
Complaint ID 0262 1421 Roll No. 30002941765
Complaint ID 0262 1422 Roll No. 30002941770

COMPOSITE ASSESSMENT REVIEW BOARD DECISION
HEARING DATE: December 15, 2021

PRESIDING OFFICER: M. Oberg
BOARD MEMBER: D. Dey
BOARD MEMBER: V. Keeler

BETWEEN:

392268 ALBERTA LTD
Represented by Altus Group Limited
Complainant

-and-

2229862 ALBERTA INC.
Represented by Altus Group Limited
Owner

-and-

REVENUE & ASSESSMENT SERVICES
City of Red Deer
Respondent

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

ROLL NUMBER: 30002941765
MUNICIPAL ADDRESS: 7414 50 AV, Red Deer, AB
ASSESSMENT AMOUNT: \$ 2,196,600

ROLL NUMBER: 30002941770
MUNICIPAL ADDRESS: 7424 50 AV, Red Deer, AB
ASSESSMENT AMOUNT: \$ 1,736,500

The complaint was heard by the Composite Assessment Review Board on the 15th day of December 2021, via Video Conference, in the province of Alberta.

Appeared on behalf of the Complainant: Andrew Izard, Altus Group Limited

Appeared on behalf of the Respondent: Jason Miller, Deputy City Assessor, City of Red Deer
Del Stebner, Assessor, City of Red Deer

DECISION: The assessed values of the subject properties are confirmed at \$2,196,600 for Roll Number 30002941765 and \$1,736,500 for Roll Number 30002941770.

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 DESCRIPTIONS AND BACKGROUND

[2] The subject property (subject) consists of two properties in the City of Red Deer (City). Because the two properties are similar in regard to land and improvements, ownership, planned development, and arguments to be made by both parties, it was agreed by both parties to combine the appeals into one hearing. That being said, the two properties are individually assessed and are described as follows:

- I. Roll Number 30002941765, located at 7414 50 Avenue (the south property), is a commercial building located on 2.0 acres of land, having C4 Commercial zoning. The single building on site, which formerly housed an automotive / RV dealership, was built in 1978 and has an area of 9,534 square feet (sf) on one level. The amenities include a vehicle showroom, sales offices, a parts department, service/garage bays, and extensive paving.
- II. Roll Number 30002941770, located at 7424 50 Avenue (the north property), is a commercial building located on 1.5 acres of land, having C4 Commercial zoning. The single building on site, which formerly housed an automotive dealership, was built in 1978 and has an area of 7,940 sf on the lower level and 2,624 sf on the upper level. The amenities include a vehicle showroom, sales offices, a parts department, service/garage bays, offices, board rooms, and extensive paving.

[3] The south property is assessed at \$2,196,600 using the cost approach to value. The building is assessed at \$496,644 using a Marshall & Swift cost analysis. The land is assessed a Market Land Value of \$1,700,000.

[4] The north property is assessed at \$1,736,500 using the cost approach to value. The building is assessed at \$461,483 using a Marshall & Swift cost analysis. The land is assessed a Market Land Value of \$1,275,000.

[5] On the Condition Date of December 31, 2020, the subject was vacant.

PRELIMINARY MATTERS

[6] The Presiding Officer confirmed that no Board Member raised any conflicts of interest with regard to matters before them.

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

[8] The complaint regarding the subject's assessment for the 2020 tax year was first brought to the Board on July 12, 2021. At that hearing a preliminary matter was brought up regarding the ownership of the subject, which had changed in the Spring of 2021. Because of the timing of various events, the Respondent questioned whether neither the former property owner nor the current property owner would be legally authorized to appeal the subject's assessment. As well, the authorization of Altus Group to represent the current owner was questioned.

[9] A preliminary hearing was held on August 19, 2021 to address these matters. The decision was as follows:

"The Application to dismiss Complaints ID 0262 1421 and ID 0262 1422 is dismissed. The merit hearing for the subject properties will proceed, allowing the (current) Property Owner to file a written rebuttal to the Respondent's disclosures submitted June 28, 2021. Further the Respondent is allowed a sur-rebuttal to the (current) Property Owner's rebut."

