



CENTRAL ALBERTA REGIONAL
**Assessment
Review Board**

Complaint ID 0262 1776
Roll No. 30009700045

COMPOSITE ASSESSMENT REVIEW BOARD DECISION
HEARING DATE: September 5th, 2023

PRESIDING OFFICER: B Hisey
BOARD MEMBER: A Gamble
BOARD MEMBER: A Tarnoczi

BETWEEN:

CHILES DEVELOPMENT CORPORATION LTD.
As represented by B Chiles and M Chiles

Complainant

-and-

CITY OF RED DEER
Assessment Unit

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: 30009700045

MUNICIPAL ADDRESS: 8273 Chiles Industrial Drive

ASSESSMENT AMOUNT: \$1,241,700

The complaint was heard by the Central Alberta Regional Assessment Review Board on the 5th day of September 2023, at the City of Red Deer in the Province of Alberta.

Appeared on behalf of the Complainant: Brian and Margaret Chiles, for Chiles Development Corporation Ltd.

Appeared on behalf of the Respondent: Cale Green and Gail Bukva, for the City of Red Deer.

DECISION: The assessed value of the subject property is reduced to \$1,047,900.

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 comprises Residential, Farmland and Industrial property types that are located in the SE 3-39-27-W4th. The parcel has 29.39 acres and is zoned I1 - Industrial. The property has two residences, several accessory structures, and an industrial warehouse. The structures were built in 1934 through to 2009 and range in construction type and condition.
- [3] This 29.39-acre property was part of a 2009 annexation from Red Deer County and has a \$18,400 residential exemption to recognize that agreement.
- [4] There are 3 acres assessed at a residential farmland improvement value, 4 acres at industrial land assessed at \$161,500 per acre and 22.39 acres at regulated farmland rates.

PRELIMINARY MATTERS

- [5] No Board Member raised any conflicts of interest with regard to matters before them and neither party raised any objection to the composition of the Board.
- [6] The Respondent identified a Preliminary Matter of late disclosure for a photo submission marked as C2 in the Complainants package. With the consent of all parties and under section 11(b) of *Matters Relating to Assessment Complainants Regulation 2018* (MRAC), the Board confirmed the abridgment of time and accepted the submission.

POSITION OF THE PARTIES

Position of the Complainant

- [7] Three issues were brought to the Board for consideration:
- I. The subject property has been assessed with various uses, but these parcels cannot be sold independently as there are no separate titles. It would seem the market value for the subject should reflect the inability to sell these parcels.
 - II. The property was annexed into the City of Red in 2009 and has received no benefit from that change. There are no municipal water, sewer, road improvements or civic addresses.

Additionally, there appears to be a \$18,400 annexation residential value that has been added to the assessment.

- III. Values for the farm residences and industrial vacant land are incorrect. All of the land was purchased as farmland and should be assessed as farmland. There is no way to sell part of the property for industrial use, so it should not have a market value assessment of \$650,000.

- [8] The property size shown as 29.39 acres on the registered title and originally under appeal, was no longer identified as an item of concern.
- [9] A subdivision application to create 6-acre residential lots was denied by The City, as the future land use was considered industrial. No individual titles for the residential parcels can be obtained, so they cannot be sold and are of no value. If these parcels had their own title, the Complainant would agree to the assessment.
- [10] The Complainant confirmed the subject had no municipal water service to the farm residences, which had their own septic and water systems. Mail was not delivered to the residences and there was no snow removal, road maintenance or garbage pickup.
- [11] Additionally, there is a 31' x 80' Industrial Building that also has its own water well and septic system. It also has no civic address or mail delivery, is on a private road that The City does not maintain or do snow removal on, and has no garbage pick up or recycling. The assessment is confusing to understand and appears to reflect a fully serviced industrial site, which it is not.
- [12] The only other buildings on the property were for farm use and should be included with the applicable farmland rates or exemptions.

