

Central Alberta

Regional Assessment Review Board

CARB 0263-745/2016

Complaint ID 745

Roll No. 688001055

COMPOSITE ASSESSMENT REVIEW BOARD DECISION

HEARING DATE: November 14, 2016

PRESIDING OFFICER: L. Bonnett

BOARD MEMBER: T. Hansen

BOARD MEMBER: B. Schnell

BETWEEN:

KANATA DEVELOPMENTS INC.

Complainant

-and-

RED DEER COUNTY

Respondent

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

ROLL NUMBER: 688001055

MUNICIPAL ADDRESS: 29 McKenzie Crescent

ASSESSMENT AMOUNT: \$5,123,390

The complaint was heard by the Composite Assessment Review Board on the 14th day of November, 2016 at Red Deer County, in the province of Alberta.

Appeared on behalf of the Complainant:

- Randall Worthington – Altus Group

Appeared on behalf of the Respondent:

- Brigitte Boomer – Assessment Services Manager
- Karen Burnand – Assessment Services Assessor
- Brad Koopmans – Assessment Services Assessor

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

JURISDICTION

- [1] The Central Alberta Regional Assessment Review Board ["the Board"] has been established in accordance with section 456 of the *Municipal Government Act*, RSA 2000, c M-26 ["MGA"], and Red Deer County Bylaw No. 2011/29, *Regional Assessment Review Board Bylaw*.

PROPERTY DESCRIPTION AND BACKGROUND

- [2] The subject property is located at 29 McKenzie Crescent within Red Deer County. The property is 5.03 acres in size, is located directly adjacent to the Queen Elizabeth II Highway (QEII), and is zoned General Commercial District. This is a fully serviced and improved site with partial paving, compacted gravel, curbing, and lights. Improvements on the subject property include ten separate buildings with a total of 624 mini storage units.
- [3] The Red Deer County assessors (the Respondents) performed the assessment using the Direct Sales Comparable and Cost Approach methodology. The 2016 assessment for the subject property is \$5,123,390.
- [4] Altus Group submitted a complaint to the Regional Assessment Review Board as agent for Kanata Developments Inc. on July 12, 2016, and checked box #3 on the complaint form, indicating that the complaint regards an assessment amount. Notice of Hearing was sent to both Parties on October 12, 2016.

PRELIMINARY MATTERS

- [5] The Board Chair confirmed that no Board member raised any conflicts of interest with regard to matters or Parties before them.
- [6] Neither Party raised any objection to the Board panel hearing the complaint.
- [7] Both Parties were sworn in by the Board Clerk.
- [8] The Complainant and Respondent confirmed that the complaint information before the Board relates to matter #3, an assessment amount.
- [9] The Respondent raised one preliminary issue regarding incorrect calculations within their own disclosure submission. The Respondent stated that several calculations needed to be corrected, and requested that the Board allow the Respondent to replace two pages within their initial disclosure with pages that contained the corrected calculations.
- [10] The Chair confirmed that the Complainant had no objection to replacing two pages within the Respondent's disclosure with corrected calculations.
- [11] The Chair determined that the two pages of corrected calculations would be allowed to be entered in as an Exhibit to the merit hearing, and that both Parties could refer to these pages throughout the hearing.

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- [12] The Board confirmed the submissions of the Parties and entered the following Exhibits into the record:
- A.1 Hearing Materials with Agenda, Complaint Form, Agent Authorization Form, and Notice of Hearing – *Agenda plus 7 pages*
 - C.1 Complainant Evidence Submission – *41 pages*
 - C.2 Complainant Legislation and Legal Submission – *54 pages*
 - R.1 Respondent Submission – *20 pages with the following tabs attached: Tab 1 (2 pages), Tab 2 (32 pages), Tab 3 (2 pages), Tab 4 (2 pages), Tab 5 (1 page), Tab 6 (6 pages), Tab 7 (45 pages), Tab 8 (7 pages), Tab 9 (15 pages), Tab 10 (25 pages)*
 - R.2 Respondent Submission – *2 pages meant to replace page numbers 10 and 11 within Exhibit R.1*

ISSUES

- [13] The Board considered the Parties' positions and determined the following question is to be addressed within this decision:
- a) Is the land component of the subject property assessed at market value?

POSITION OF THE PARTIES

Position of the Complainant

- [14] The Complainant confirmed that only the subject property's 2016 land valuation is under appeal.
- [15] The Complainant submitted that the assessed value of the subject's land is inequitable and not reflective of fair market value when compared to assessments of other similar and comparable properties.
- [16] The Complainant provided six comparables, all located within the McKenzie and Clearview Industrial Parks, and stated that the market value average of these comparables is \$297,042/acre, which is lower than that of the subject property's assessed land value.
- [17] Further, the Complainant submitted that the subject's zoning is General Commercial District, which is identical to the zoning of the six sales comparables. The McKenzie and Clearview Industrial Parks are approximately one mile due east of the QEII Highway and do not have a direct approach to the QEII. The Complainant stated that the sales comparables in the McKenzie and Clearview Industrial Parks are the closest and most reasonable comparables to the subject property, as they also have no direct access to the QEII.
- [18] In closing, the Complainant requested that the total assessment for the subject property be reduced from \$5,123,390 to \$4,514,760.