[10] At the hearing on December 15, 2021 there were no further preliminary matters raised and the hearing proceeded.

ISSUE

[11] Should the subject's two buildings be assessed a nil value, producing an assessment of the subject based on land value only?

POSITION OF THE PARTIES

Position of the Complainant

[12] The Complainant requested the Board to reduce the assessment of the subject to the value of the land alone, with the buildings being assessed a nil value. On this basis, the south property assessment would be reduced from \$2,196,600 to \$1,700,000, and the north property assessment would be reduced from \$1,736,500 to \$1,275,000.

[13] The Complainant's disclosure document C1 (247 pages total) includes a two-page document titled "ARB Grounds for Complaint" for each of the north and south properties. These documents include "preliminary requested assessments" which are different from the assessment values that were requested at the hearing. As well, there are issues itemized in these documents that were not addressed in the remainder of the Complainant's disclosure document C1, or in C2 or C3. These issues include incorrectly applied paving costs; an aggregate assessment per acre which does not reflect market value, and which is inequitable; and additional/excess land, which was applied to the subject property and which is valued greater than market value. Near the top of the first page is the following statement:

"This Complaint is filed based on information contained in the Assessment Notice as well as preliminary observations and information from other sources. Therefore, the requested assessment is preliminary in nature and is subject to change as more information becomes available to the Complainant."

[14] In support of their request to reduce the assessment of the subjects, the Complainant presented evidence and argument to show:

- I. That the physical state of the buildings on December 31, 2020, including asbestos contamination and building depreciation, support a reduction;
- II. That the plan for future demolition of the buildings and for consolidation and redevelopment of the subject lands, as provided to the City before December 31, 2020, indicate that the buildings had a nil value on the Condition Date and should be assessed that way. Further, that the theory of highest and best use (HBU) supports a nil value for the buildings because of the plan to demolish them in order to redevelop the property;
- III. That the costs and lack of revenues associated with the demolition of the buildings and repurposing of the building materials in Spring 2021 indicate that the buildings had a negative value, and should be assessed accordingly; and
- IV. That the Respondent did not defend the assessment.

Physical State of the Buildings on December 31, 2020

[15] During questioning the Complainant stated that the buildings were vacant since 2019.

[16] Both parties were in agreement that the two buildings were still standing on the subject lands on the Condition Date of December 31, 2020. Further, the statement from the Respondent indicating services were still connected as of the Condition Date was not refuted by the Complainant. However, an Asbestos Sampling Summary Report (Exhibit C1 page 78), dated January 29, 2021, shows that asbestos was present in some of the building materials (e.g., concrete block wall and all the drywall). The company which provided the report recommended that "all asbestos-containing materials be removed by a qualified contractor before demolition." The Complainant stated that due to the asbestos contamination, all the salvage from the demolition in 2021 was of no value except the structural steel. The Complainant argued that the asbestos contamination supported their claim that the buildings should be assessed a nil value.

[17] The Complainant disagreed with the Marshall & Swift cost analysis, which subtracted Physical and Functional Depreciation of 45% from the assessment. The Complainant stated that the buildings should be assessed as being fully depreciated. No evidence was provided to support this claim.

Future Plans (Demolition, Consolidation and Redevelopment)

[18] The Complainant provided numerous documents regarding the future plans for demolition, consolidation and redevelopment as follows:

- I. December 22, 2020, e-mail from the architect re Development Permit (DP) submission for a proposed commercial development (Exhibit C1 pg. 39)
- II. February 3, 2021, DP for demolition of existing building (application by the architect on December 23, 2020) (south property) (Exhibit C1 pg. 44)

