



Complaint ID 0262 1745  
Roll No. 30000920730

COMPOSITE ASSESSMENT REVIEW BOARD  
DECISION HEARING DATE: August 21, 2023

PRESIDING OFFICER: G. Sokolan  
BOARD MEMBER: R. Irwin  
BOARD MEMBER: C. Neitz

BETWEEN:

MURRAY HILL DEVELOPMENTS INC.  
Represented by Altus Group Limited

Complainant

-and-

REVENUE AND 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:

ROLL NUMBER: 30000920730  
MUNICIPAL ADDRESS: 3110 47 AV  
ASSESSMENT AMOUNT: \$13,935,100

The complaint was heard by the Central Alberta Regional Assessment Review Board on the 21st day of August 2023, via video conference.

Appeared on behalf of the Complainant: S. Roth, Agent  
B. Foden, Agent

Altus Group Limited  
Altus Group Limited

Appeared on behalf of the Respondent: A. Minhas, Property Assessor  
S. Gill, Property Assessor  
T. Johnson, Assessment Coordinator

City of Red Deer  
City of Red Deer  
City of Red Deer

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

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## **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 (subject) is a 5.89 acre parcel located at 3110 47 AV in the South Hill subdivision in Red Deer. It is known as the Southwood Park Townhouses. The property is zoned Residential – General and is improved with a total of 96 townhouses originally developed between 1971 and 1973, currently assessed as Quality 3. Each unit includes a private fenced yard, patio, parking, and in-suite laundry. There is a mixture of 11 two-bedroom units and 85 three-bedroom units. The subject was assessed using the Income Approach valuation method at \$13,935,100.

## **PRELIMINARY MATTERS**

- [3] The Presiding Officer confirmed that no Board Member raised any conflicts of interest with regard to matters before them.
- [4] Neither party raised any objection to the panel hearing the complaint.
- [5] The Respondent indicated the Complainant’s disclosure did not contain a Summary of Testimonial Evidence as required under s.9(2)(a) of *Matters Relating to Assessment Complaints Regulation, 2018 (MRAC)*, nor did it contain written evidence to support the requested adjustments. This placed the Respondent at a disadvantage in completing its response to the complaint. While the Respondent attempted to identify the issues the Complainant was raising, and compiled its response submission on that basis, it had to rely heavily on assumptions. The Respondent identified two remedies it would be satisfied with and left it to the Board’s discretion which to apply.
- [6] The first of these was for the Board to strike the Complainant’s submission; the second remedy was for the Board to grant the Respondent a broad latitude in questioning the Complainant or when answering the Complainant’s questions.
- [7] The Respondent referred the Board to *Jaroc Holdings Ltd v Calgary (City)* 2018 ABQB 969 as the leading authority of how the Board should interpret s. 9(2) of *MRAC*.
- [8] In response, the Complainant apologized to the Board and the Respondent for the fact this information had not been provided. He indicated he had not handled many files like this and had not been able to complete the summary to the standard that Altus Group Limited generally uses in representing clients, in time for it to be filed. He noted the balance of the disclosure identified the issues at hand and the Respondent had submitted a response that addressed all of those issues. From this perspective he considered the Respondent had not been disadvantaged.
- [9] Upon questioning if the Respondent found sufficient detail in the balance of the Complainant’s disclosure to understand and respond to the case before it, the Respondent indicated it had understood the issues in a base sense and had responded to the best of its ability.
- [10] The Board appreciated the Complainant’s candor and its apology. Having heard the Respondent indicate it had understood the issues well enough to provide a response and having heard the

Complainant indicate all of the issues raised in the balance of its disclosure had been addressed, the Board determined it would hear the merit arguments of the complaint.

- [11] No additional preliminary or procedural matters were raised by either party. Both parties indicated they were prepared to proceed with the complaint.

### **POSITION OF THE PARTIES**

#### **Position of the Complainant**

- [12] The Complainant initially raised three issues with the assessment; the assessed rent over valued the rent the Complainant was able to realize in the market, the assessed vacancy allowance should be reduced from 7.50% to 7.25% and the revenue generated from parking was over-stated from what was actually being realized.
- [13] In rebuttal, the Complainant submitted a revised requested assessment which reconciled the issues of assessed vacancy allowance and parking income. On July 12, 2022, the Complainant completed the Respondent's Assessment Request for Information (ARFI) for the subject, including an income statement for the period ending June 2022. Using the information contained in this income statement, the Complainant recalculated its request for these two parameters, concluding the Respondent's assessed amounts were correct. These two issues will not be addressed further in this decision.
- [14] The only remaining issue is the Complainant's request for a reduction to typical market rent rates for both two and three-bedroom townhouses.
- [15] The Complainant submitted the actual tax roll for the townhouse complex as of July 2022 to support its request. The tax roll identified the 'base rent' for each unit (desired rents), which was described as the rent the Complainant would like to achieve, as well as the 'residential rent', which reflected the amount of rent the Complainant had been able to generate based on negotiations with each individual tenant (realized rents). The difference between the two was reflected as a 'rent concession'. These concessions varied from unit to unit and ranged from \$0.00 - \$112.00/unit per month. The Complainant explained these were renegotiated with the tenant on an annual basis. Therefore, the realized rents reflected the rent the market was willing to pay for the units as of the valuation date.
- [16] The actual versus assessed rents for the units are summarized in the table below. The Complainant is requesting the assessed rents be adjusted to reflect the median of the realized rents for each of the two and three-bedroom units. As well, the table shows the current assessed rents compared to the requested assessed rents for the two and three-bedroom units.