Position of the Respondent

- [19] The Respondent stated that the subject property is located in the south portion of the Gasoline Alley Business Park and is fully visible from the QEII. The subject property was purchased in 2006 as vacant raw land for \$300,000/acre for, a total purchase price of \$1,509,000.
- [20] The Respondent submitted that the Direct Sales Comparable and Cost Approach have been utilized in the valuation of the subject property. There are two significant characteristics that influence the value of the subject property:
- 1) It is directly adjacent to the QEII with full highway exposure and visibility, and
 - 2) The assessed value of the land includes site preparation costs such as excavating, site compaction, gravel, utility servicing, paving, curbing and lighting.
- [21] The Respondent stated that the Complainant's six comparables from the Clearview and McKenzie Industrial Parks are not comparable for the following reasons:
- 1) They are for raw land only and have not been adjusted to include site preparation, and
 - 2) The industrial areas of Clearview and McKenzie are located approximately one mile off of the QEII with no highway exposure.
- [22] The Respondent provided eight sales comparables which vary in size from .95 acres to 8.25 acres. Utilizing a Direct Sales Approach, the Respondent submitted that comparable #2 is most similar to the subject property in both location and site preparation, despite the fact that the sale of the property occurred just after the July 1, 2015 valuation date. This property is a 5 acre parcel and is directly south of the subject property. Further, this comparable has the same services and QEII Highway exposure. The Respondent advised that the residual technique has been applied and renders a value of \$567,758/acre for the land. The Respondent's Comparables Sales Chart is as follows:

COMP #	SALE DATE	SALE PRICE	PARCEL SIZE	PRICE/AC	C of T	STATUS (AT TIME OF SALE)
1	04-Feb-15	2,800,000.00	4.57	612,691.00	152041078	RAW LAND SALE FOR PARCEL THAT REQUIRED CLEARING, LEVELING AND FILL
	22-June-16	3,757,600.00	4.27	880,000.00	162165189	RESALE VALUE OF \$880,000.00/AC AFTER CLEARING, LEVELLING AND FILL
2	2-Aug-15	7,350,000.00	5.00	567,758.00	152267001	RESIDUAL 7,350,000 – 4,511,210 (I) =

						2,838,790 (LAND ONLY)
3	06-Oct-14	932,200.00	3.16	295,000.00	142334616	RAW LAND SALE
4	11-Dec-14	932,200.00	3.16	295,000.00	142421117	RAW LAND SALE
5	08-Sep-14	1,150,000.00	0.95	1,210,526.00	142293942	RAW LAND SALE (NOW PETERS)
6	19-Nov-14	1,050,000.00	0.95	1,105,263.00	142392963	RAW LAND SALE (NOW FOOD MALL)
7	04-Oct-16	3,000,000.00	8.25	363,636.00	162277272	RAW LAND SALE
8	01-Feb-16	1,587,600.00	2.52	630,000.00	162034921	RAW LAND SALE

[23] Comparables #3 and #4 provided by the Respondent are raw land sales from October and December of 2014. These properties are in close proximity to the subject property but are not located directly on the QEII and were sold at \$295,000/acre.

[24] Comparables #1, #5, and #6 are sales which occurred February 4, September 8 and November 19 of 2014. All three properties are located on the QEII with full highway exposure. These sales are for raw land value and require site preparation adjustments. Two of the properties are considerably smaller in size (.95 acres); however, the price per acre ranges from \$612,000 to \$1.2 million.

[25] Comparables #7 and #8 were not utilized in the market analysis by the Respondent, but were included as an indication of market trends.

[26] The Respondent argued that the comparables they provided demonstrate that the market value of the subject property is correctly assessed.

[27] In closing, the Respondent requests that the total property assessment for the 2016 year be confirmed at \$5,123,390.

BOARD FINDINGS and DECISION

[28] The Board finds that the sales comparables presented by the Complainant are not the most comparable or equitable available to the subject property due to:

- 1) Their distance and lack of visibility from QEII, and
- 2) The fact that they were raw land with no site improvements.

[29] The Board finds that the Direct Sales Comparables presented by the Respondent are the most comparable and equitable to the subject's location and better represent the value of the land given the site preparation of the subject property. In particular, the Board finds that the Respondent's comparable #2 most closely represents the subject property with respect to site improvements and location.

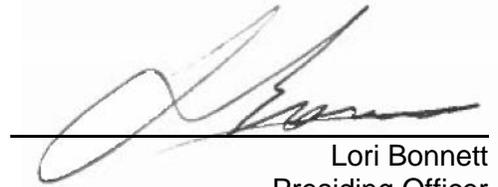
[30] The Board finds that the assessment for the land component of the subject property is fair and equitable in comparison to similar property.

[31] The Board therefore confirms the total assessment of \$5,123,390.

DECISION SUMMARY

[32] The Board finds that the assessed value of the subject property is confirmed.

[33] Dated at the Central Alberta Regional Assessment Review Board, in the city of Red Deer, in the Province of Alberta this 15th day of December, 2016 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.



Lori Bonnett
Presiding Officer

This decision can be appealed to the Court of Queen's Bench on a question of law or jurisdiction. If you wish to appeal this decision you must follow the procedure found in section 470 of the MGA which requires an application for leave to appeal to be filed and served within 30 days of being notified of the decision. Additional information may also be found at www.albertacourts.ab.ca.

APPENDIX

Documents presented at the Hearing and considered by the Board.

<u>NO.</u>	<u>ITEM</u>
A.1	Hearing Materials with Agenda, Complaint Form, Agent Authorization Form, and Notice of Hearing – <i>Agenda plus 7 pages</i>
C.1	Complainant Evidence Submission – <i>41 pages</i>
C.2	Complainant Legislation and Legal Submission – <i>54 pages</i>
R.1	Respondent Submission – <i>20 pages with the following tabs attached: Tab 1 (2 pages), Tab 2 (32 pages), Tab 3 (2 pages), Tab 4 (2 pages), Tab 5 (1 page), Tab 6 (6 pages), Tab 7 (45 pages), Tab 8 (7 pages), Tab 9 (15 pages), Tab 10 (25 pages)</i>
R.2	Respondent Submission – <i>2 pages meant to replace page numbers 10 and 11 within Exhibit R.1</i>