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- III. January 27, 2021, Letter of Intent re the “complete demolition of the two existing buildings and re-construct a total of 5 new buildings on these two lots”. (Exhibit C1 pg. 51)
 - IV. January 28, 2021, Letter of Authorization for the contractor to apply for and obtain permits for demolition (both properties) (Exhibit C1 pg. 48)
 - V. January 28, 2021, letter from the City’s Engineering Services regarding the continuation of water, sanitary and storm services while demolition takes place (south property) (Exhibit C1 pg. 49)
 - VI. January 28, 2021, letter from the City’s Engineering Services regarding the continuation of water, sanitary and storm services while demolition takes place (north property) (Exhibit C1 pg. 52)
 - VII. January 28, 2021, Fire Safety Plan for Demolition Sites (application by the contractor) (south property) (Exhibit C1 pg. 57)
 - VIII. January 28, 2021, Fire Safety Plan for Demolition Sites (application by the contractor) (north property) (Exhibit C1 pg. 61)
 - IX. Undated, Demolition Application Form for structural steel and exterior metal cladding (application by the contractor) (south property) (Exhibit C1 pg. 54)
 - X. Undated, Demolition/Building Relocation Declaration re the proposed date of April 2021 – Summer of 2021, and the structural steel going to Calgary (application by the contractor) (south property) (Exhibit C1 pg. 56)
 - XI. Undated, Demolition Application Form for structural steel and exterior block walls (application by the contractor) (north property) (Exhibit C1 pg. 58)
 - XII. Undated, Demolition/Building Relocation Declaration re the proposed date of April 2021 for the demolition and disposal of all materials (application by the contractor) (north property) (Exhibit C1 p. 60)
 - XIII. February 3, 2021, DP for demolition of existing building (application by the architect on Jan 14, 2021) (north property) (Exhibit C1 pg. 75)
 - XIV. April 23, 2021, e-mail from the developer which states “I had no contact with the City of RD in regard to Demo of the 2 buildings prior to December 31, 2020.” (Exhibit C1 pg. 64)
 - XV. April 23, 2021, e-mail from the architect which states “We submitted the DP Drawings on December 22, 2020. My first contact with the Development Officer (Debbie Hill) was on January 8, 2021.” (Exhibit C1 pg. 63)

[19] The Complainant also referred to a copy of the December 22, 2020, Letter of Intent, from the Respondent’s disclosure package, which was signed by the architect. This document (Exhibit R1 pg. 38) states:

“Site Address – 7414 & 7424 50th Avenue (Lots to be consolidated)”

“I/We intend to: redesign the existing 2 lots which are currently developed as existing vehicle dealerships which have been closed and relocated for the past several years. The existing 2 vehicle dealerships are to be removed from the existing site. The new site design will allow for a new Gas Bar (Brand to be determined at a later date), Car Wash in conjunction with the gas bar, a 2,200 sq ft Restaurant (TBD at a later date) and commercial lease bays. The design also allows for pedestrian traffic flow through and around the entire site.”

- [20] The Respondent’s disclosure package also includes a copy of the above-mentioned design drawing, received on December 22, 2020, for the future redevelopment. (Exhibit R1 pg. 55)
- [21] The Complainant argued that the City knew before the Condition Date that the future plan of the subject included the demolition and removal of the existing buildings, and that this should have resulted in a nil assessed value for the buildings.
- [22] The Complainant provided a disclosure package outlining the impact of COVID-19 on various processes. They suggested that the pandemic would likely have had an affect on the ability of the City to process the above mentioned development applications before the end of 2020.
- [23] The Complainant further argued that the theory of HBU supports a nil value for the buildings. They stated that according to this theory, one first begins with the value of the land and then adds the value of the existing buildings, if they are to be included in the future plan for the property. In this case, the plan was to remove the buildings, and therefore they should be assessed as having a nil value.

Demolition of the Buildings – Costs and Lack of Revenues

- [24] The Complainant stated that there was no recouping of demolition costs, and that even the structural steel that was able to be used on another property did not contribute sales revenue, and that the transportation costs were paid by the owner of the subject.
- [25] An e-mail was included in the Complainant’s rebuttal document which came from the subject’s owner. (Exhibit C3 pg. 11) The e-mail says:
- “There was no cash exchange for the structural steel of the south building. The steel is still on site. We got a quote of 120k to take down and re-erect at a farm for agricultural purposes but the steel is still piled up on pallets at the site.”*
- [26] The rebuttal document also includes a March 4, 2021 quote from Steel-Struc Erectors Ltd. to dismantle the building on the south property (\$48,000) and to erect the same building with new cladding, roof & insulation at a location west of Calgary (\$72,800). Copies of receipts for this work were not provided as evidence.
- [27] The Complainant stated that the costs of demolition, structural steel salvage, transportation, and rebuilding at the site west of Calgary were all paid by the subject owner, and that there was no money paid by the new owner of the rebuilt building.