<b>Southwood Park Townhouses Actual vs. Assessed Rents -July 2022</b>				
	Actual Rents (\$/month)		Assessed Rents (\$/month)	
	Desired	Realized	Current	Requested
Two-Bdrm Units	Classic – 1,270 Elite – 1,395	Median – 1,187 Mean – 1,197	1,250	1,187
Three-Bdrm Units	Classic – 1,270 Elite – 1,395	Median – 1,149 Mean – 1,168	1,300	1,149

- [17] A distinction was made in the rent roll between 'Classic' and 'Elite' units in each of the two and three-bedroom categories. Elite suites have been upgraded with vinyl plank/laminate flooring, stainless steel appliances, updated cabinets, and a dishwasher and command a higher rent both in terms of the desired and realized rents. Classic suites had the same desired rent (\$1,270/month) regardless of whether the unit contained two or three-bedrooms. The same situation exists in the Elite suites, but the desired rent is higher at \$1,395/month. In calculating the median and mean realized rents, the Complainant did not distinguish between Classic or Elite suites but treated both levels of suites the same. This replicated the manner in which they had been assessed.
- [18] In questioning, the Complainant acknowledged three-bedroom suites are, in fact, achieving a lower median rent than the two-bedroom suites but indicated this represented the Complainant's market reality, as of July 2022.
- [19] In rebuttal, the Complainant revised its requested assessed rent rates to reflect the rounding used by the Respondent. The requested rent for two-bedroom units was increased from \$1,187/month to \$1,190/month and the requested rent for three-bedroom units was increased from \$1,149/month to \$1,150/month.
- [20] Given only the requested reductions to market rent for the townhouse units, the Complainant requests the Board alter the subject's assessment from \$13,935,100 to \$12,446,600.

### **Position of the Respondent**

- [21] The Respondent indicated it is bound, by s. 5 of *Matters Relating to Assessment and Taxation Regulation (MRAT)*, to use mass appraisal when deriving property assessments and to produce an assessment reflective of typical market conditions for properties similar to that property. Property specific characteristics serve to determine what properties are similar to any subject property but will not, in themselves, warrant an adjustment to an assessed value except where the property cannot reasonably be compared with any other.
- [22] To support its assessed rent rates, the Respondent explained its approach to valuing properties via the income approach. Typical market inputs are derived from analysis of information such as occupancy, rental amounts, lease dates, type of lease, operating costs, etc. obtained from ARFIs. The Respondent indicated an approximate 77.5 % response rate with its ARFI process. Between this primary collection of data and a subsequent secondary process involving direct communications with owners and stakeholders, and extensive site inspections, the Respondent is confident its derivation of assessment inputs reflects a large percentage of assessed properties.
- [23] The Complainant introduced a table illustrating the entire population of Quality 3 townhouses in Red Deer. ARFI responses for 2022 were received from three of the four properties, indicating a median actual rent of \$1,260/month for two-bedroom units and \$1,380/month for three-bedroom units. This supports the assessed rates used for the subject of \$1,250/month for two-bedroom units and \$1,300/month for three-bedroom units.
- [24] In questioning, the Respondent confirmed no distinction had been made in either the two-bedroom or three-bedroom assessed rents between Classic and Elite suites.

- [25] To the Respondent, it appears the Complainant is requesting the assessment of the subject to be site specific, which is contradictory to *MRAT*. Accordingly, the Respondent asked that no weight be given to the Complainant's requested change to typical market rents.
- [26] The Respondent requests the Board to confirm what it submits is a correct, fair, and equitable assessment of the subject at \$13,935,100.

#### **BOARD FINDINGS and DECISION**

- [27] The Board noted, as a result of the Complainant's rebuttal evidence, only the assessed rent rate remained under complaint.
- [28] The Respondent provided superior evidence regarding what typical market townhouse rents should be and the Board is persuaded by this evidence.
- [29] In reaching its conclusion, the Board is also bound by s. 5 of *MRAT*. The Board is granted latitude to alter the assessment of a particular property when it is convinced the assessed rent does not reflect typical market conditions as of the valuation date. However, it must alter the assessment in a way that corrects it so that it reflects typical market conditions and those market conditions must reflect conditions for properties similar to that property.
- [30] Based on the Complainant's disclosure, the Board found the Complainant's requested rent reductions to be based solely on the realized rents from the subject's townhouse units. Rather than representing mass appraisal, the use of this data renders the assessment akin to the appraisal of a single property.
- [31] The Board does not change the assessed value of the subject. It remains at \$13,935,100.

#### **DECISION SUMMARY**

- [32] The Board finds that the original assessed value is CONFIRMED.
- [33] Dated at the Central Alberta Regional Assessment Review Board, in the city of Calgary, in the Province of Alberta this 18th day of September, 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.



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Lori Stubbard, Board Clerk  
for  
Gail Sokolan 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](http://www.albertacourts.ab.ca).*

**APPENDIX**

Documents presented at the Hearing and considered by the Board.

<u>NO.</u>	<u>ITEM</u>	<u>NUMBER OF PAGES</u>
1. A.1	Hearing Materials provided by Clerk	21 pages
2. C.1	Complainant Submission	5 pages
3. C.2	Complainant's Disclosure - Evidence	157 pages
4. C.3	Complainant's Rebuttal Submission	26 pages
5. R.1	Respondent's Disclosure – Law Brief	66 pages
6. R.1	Respondent's Disclosure – Evidence	54 pages