

# PROPERTY TAX CASE STUDY FIRE AND ICE

## The Client's Challenge

When a fire ripped through this curling club in the fall of 2007, the consequences were devastating. The building was destroyed and the membership was left without a "house" to play in. The club executive were a spry bunch who, rather than taking the loss as a setback for the club, saw instead an incredible opportunity to start anew. Within just one year, they had rebuilt an entirely new facility on site, state-of-the-art in design and the envy of clubs province-wide. Alas, their elation was short lived as the Property Valuation Services Corporation then set about re-assessing the newly-built facility, resulting in a substantial increase in the tax levy. Though the actual construction costs supported the newly formulated assessment, the executive wanted to know if there was any room for tax relief. They turned to Turner Drake for advice.

## Turner Drake's Approach

Mark Turner of our Property Tax Division (who knew little about curling, but a lot about assessment) tackled the assignment. He first undertook a detailed inspection of the property, noting the size, design and other construction characteristics of the newly-built facility. After comparing these specifications against those of the assessor, he then set about determining the potential market for the subject property. It was a daunting exercise. Sales of curling clubs were non-existent, and the next best thing (ice rinks) were nearly as rare. Instead, Mark focused on the sales of bowling alleys; opining the latter were virtually identical to curling rinks in size, function and design and thus were merely "curling rinks without the ice". Next, he set about researching the current state of curling itself, analysing club and provincial membership figures and speaking with the Provincial Curling Association as well as other clubs. He then researched the assessments of every curling club province-wide and, using satellite imaging and aerial photography to calculate building areas, reduced the assessments of the other clubs to a unitised basis in order to provide a backdrop against which the subject assessment could be viewed. Armed with his arsenal of data, Mark built a profile of the market of the subject property and proceeded to the Regional Assessment Appeal Court to argue the matter.

## Winning Results

Despite having actual costs which supported the assessment, we argued the specialised nature and limited marketability of the property supported an external obsolescence factor. The court agreed and reduced the assessment by 20%; well below the actual cost to construct just a few months earlier.



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