[28] The Complainant argued that the negative value of salvaging and rebuilding the structural steel of the building on the south property further proves that the building was of no value to the owner, and that the assessment of the building should be nil.

[29] The Complainant provided photos of the demolition in their disclosure document.

Respondent did not Defend the Assessment

[30] The Complainant questioned whether the Respondent should have provided a defence of the subject's assessment in the form of comparisons with the sales and/or assessments of other similar properties.

[31] The subject buildings were assessed using a Marshall & Swift cost analysis, and the land was assessed a Market Land Value based on the land values of similar properties. The assessment values were not disputed in the disclosure documents of the Complainant.

Position of the Respondent

[32] The Respondent requested the Board support the current assessment of \$2,196,600 for the south property and \$1,736,500 for the north property, stating that they are both fair and equitable. The Respondent provided evidence and argument in support of their request.

[33] The Respondent stated that the owner's goal was redevelopment since 2019, but that this goal did not negate the value of the buildings, and that planned redevelopment is not relevant to a property's assessment. An Overall Site Plan for a "proposed commercial development" was provided (Exhibit R1 pg. 12) showing an architectural rendering of the future plan for the subject. The timeline on this document indicates that the first version of the Overall Site Plan was created in 2019. It is noted that the existing buildings are not included in the Plan.

Physical State of the Buildings on December 31, 2020

[34] The Respondent stated that attempts were made to lease or sub-lease the subject since 2019, and that in June 2020 the subject was vacant. During questioning the Respondent stated that there was a subletting lease agreement with a tenant close to July 21, 2020, and that rent was paid during the vacancy. Evidence of this income stream was not provided.

[35] The Respondent argued that the Asbestos Sampling Summary Report was received after the Condition Date of December 31, 2020, and that the presence and extent of contamination cannot be factored into the assessment process before the report is received.

[36] They further argued that the presence of asbestos contamination is commonly found in buildings constructed during the time period of the subject buildings, and that if asbestos contamination were to reduce or nullify the assessment of the subject building, it would create an inequity for many commercial buildings in the City.

[37] The Respondent stated that the depreciation calculation for the subject buildings, which was calculated using the Marshall & Swift cost analysis, was not disputed by the Complainant in their disclosure package.

Future Plans (Demolition, Consolidation and Redevelopment)

[38] The Respondent argued that while it is true that the City was aware of the future development plans of the owner, this does not mean that those future plans should have an affect on the 2020 assessment of the subject. In support of this argument the Respondent referred to *The Municipal Government Act RSA 2000, Chapter M-26* (MGA) section 289(2), which states:

“Each assessment must reflect

(a) The characteristics and physical condition of the property on December 31 of the year prior to the year in which a tax is imposed under Part 10 in respect of the property, and

(b) The valuation and other standards set out in the regulations for that property.”

[39] They further argued that the MGA does not mention using future plans while assessing a property, rather that the assessor is obligated to evaluate a property according to its actual physical condition on December 31.

[40] Similarly, the use of HBU analysis is helpful when considering the potential uses of a property, but it is not appropriate to assess that property on the basis of an HBU analysis. Assessment is to be done on the basis of what is actually physically present on the Condition Date.

[41] The Respondent described future plans and HBU analysis as “hypothetical”, and inappropriate in the assessment process.

Demolition of the Buildings – Costs and Lack of Revenues

[42] The Respondent stated that according to the before mentioned documents provided by the Complainant, the City knew before December 31, 2020 that demolition was planned for the subject buildings. However, the demolition occurred after the Condition Date and therefore the demolition of the buildings, with the salvage costs and lack of revenues, did not affect the assessment of the subject.