Summary

- [13] The majority of the lands are used as farmland and storage for that existing use. The assessment is not representative of fair market value.
- [14] Although the reduction from 4 to 3 acres of assessed industrial land is appreciated there is no such thing as fair market value on untitled properties.
- [15] The Complainant suggested that the subject is assessed at higher than market value and operates with its own water well and septic system.

Position of the Respondent

- [16] A review of the subject was provided along with the methodology used by The City for assessments based on legislative requirements. The City is required to prepare assessments in accordance with the requirements of the *Municipal Government Act*, RSA 2000, c M-26 (MGA), and the *Matters Relating to Assessment and Taxation Regulation 2018*, AR 203/17 (MRAT). The legislation requires

a municipality to prepare assessments that represent market value by application of the mass appraisal process.

- [17] The subject property was confirmed to have been annexed with a Business Service Industrial land use classification, which was amended to II (Industrial) to reflect the comparable City designation. The Respondent identified the existing farm uses on the subject property as existing non-conforming and were defined under section 643 of the MGA.
- [18] A site inspection was conducted for the subject property on March 10, 2023. A full review of the size, quality and condition of structures on site was completed. Following this inspection, a recommended revised assessment was provided to the Complainant reducing the assessment from \$1,241,700 to \$1,126,400 recognizing a reduction to the Industrial land component (from 4 to 3 acres) and identifying several buildings which could be adjusted. The Respondent relied upon section 7 of MRAT to determine 3 acres of market residential and a 3-acre designation for industrial use that could be assessed at market typical rates.
- [19] The land used for residential farm purposes are assessed at market value, rather than farmland rates. Under the current legislation, farm residential sites are considered for assessment purposes to be three acres in size and are assessed as a separate parcel of land. The Respondent also noted that both residences are included in a single 3-acre residential allocation.
- [20] The base farmland regulated rate under the 2022 Alberta Farmland Assessment Minister's Guidelines is \$350 per acre with adjustments for soil quality and topography.
- [21] The Respondent also addressed the RAP Exempt component of the tax notice explaining that the ratepayer does not pay on \$18,400, it is assessed but exempt from taxation.
- [22] When addressing the mail delivery component of the complaint the Respondent confirmed it was a federal responsibility under the control of Canada post. Additionally, the road maintenance and snow removal are not an assessment issue and should be addressed with the appropriate City departments. There was no evidence to support a market value reduction for the subject property based on these issues.
- [23] The Respondent recognized the machine shed (31' x 37') on the property was not an assessable building per section 298(1) of the MGA as no assessment is to be prepared for farm buildings.
- [24] To support the industrial land component of the assessment a market comparable was provided from 8381 Chiles Industrial Way. This property was sold on February 1, 2021, for a \$217,300 per acre value. It was a vacant industrial property in close proximity to the subject. The assessed industrial land value for the subject is \$161,500.

Summary

- [25] The Respondent proposed the following assessment change for the subject property of \$1,126,400, based on the following updated information from the March 10th, 2023, inspection:

STRUCTURES & LAND	LOCATION WITHIN R1	ESTIMATED ASSESSED VALUE
Residence #1	Page 12	\$134,600
Garage #1	Page 12	\$7,000
Residence #2	Page 13	\$89,600
Garage #2	Page 13	\$12,900
Moose Hall	Page 14	\$5,600 (not included)
Garage #1	Page 15	\$9,900
Garage #1	Page 15	\$8,000
Industrial Structure	Page 14	\$79,100
Industrial Land (3 acres)		\$484,500
Market Land (3 acres)		\$278,000
Farmland (23.39)		\$4,700
RAP (Exemption)		\$18,700
Total Assessment \$1,127,000		
Proposed Revised Assessment \$1,126,400		

Rebuttal

- [26] During the Rebuttal portion of the hearing the Complainant stated the revised assessment of \$1,126,400 was rejected as it simply reduced the amount of vacant industrial land (assessed at 646,000) from 4 to 3 acres (revised to \$484,500). It was the Complainants contention that there were no vacant industrial land titles within the subject property.
- [27] The Complainant suggested the zoning for the subject should be changed as they cannot enlarge, add to or make structural alterations to the non-conforming buildings which devalues the existing residential uses.
- [28] Additionally, verbal clarification was provided by the Complainant that there were no City services adjacent to this property.

