

**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:**

***Fancy Plants Design Corporation (as represented by Assessment Advisory Group Inc.),  
COMPLAINANT***

**and**

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

**before:**

***K. D. Kelly, PRESIDING OFFICER  
R. Cochrane, MEMBER  
A. Zindler, 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>101012300</b>
<b>LOCATION ADDRESS:</b>	<b>6102 Centre ST SE</b>
<b>HEARING NUMBER:</b>	<b>64776</b>
<b>ASSESSMENT:</b>	<b>\$2,810,000</b>

This complaint was heard on 4<sup>th</sup> day of October, 2011 at the office of the Assessment Review Board located at Floor Number 4, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 3.

Appeared on behalf of the Complainant:

- Mr. T. Howell - Assessment Advisory Group Inc.

Appeared on behalf of the Respondent:

- Mr. C. Yee - Assessor, City of Calgary

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

None

**Property Description:**

The subject is a 1969 vintage stand-alone 12,800 square foot (SF) retail warehouse building in Manchester industrial area in southeast Calgary just east of Chinook Centre. It is located on a corner lot and is known as the "Silk Plant Warehouse". The subject is assessed using the Income Approach to Value methodology at \$220 per SF for a total assessment of \$2,810,000.

**Issue:**

1. The assessment for the subject is inequitable when compared to other similar properties.

**Complainant's Requested Value:** \$2,033,333 based on approximately \$158.85 per SF

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

**Issue #1:** "The assessment for the subject is inequitable when compared to other similar properties."

**Complainant's position:**

The Complainant presented his 17 page Brief C-1 and identified the specific site characteristics of the subject. He clarified that he had not been inside the subject and therefore had no internal photos, but was familiar with its location and configuration on the property.

The Complainant referenced the City's "Assessment Summary Report" and noted the subject is a 1969 "B" quality building of 12,800 SF on 26,803 SF (0.62 acres) of land. The Complainant provided several maps locating the subject in the industrial community of Manchester, as well as an overhead map and front view photo of the subject.

The Complainant provided the City's "Assessment Summary Reports" for six properties he considered comparable to the subject. He noted that they were all nearby the subject in Manchester industrial area, and one was immediately across Centre Street and west of the subject. All buildings were generally of 1960's vintage ranging in size from approximately 9,600

to 14,800 SF. Three were multi-tenant buildings and three were single-tenant buildings. In terms of building quality, three of the properties were "C" Class; one was "C+"; one was "B" like the subject; and one was "B+" quality.

The Complainant clarified that the subject was assessed at approximately \$219 per SF whereas his six comparables were assessed at values ranging from \$144 to \$184 per SF. The average was \$160.87 per SF. He secured these per square foot values by dividing the assessed value of the property by the square footage of the assessed onsite improvement. Therefore, he considered the assessment to be inequitable.

The Complainant concluded on the basis of his analysis of his six property comparables that an average \$160.87 per SF would be appropriate and equitable for the subject. This would result in a reduced assessed value of approximately \$2,033,333 which he considered to be fair and equitable. The Complainant provided no market sales evidence in support of his requested value, nor did he provide an alternate calculation of value using the "Income Approach to Value" methodology which was used by the City to assess the subject.

#### **Respondent's Position:**

The Respondent presented his Brief R-1 and clarified that the subject is not an unfinished industrial warehouse as has been suggested, but has a certain level of retail finish which renders it a "B" quality rating. The entire assessed space he suggested has a higher degree of finish as a retail outlet, which accounts to some degree for its desirability and value.

The Respondent presented the City's "Non-Residential Properties – Income Approach Valuation" sheet which clarified precisely how the subject was assessed. He noted that the entire 12,800 SF of retail space falls within the City's space size category of 6,001 to 14,000 SF and accordingly has been assessed at a "typical" \$19 per SF for this category of retail space. By using "typical" vacancy and capitalization rates; operating costs; and non-recoverable allowances, the calculated property assessment value comes to \$2,810,000.

The Respondent argued that the Complainant's calculations of comparative value are flawed because he simply divided the assessed value of each comparable property by the square footage of the improvements thereon. He clarified that because each of his comparable properties are quite different from each other in form, fit, and use, and from the subject, the Complainant's calculations of comparative value are invalid and completely unreliable.

The Respondent concluded from the Complainant's presentation that he did not provide any independent market evidence, nor did he challenge any of the City's inputs to its assessment calculation using the Income Approach. Therefore, he suggested, the Complainant's position should fail on this basis alone.