[43] They further argued that there is a difference between market value, which is the valuation standard used to determine property assessment, and utility value, which in this case is the salvage value of the used structural steel after dismantling the building on the south property.

Respondent did not Defend the Assessment

[44] The Respondent stated that in the Complainant’s disclosure documents there was no questioning of the assessment methodology of the subject, neither were there comparable sales or equity comparisons provided. When there are no challenges by the Complainant, then there will be no response from the Respondent.

[45] The Respondent further stated that they had followed the MGA in their assessment process and had used the cost approach, which is one of the three methods of assessing a property, to assess the subject.

Complainant Rebuttal

- [46] The Complainant argued that the cost approach uses basic valuation steps in order to arrive at a value, but that not all improvements add value. Using HBU processes, one would begin with land value as though vacant, and then add improvements if they contribute value. In the case of the subject, the demolition cost of the existing buildings is actually a negative influence ... they would need to be removed in order to take steps toward the HBU of the subject.
- [47] They further argued that if the buildings had value, they would have been used in the redevelopment which began in 2021.
- [48] The Complainant referred to a section of the Respondent's disclosure document (Exhibit R.1 pg. 60 & 61 which includes an excerpt from The Appraisal of Real Estate: Canadian Edition. This document describes the theory used for valuing the HBU of land as though vacant, and the HBU of property as improved. It is noted that this excerpt is taken from an appraisal manual and does not address using HBU for assessment purposes.
- [49] The Complainant provided copies of the Historical Land Title Certificates for the subject on November 30, 2021 (Exhibit C3 pg. 39 and 49). This document shows that both properties were transferred on March 17, 2021 for \$500,000 each to the new owner. They stated that though this was a valid sale, between a willing seller and a willing buyer, it was done long after the July 1, 2020 valuation date. Therefore, the Complainant is not seeking a reduction in land assessment to these values. During questioning they stated that at the time of transfer the demolition was occurring.
- [50] During questioning the Complainant stated that on the Condition Date there was no physical evidence on site, such as fencing or removal of wire, which would demonstrate that the buildings had a nil value.

Respondent Sur-rebuttal

- [51] The Respondent questioned the sale of the subject in March 2021 for a price much lower than the current assessed value of the land. They questioned whether it was a market transaction and drew attention to the discharge of a 2014 mortgage for \$4,000,000 on April 16, 2021 (Exhibit C3 pg. 40 and 50). They described the sale as having "red flags".

- [52] The Respondent stated that:

"... the principle of "Highest and Best Use of Property as Improved" relates directly to the highest overall return. This does not automatically support the notion that existing improvements have no value, but rather that redevelopment may offer a higher overall return. The Complainant has provided no analysis, market nor feasibility, to argue that the improvements present on December 31, 2020 have no contributor value."

Respondent Closing Statements

- [53] The Respondent advised caution regarding the "Decisions on Land Value Only" document and recommends a close consideration of the background of these cases.

- [54] The Respondent concluded by stating that the process used for the subject is not unique; if a property is removed physically, it comes off the tax roll.

Complainant Closing Statements

- [55] The Complainant stated that the currently assessed land values of \$1,700,000 and \$1,275,000 are described as Market Land Values, and are redevelopment values. The justification for using higher values for the land, which looks toward future use, should be also used to provide a nil value for the buildings, which also looks toward future use.
- [56] The Complainant concluded by directing attention to their document titled “Decisions on Land Value Only”, which contains copies of six Composite Assessment Review Board (CARB) decisions and two Alberta Court of Queen’s Bench (ABQB) decisions. These documents give examples of properties which were assessed only on the basis of land value, with the existing buildings not being assessed. They argued that these decisions show that strict adherence to section 289 of the MGA is not a requirement for assessment.

BOARD FINDINGS and DECISION

- [57] The Board carefully considered the evidence and argument of both parties in determining the issues before the Board.
- [58] The Board finds that the issues itemized in the two-page document titled “ARB Grounds for Complaint” are not pertinent to the appeal of the subject’s assessment because they were preliminary. Clearly, the issues and the information regarding the appeal developed and changed over time. Therefore, the Board focused its attention on the remaining pages of the Complainant’s three disclosure documents with the Decisions on Land Value Only document, and on the arguments and statements made during the hearing.

