



Complaint ID 0262 1784
Roll: 30003310165

COMPOSITE ASSESSMENT REVIEW BOARD DECISION
HEARING DATE: November 9, 2023

PRESIDING OFFICER: J. Dawson
BOARD MEMBER: A. Tarnoczi
BOARD MEMBER: C. Neitz

BETWEEN:

2035512 ALBERTA LTD.
Represented by CBRE

Complainant

-and-

REVENUE & ASSESSMENT SERVICES
For the City of Red Deer

Respondent

This decision pertains to a complaint submitted to the Central Alberta Regional Assessment Review Board in respect of a property assessment prepared by an Assessor of The City of Red Deer as follows:

FILE NUMBER:	0262 1784
ROLL NUMBER:	30003310165
MUNICIPAL ADDRESS:	7403 50 Avenue, Red Deer, AB
ASSESSMENT AMOUNT:	\$2,244,100

The complaint was heard by the Central Alberta Regional Assessment Review Board on the 9th day of November 2023, via videoconference.

Appeared on behalf of the Complainant: none

Appeared on behalf of the Respondent: D. Stebner, Senior Assessor, City of Red Deer, and
S. Gill, Senior Property Assessor, City of Red Deer

DECISION: The assessed value of the subject property is unchanged.

JURISDICTION

[1] The Central Alberta Regional Assessment Review Board [“the Board”] has been established in accordance with section 455 of the *Municipal Government Act*, RSA 2000, c M-26 [“MGA”].

PROPERTY DESCRIPTION AND BACKGROUND

[2] The subject property is 0.86 acres (37,461 square feet) and contains a freestanding commercial building built in 1978 containing 10,080 square feet of retail space along the municipalities’ primary traffic corridor – Gaetz Avenue. There are no identified influences or market adjustments. The assessed value is determined by application of the income approach.

PRELIMINARY MATTERS

[3] The Complainant provided correspondence that its agent was unable to attend the hearing due to a scheduling conflict.

[4] The Respondent did not raise an objection to the panel hearing the complaint.

[5] No additional preliminary or procedural matters were raised by any party. The Respondent indicated that they were prepared to proceed with the complaint.

POSITION OF THE PARTIES**Position of the Complainant**

[6] The Complainant through its written disclosure presented that the subject property is miscategorized and is an industrial property and that the assessment does not reflect market value.

[7] The Complainant argued the subject property assessment is high at \$204 per square foot (SIC actually \$222 per square foot), suggesting that recent market sales support an assessment of \$144 per square foot, requesting an assessment value of \$1,446,000.

[8] The Complainant provided search results from “... *property sales starting from 2010 through present day*”, “*These results were filtered for size 5,000 – 20,000*”. The results seem to indicate a median of \$144 per square foot, which is also the requested value per square foot.

[9] The Complainant included transaction details for 33 sales transactions to bolster its requested assessment.

[10] In rebuttal the Complainant explained that the comparable properties used by the Respondent are superior to the subject property and have not been adjusted, stating that some comparable properties are different property types with superior quality class.

[11] The Complainant argued that the Respondent is assuming a value based on the leased fee investment approach with hypothetical lease rate and applied a high level proforma.

[12] The Complainant charged the Respondent used land sales to defend the assessment.

[13] The Complainant included commentary and details of commercial property leases presented by the Respondent along with highlighted material suggesting that "*Economies of scale dictate that larger buildings trade for a lower unit of comparison than smaller buildings.*"

[14] The Complainant requested an assessment value of \$1,446,000.

Position of the Respondent

[15] The Respondent argued that the subject property is a retail store located in the Northlands Industrial Park of Red Deer. Explaining that the subject is 10,080 square feet in size that was constructed in 1978 and is situated on 0.86 acres of C4 - Commercial Land with access available off Gaetz Ave.

[16] The Respondent presented that the Complainant has raised an issue that the subject property is an industrial property.

[17] The Respondent explained that the classification of a property is determined by the City of Red Deer zoning by-law rather than the use by the tenant.

[18] The Respondent asserted that the Complainant has included 28 sales within their submission for analysis. These sales transactions are reported as having transpired between Sept 28, 2010, and July 12, 2023.

[19] The Respondent questioned if it is reasonable to conclude that any sales transactions prior to a 5-year period preceding the date of valuation should not be relied upon to calculate market indicators. Explaining that a more representative analysis includes a 5-year period of transactions between July 1, 2017, to June 30, 2022. Doing so results in sales being filtered down to 15 transactions from the 28 provided by the Complainant. Of which, three of those sales are *post facto* transactions having occurred after July 1st of 2022.

[20] The Respondent explained that of the 15 transactions, only one parcel (7899 50 Ave) is located on a C4 zoned lot. 14 of the 15 are zoned Industrial and should not be utilized in analysis of commercial zoned properties. Meanwhile, two of those 15 sales transactions are between related parties and are not deemed to be an "Arm's Length" market transactions and should not be considered reasonable for market analysis.

[21] The Respondent provided a side-by-side comparison of Industrial and commercial land comparable property sales. Suggesting that it indicates a difference in "Price per Acre" rates between those two zoning types - C4 and I1. Industrial land transactions would indicate prices per acre ranging from \$217,300 to \$475,352 with the average of those calculated to be \$369,530 per acre and a median price per acre of \$420,000. Commercial land transactions would indicate price per acre ranging from \$1,000,000 to \$2,235,552 with the average of those calculated to \$1,702,752 per acre and a median price per acre of \$1,940,299.

[22] The Respondent provided seven C4 property sales between January 15, 2019, and October 21, 2022 showing a median and average between \$222 and \$227 per square foot.

[23] The Respondent included information showing the assessment is based on a typical lease of \$16.00 per square foot while the subject property lease is at \$20.83 per square foot.

[24] The Respondent presented that the subject property sold in May 2017 for \$2,750,000 versus the current assessment of \$2,244,100.

BOARD FINDINGS AND DECISION

[25] The Board reviewed the subject property and finds it is within the C4 Commercial zone and is not an industrial property. No evidence was provided to demonstrate that it has been assessed in the wrong classification.

[26] The Board finds that the evidence from the Respondent clearly demonstrates that Commercial property sells for substantially more than Industrial property.

[27] The Boards finds the evidence does not demonstrate that the sales comparison approach arrives at a better estimate of value versus the income approach utilized by the Respondent.

[28] The Board considered the sale of the subject, though dated, does demonstrate the market value of the subject property is greater than the requested assessment.

[29] The Board finds that the lease in place within the subject property demonstrates that the assessed value is fair and reasonable.

[30] The Board finds no reliable evidence to change the assessment and leaves the subject property unchanged from their original assessment values.

[31] Further, the Board is bound by s. 467(3) of the MGA which states:

(3) An assessment review board must not alter any assessment that is fair and equitable, taking into consideration

- (a) the valuation and other standards set out in the regulations,
- (b) the procedures set out in the regulations, and
- (c) the assessments of similar property or businesses in the same municipality.

DECISION SUMMARY

[32] The Board finds that the original assessed value is confirmed at \$2,244,100.

[33] Dated at the Central Alberta Regional Assessment Review Board, in the city of Red Deer, in the Province of Alberta this 4th day of December 2023 and signed by the Presiding Officer on behalf of all the panel members who agree that the content of this document adequately reflects the hearing, deliberations and decision of the Board.



J. DAWSON
Presiding Officer

If you wish to appeal this decision you must follow the procedure found in section 470 of the MGA which requires an application for judicial review to be filed and served not more than 60 days after the date of the decision. Additional information may also be found at www.albertacourts.ab.ca.