The Respondent argued that the Complainant's property comparables are not comparable to the subject. He referenced pages 19 to 24 of his Brief R-1 and provided several front and rear photos of the Complainant's property comparables. He noted that many are multi-bay properties, some with lower building quality automotive repair facilities, and none with a building quality or finish comparable to the subject. He also referenced the City's "Assessment Summary Reports" in C-1, which he argued demonstrated the various and important differences in the Complainant's property comparables, as compared to the subject.

In addition, on page 29 of R-1 the Respondent provided the City's valuation parameters for the Complainant's comparable at 6221 Centre ST SW – directly across Centre ST from the subject. He noted that the City had valued this property on the "Industrial Property" model and not as a retail property like the subject. Therefore, he argued, the valuation parameters for each of the subject and comparable properties would have been quite different. Therefore, he argued, they are not comparable at all.

The Respondent referenced pages 25 to 28 of his Brief R-1 where he provided four equity comparables which he noted were retail properties in the 6,001 to 14,000 SF size category like the subject. He provided photos of each and confirmed that all four were assessed using \$19 per SF using the Income Approach to Value methodology – again, like the subject. He argued that these comparable properties support the assessment. He requested that the Board confirm the assessment at \$2,810,000.

#### **Board's Analysis and Conclusions - Reasons**

The Board considers the Complainant's position in this appeal fails for the following reasons;

1. The Board finds that the Complainant provided and relied upon six property comparables which, when compared to the subject, are not comparable to it in many respects. The subject is described by the Respondent as a single-tenant, well-finished, stand-alone, retail space, whereas the Complainant's comparables are largely unfinished automotive service and repair facilities, and/or single or multi-bay low-rise warehouse space. The Complainant acknowledged that he had not been inside the subject and was therefore unable to provide any photographs of the interior of the subject to refute the position of the Respondent.
2. The Board finds that four of the Complainant's six comparables are of a lesser "C" or "C+" quality than the subject which is a "B" quality building, largely reflected by its higher level of interior and exterior finish. Two of his comparables are "B+" and "B" quality but are assessed using different valuation parameters than the subject because of their form and function. Therefore the subject is properly assessed using different (higher value) parameters than the Complainant's lesser quality comparables. The photos of the subject and Complainant's comparable properties as provided by the Respondent, convince the Board that the quality differential between the subject and the Complainant's property comparables is justified.
3. The Board accepts the Respondent's argument and evidence that the Complainant's comparables are demised and contain different internal components and uses for their specific use, such that they are assessed using different valuation parameters than the subject. In form and function the Complainant's comparables are not comparable to the subject. The Respondent successfully demonstrated that the Complainant's closest comparable (in distance) to the subject at 6221 Centre ST SW, is an industrial, not a retail property like the subject, and was assessed using the City's industrial valuation Model. It is not comparable.
4. The subject is assessed using the "Income Approach to Value" methodology and the Complainant offered no market or other evidence to argue that the valuation inputs – including the \$19 per SF "typical" rent rate, were incorrect. The Complainant offered no argument whatsoever that the City's assessment calculation was incorrect, but merely that it was inequitable when compared to other nearby properties.

5. The Board concurs with the Respondent that the Complainant's per square foot comparative value analysis based on his six comparables is flawed and unreliable because the six properties he compares are not substantially identical one to the other or to the subject. Simply dividing the assessment by the square footage of the improvement is not an accepted or reliable method of comparative valuation.

6. The Respondent provided four property comparables which displayed characteristics of fit and finish similar to the subject - all of which had been assessed using the several "typical" retail property input values as applied to the subject, including a \$19 per SF rent rate. The Respondent's property comparables support the assessment.

The Board concludes on the basis of the evidence provided, and on balance, that the Complainant has provided insufficient information and argument to convince the Board that the assessment is either incorrect or inequitable. On the basis of the evidence and argument supplied by the Respondent, the Board concludes that the assessment is correct and equitable.

**Board's Decision:**

The Board Confirms the assessment at \$2,810,000.

DATED AT THE CITY OF CALGARY THIS 28<sup>th</sup> DAY OF October 2011.

  
K. D. Kelly  
Presiding Officer

**APPENDIX "A"**

**DOCUMENTS PRESENTED AT THE HEARING  
AND CONSIDERED BY THE BOARD:**

NO.	ITEM
1. C-1	Complainant Disclosure Brief
2. R-1	Respondent Disclosure Brief

*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 Only

Appeal Type	Property Type	Property Sub-type	Issue	Sub-Issue
CARB	Retail store warehouse	Stand-alone retail	Equity only	Market zone Comparisons