Physical State of the Buildings on December 31, 2020

- [59] Both parties agreed, and the Board finds, that the subject buildings were on site on December 31, 2020 and that they were vacant at that time. The Board places little weight on the Respondent’s statement that there was some rental income acquired in 2020 because there was no documentary evidence provided to support this statement.
- [60] The Board places little weight on the argument that asbestos contamination supports a nil value for the buildings. The Asbestos Sampling Summary Report, which shows the presence of asbestos in some of the building materials, was not completed till late January 2021. As well, there was no evidence provided which shows that the presence of asbestos renders a building unusable. There is a section in the Summary Report named Standard Operating Procedures (Exhibit C1 p. 92) – Asbestos (Bulk) Sampling Guidelines, which states:

“Alberta’s Occupational Health and Safety (OHS) Code requires that any building or residence that could potentially harbor asbestos, and is scheduled for renovation or demolition, must be tested.”

This quote indicates that the presence of asbestos does not render a building such as the subject unusable. Rather, it is the plan for demolition that initiated the asbestos testing in the subject. If demolition was not planned, the building could have been used into the future, just as it stood on the Condition Date.

- [61] The Board places much weight on the argument that there would be other buildings constructed nearby with similar zoning during the same time period as the subject which would also have asbestos contamination, and that reducing the assessment of the subject buildings on this basis would cause an inequity.
- [62] The Board places no weight on the argument that the buildings should be assessed as being fully depreciated. The Marshall & Swift cost analysis methodology is widely used to assess properties, and there was no evidence provided to refute the depreciation as calculated.

Future Plans (Demolition, Consolidation and Redevelopment)

- [63] The Board finds that the City was aware of the future plans related to the subject, including demolition, consolidation and redevelopment, before the Condition Date. The most comprehensive document, received by the City on December 22, 2020, was the Letter of Intent signed by the architect. (Exhibit R1 pg. 38)
- [64] The Board places the most weight on the argument that the City's knowledge of these future plans does not mean that those future plans should have an effect on the 2020 assessment of the subject. This argument is supported by section 289(2) of the MGA, which speaks of "*the characteristics and physical condition of the property on December 31*" in the present tense, without any indication of putting value onto future plans for a property.
- [65] The Board places much weight on the argument that an HBU analysis is not appropriate in the assessment of a property. The Board finds that while it may be helpful to conduct an HBU analysis for appraisal purposes, as the provided excerpts from training manuals show, there was no evidence provided showing that an HBU analysis is either helpful or appropriate for assessment purposes.

Demolition of the Buildings – Costs and Lack of Revenues

- [66] The Board places no weight on the argument that because the City knew about the demolition before the Condition Date, that this means that the buildings should be assessed a nil value. This is because the MGA specifies that assessments be based on "*the characteristics and physical condition of the property on December 31*".
- [67] The Board finds that the post facto utility value of the used construction materials has no bearing on the market value of the subject on the Condition Date. No evidence was provided to support a connection between market and utility value.

Respondent did not Defend the Assessment

- [68] The Board places no weight on the fact that the Respondent did not provide a defence of the assessment. The assessment was not disputed in the Complainant's disclosure documents and as stated in MRAC section 10,

- I. *“A Composite assessment review board panel must not hear*
- i. *(a) any matter in support of an issue that is not identified on the complaint form,*
or
- (b) any evidence that has not been disclosed in accordance with section 9.”*

