

CARB 0262 1014 2018

Complaint ID 1014

Roll No. 30000931990

COMPOSITE ASSESSMENT REVIEW BOARD DECISION

HEARING DATE: September 25, 2018

PRESIDING OFFICER: J Biollo

BOARD MEMBER: V Keeler

BOARD MEMBER: J Kline

BETWEEN:

KLB GROUP LIMITED

Complainant

-and-

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:	300009319900
MUNICIPAL ADDRESS:	4124 50 th Avenue
ASSESSMENT AMOUNT:	\$2,741,200

The complaint was heard by the Composite Assessment Review Board on the 25th day of September 2018, at The City of Red Deer, in the province of Alberta.

Appeared on behalf of the Complainant: Salim Bharwani

Appeared on behalf of the Respondent: Del Stebner and Maureen Cleary, Revenue and Assessment Services for the City of Red Deer

DECISION: The assessed value of the subject property is confirmed to \$2,741,200.

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”], and The City of Red Deer, Bylaw No. 3474/2011, *Regional Assessment Review Board Bylaw* (November 14, 2011).

PROPERTY DESCRIPTION AND BACKGROUND

[2] The subject property is identified as a 74,488 square feet (sf) motel, situated on 1.71 acres of C1 Commercial zoned land in the South Hill area of the City of Red Deer.

PRELIMINARY MATTERS

[3] The Board Chair confirmed that no Board Member raised any conflicts of interest regarding matters before them.

[4] Neither party raised any objection to the panel hearing the complaint.

[5] The Complainant and Respondent confirmed the complaint information before the board. The Board accepted the documents as presented.

[6] No additional preliminary or procedural matters were raised by any party. Both parties indicated that they were prepared to proceed with the complaints.

[7] The Board confirmed the submissions of the parties and entered the following Exhibits into the record:

- A.1 Hearing materials provided by the Clerk
- C.1 Complainant submission
- R.1 Respondent submission

ISSUE

[8] The Board considered the parties’ positions and determined the following question is to be addressed within this decision:

- a) Is the 2018 assessment for the subject property fair and equitable when compared to other comparables properties?

POSITION OF THE PARTIES

Position of the Complainant

- [9] The Complainant stated the objective was to argue that the 2018 assessment is overstated for the following reason:
- Similar properties with higher room counts are assessed lower than our property
- [10] The Complainant stated based on their analysis, their property value increased from \$1,798,900 to \$2,979,500 in 2014 and stayed the same until 2016 when the subject property assessment value dropped by about \$230,000 in 2017.
- [11] The Complainant stated other similar properties with a higher room count, such as the Super 8, was decreased by about \$1.1M in 2017 alone. Motel 6, a newer, comparable property was decreased by \$500,000 in the span of two years.
- [12] The Complainant noted that their property is valued at about \$1M more than the higher room count, Super 8, which is valued at \$1.79M.
- [13] The Complainant requested his assessment value be reduced to \$1,543,800 as noted on the complaint form dated March 20, 2018 for the Board's consideration.

Position of the Respondent

- [14] The Respondent introduced the property as the Econo-Lodge Motel. This property is situated on 1.71 acres of C1 Commercial zoned land in the South Hill area of the City of Red Deer.
- [15] The Respondent outlined the methodology used for valuing properties and reiterated that legislation requires the use of mass appraisal in establishing assessments, and that they applied the assessment rate in a fair and equitable manner.
- [16] The Respondent further outlined that the 2017 assessed value for the subject property has been valued by way of a market land valuation only (since 2010 when it was determined the property was underperforming as an income producing property).

[17] In support of the assessment, the Respondent provided six market comparables. The sales are summarized below:

	<u>AREA</u>	<u>SOLD</u>	<u>SALE PRICE</u>	<u>PER SF</u>
6880 – 50 TH AVENUE	39,204 SF	2013	\$1,025,000	\$26.14
6879 – 50 TH AVENUE	30,056 SF	2013	\$1,550,000	\$51.57
4132 – 50 TH AVENUE	26,572 SF	2016	\$1,550,000	\$58.33
4821 – 54 TH STREET	6,375 SF	2016	\$360,000	\$56.47
4311 – 54 TH AVENUE/5302 – 43 RD STREET	1.97 ACRES	2016	\$3,200,000	\$37.29
4905 – 47 TH STREET	6,400 SF	2017	\$330,000	\$51.56

[18] The Respondent requested that the subject assessment be confirmed at \$2,741,200 (\$36.80/sf).

BOARD FINDINGS and DECISION

[19] The Board carefully reviewed the evidence provided by both parties, including typical valuation of motels and hotels for assessment purposes, site description, highest and best use as improved versus highest and best use as vacant, and market land details.

[20] The Board placed the most weight on the Respondent's overview of how the 2017 assessed value for the subject property has been valued by way of a market land valuation only, based on the analysis and review of the properties performance with consideration given to the highest and best use of the property.

- The 2017 assessment considers that the subject building has reached the end of its economic life; supported by a declining income and therefore the property has been assessed at its highest and best use as commercial vacant land.

[21] The Board placed significant weight on the Respondent's market evidence which provided comparable evidence of properties that had reached the end of their economic life, were currently under redevelopment, were adjacent to the subject property, were previously zoned C1, or were similar in size.

- Current assessment of the subject property at \$36.80 is well below both the mean and median as indicated by the six comparables sales of commercial zoned land parcels.

[22] The Board placed less weight on the Respondent's third-party market evidence: listings.

[23] The Board considered the Complainant's arguments in relation to the comparison of the subject property to hotel properties that are considerably different from the subject. However, the Board was less satisfied these were an accurate reflection of mass appraisal theories or that they supported the claim that the assessment was not applied in a fair and equitable manner.

- [24] The Board is more satisfied that the Respondent's sales comparables are more comparable to the subject, and that they show market typical values.
- The Complainant did not provide any sales comparables for consideration in their Complaint Disclosure.
- [25] The Board accepts the methodology used by the Respondent for assessment purposes.
- [26] It is the position of the Board that the evidence provided by the Complainant does not cast enough doubt on the 2017 assessed value to shift the onus of the Burden of Proof from the Complainant to the Respondent; and
- [27] The Complainant has failed to provide any relevant or reliable evidence of properties located within the City of Red Deer where the assessment exceeds market value; has failed to meet the evidentiary duty to show that the current assessment is wrong, unreasonable or inequitable, and therefore, there is no basis upon which the current assessment can or should be altered.
- [28] The Board confirms the assessment at \$2,741,200 (\$36.80/sf).

DECISION SUMMARY

- [29] In coming to its conclusion, the Board has reviewed carefully the provisions of the *Municipal Government Act* ("MGA"), the *Matters Relating to Assessment Complaints Regulation* ("MRAC") and the *Matters Relating to Assessment and Taxation Regulation* ("MRAT").
- [30] The Board finds that the Respondent values are confirmed.
- [31] Dated at the Central Alberta Regional Assessment Review Board, in the City of Red Deer, in the Province of Alberta this 23rd day of October 2018 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.
- [32] It is so ordered.



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
2. C.1	Complainant submission
3. R.1	Respondent submission