BOARD FINDINGS and DECISION

- [29] The Board accepts the 29.39-acre size of the subject property as confirmed by registered land title for the subject property.

- [30] The Board confirms that they have no jurisdiction to authorize subdivision or reclassify land use. A Composite Assessment Review Board (CARB) is tasked with hearing property assessment complaints under section 460 of the MGA. The Board relies on The Matters Relating to Assessment and Taxation Regulation 2018 (MRAT) regarding how properties are assessed; this regulation sets out important definitions and interpretation details for the annual identification and preparation of property assessments.
- [31] The Board recognizes the perceived limited services provided by The City to the subject property, but could not determine how each of these items affected the market value of the subject property:
- I. mailing address: no information to confirm the City refused to issue a municipal address or how that would affect the assessment.
 - II. road maintenance or snow removal: no information to determine if this service was refused due to private ownership, if it was restricted, or to what extent it affected the valuation compared to similar properties.
 - III. municipal services: there was no information provided by either party that addressed future servicing. The Board understands the availability of municipal water and sewer service affects valuation but has no evidence to support a reduction or future expectations for cost to those improvements for the subject property. There were existing private systems for water and sewer on the subject property; these services were not identified as inadequate and appear to support the existing uses.
- [32] During the hearing the Complainant conceded the valuation of the residential component of the assessment and the RAP exemption value (which is not taxed) when clarification and reductions were proposed for those items were provided.
- [33] The Board recognizes restrictions for the non-conforming use and buildings through section 643 of the MGA. However, no evidence was supplied to indicate how that would affect the valuation as the use may continue and routine maintenance is allowed.
- [34] The Board acknowledges the Respondents request to reduce the assessment based on a reduction to the improved industrial land area of the valuation. This corrected area of 3 acres was not disputed by the Complainant therefore the Board accepted the recommended adjustment to \$484,500.
- [35] The Board accepted the revised values for the structures and land proposed by the Respondent, however recognized the Industrial structure and the Moose Hall had not been included in the detailed assessment report. As these items were not corrected as omissions through section 305 of the MGA the Board has omitted these items from the recommended values proposed by the Respondent. Revising the assessment to \$1,047,900.
- [36] The Board finds the site inspection conducted by The City identified several items which were adjusted in the recommended revised assessment including several buildings not included in the valuation. Each property is to be assessed as of December 31 of the previous year, and once the assessment is issued a taxpayer can plan its affairs on the assumption that its tax liability will not be re-opened by the assessor. A taxpayer can complain about an assessment being too high, without the danger of it being increased even further. The omissions can be corrected for future assessments. These could include the industrial building (\$79,100) and the moose hall (\$5,600).

[37] Although the RAP residential assessment was identified as an exemption and therefore not contested by the Complainant, the Board would have appreciated the documentation for this issue as it was not fully explained by the Respondent.

DECISION SUMMARY

[38] The Board finds that the original assessed value of \$1,241,700 is CHANGED to \$1,047,900. Based on the Respondents recommended revised values and the removal of the Industrial Structure not included in the 2022 assessment details.

[39] Dated at the Central Alberta Regional Assessment Review Board, in the city of Red Deer, in the Province of Alberta this 3rd day of October 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.



for: BRENDA HISEY
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.

APPENDIX

Documents presented at the Hearing and considered by the Board.

<u>NO.</u>	<u>ITEM</u>
1. A.1	Hearing Materials provided by Clerk - 26 pages
2. C.1	Complainant submission - 21 pages
3. C.2	Complainant photo submission - 2 pages
4. C.3	Complainant Rebuttal - 11 pages
5. R.1	Respondent submission - 41 pages
6. R.2	Respondent submission – 1 page (aerial map provided at hearing)
7. R.3	Respondent submission – 1 page (proposed revised assessment provided at hearing)