009 respectively, as recommended in the Province of Alberta – Municipal Affairs Hotel/Motel Valuation Guide. The numbers utilized in the calculations are those provided by the hotelier on an annual basis. The Respondent, at page 20, provided 2 additional Valuation Proforma Analysis for other hotels to demonstrate equity in the use of the weighting factors of 10.0%, 30.0% and 60.0% for 2007, 2008 and 2009 respectively, for normalizing the data.

The Board finds the evidence presented by the Respondent to be more compelling and consistent with the procedure outlined in the Hotel/Motel Valuation Guide.

**Board's Decision:**


The 2011 assessment is confirmed at \$9,600,000.

**Reasons**

The actual Gross Income and expenses were stabilized by the Respondent, over the previous 3 year period, using normalizing factors that were demonstrated to be equitable with other hotels. There was no evidence to support a change.

The Complainant's methodology was flawed, in that it used projected revenues for 2010 and a weighting system that was heavily predicated (90%) on those projections.

DATED AT THE CITY OF CALGARY THIS 16<sup>th</sup> DAY OF AUGUST 2011.

  
B. Horrocks  
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.*