- [69] The Board also considered the following additional matters that were brought up during Rebuttal, Surrebuttal, and Closing Statements.
- [70] The Board places little weight on the Complainant’s argument that if the buildings had value, they would have been used in the redevelopment which began in 2021. While it is true that continued use of the buildings would show value, the opposite is not true, that planned demolition shows nil value on the Condition Date. As was previously mentioned, the determinative factor is physical condition on the Condition Date, as per the MGA.
- [71] The Board places little weight on the sale of the subject because it happened long after the July 1, 2020 valuation date, and because there were questions on whether it was a market transaction. These questions would require answering before it could be used for assessment purposes.
- [72] The Board places much weight on the Respondent's argument that the principle of “HBU of Property as Improved” relates directly to the highest overall return. Redevelopment may offer a higher overall return, however, that doesn’t mean that existing improvements, even if they are planned to be demolished to make way for redevelopment, have no current market value.
- [73] The Board places much weight on the Respondent’s statement that the process used for the subject is not unique; if a property is removed physically, it comes off the tax roll. This process supports the principle of assessment equity within the municipality.
- [74] The Board places little weight on the Complainant’s statement that the justification for using higher values for the land (Market Land Values), which looks toward future use, should be also used to provide a nil value for the buildings, which also looks toward future use. This argument was not included in the Complainant’s disclosure package, and because this was first brought up in Closing Statements, the Respondent had no opportunity to ask or answer questions related to this matter.
- [75] There were a number of legal decisions provided by the Complainant at the end of their disclosure document. None of them were referred to directly, but the Board has reviewed them in the course of providing due diligence.
- [76] The Complainant also provided a separate document titled “Decisions on Land Value Only”, which gives examples of properties which were assessed only on the basis of land value as if vacant, with the existing buildings not being assessed. The Board finds that there are significant differences between the decisions provided and the assessment appeal of the subject:

- I. All of the decisions were regarding properties in the City of Calgary. This is significant because, as was described in CARB 81542P-2015 paragraph 23:

“... all properties within the City, whether improved or not, have a model generated land value assigned to the respective parcels. When the value generated via the commonly

accepted approach (i.e.: Income Approach in the subject case) indicates a value lower than the bare land value for the subject property, the land value supersedes, and becomes the assessed value. This notion is based on the premise that the market value of an improved property would never be less than the base value of the parcel as through vacant ..."

The appeal of the subject is not based on the income approach, which does not directly place a value on the land, but rather is based on the cost approach, which values both the land and the improvements.

No evidence was provided showing that the City of Red Deer uses a similar methodology as is described above in paragraph 23.

- II. All of the six CARB decisions and two ABQB decisions involve the appeal of an assessment having the following similarities:
 - i. The assessment is based on land value only, because to use a different methodology (the income approach for these cases) would result in an assessment lower than the land value.
 - ii. The Complainant argues that the income approach is the appropriate method for assessing the property. In the case involving a retail property, both parties agreed with assessing the property on a vacant land basis. (The properties considered in these eight decisions include: an office building, a Staples store, two hotels, three grocery stores, and a retail property ... in other words, a variety of properties.)

[77] It should be stated that when a methodology such as this is used consistently within the City of Calgary, though it is different from methodologies used in other municipalities, the decisions show that it supports assessment equity in the City of Calgary.

[78] The Board places little weight on these decisions because, though they demonstrate that it is possible for an assessment to be done on the basis of land value only, the appeal of the subject is different because:

- I. It is unknown whether the City of Red Deer uses, or has the ability to use, the same methodology as the City of Calgary in regard to assessing according to land value only; and
- II. The methodology used for assessing the subject, the cost approach, places a value on both the land and the improvements, which as previously stated, provides assessment equity for similar properties in the municipality.

[79] After considering the evidence and argument as presented by both parties, the Board finds that the current assessment of the subject is both fair and equitable.

DECISION SUMMARY

[80] The Board finds that the Respondent values are confirmed.

[81] Dated at the Central Alberta Regional Assessment Review Board, in the city of Red Deer, in the Province of Alberta this 11th day of January 2022 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.



MARK OBERG
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 (30 pages)
2. C.1	Complainant submission (247 pages)
3. C.2	Complainant submission – COVID Impact (299 pages)
4. C.3	Complainant rebuttal – Property Owner Submission (59 pages)
5. R.1	Respondent submission – 0262 1421 (61 pages)
6. R.2	Respondent submission – 0262 1422 (61 pages)
7. R.3	Respondent rebuttal (30 pages)