



Complaint ID 0262 1859  
Roll No. 30003110235

COMPOSITE ASSESSMENT REVIEW BOARD DECISION  
HEARING DATE: SEPTEMBER 9, 2024

PRESIDING OFFICER: J. DAWSON  
BOARD MEMBER: R. IRWIN  
BOARD MEMBER: C. NEITZ

BETWEEN:

QUEEN CITY INDUSTRIES LTD.  
Represented by Canadian Valuation Group Ltd.

Complainant

-and-

REVENUE & 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: 30003110235  
MUNICIPAL ADDRESS: 7880 Edgar Industrial Drive, Red Deer, AB  
ASSESSMENT AMOUNT: \$6,559,800

The complaint was heard by the Central Alberta Regional Assessment Review Board on the 9th day of September 2024, via videoconference.

Appeared on behalf of the Complainant: K. Goertzen, agent for Canadian Valuation Group Ltd.  
G. Smith, agent for Canadian Valuation Group Ltd.

Appeared on behalf of the Respondent: C. Green, Senior Property Assessor for City of Red Deer  
A. Minhas Property Assessor for City of Red Deer

**DECISION:** The assessed value of the subject property requires no change.

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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 is 20.00 acres and contains four assessable industrial spaces within three buildings built in 1995 within Edgar Industrial Park with QE II highway on the west side and Edgar Industrial Drive on the east side. The assessed value is determined by application of the income approach. There is one identified market adjustment: 13.13 acres for surplus land.

## **PRELIMINARY MATTERS**

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

## **POSITION OF THE PARTIES**

### **Position of the Complainant**

- [6] The Complainant through its introduction presented information regarding effective appeal process with the goal of fair market value for the subject property.
- [7] The Complainant argued the subject property’s assessment is high because of the calculation methodology of surplus land used by the Respondent. Of the 20 acres, the Respondent suggests that only 6.87 acres is necessary to support the buildings and other industrial uses on site, claiming that 13.13 acres is surplus.
- [8] The Complainant examined 29 properties arriving at a median site coverage of 15.64% and an average site coverage of 18.99%. From the 29 properties, the Complainant narrowed its focus to nine properties that it deemed were the most comparable. These nine properties arrived at a median site coverage of 15.64% and an average site coverage of 16.72%.
- [9] The Complainant further narrowed its grouping to three properties with larger buildings finding a median of 11.05% and an average of 11.85% arguing that 11% site coverage is appropriate meaning that 9.37 acres are required to support the development on site and with 10.63 acres assessed as surplus land.
- [10] The Complainant produced an overhead schematic of the subject property to demonstrate that 12.33 acres is being used by the Complainant meaning that there is only 7.67 acres is not required to remain operational on site.

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- [11] The Complaint argued that 1.47 acres fits the definition of surplus land, and with 4.57 acres fitting the definition of excess land. The calculated value is \$135,003 per acre (50% of the market rate of 270,007 per acre) for a total of \$198,456 for surplus land and the excess land valued at \$270,007 per acre for a total of \$1,233,932. These two numbers add up to \$1,432,388.
- [12] The Complainant explained its calculation of surplus land is supported by assessment textbooks arguing that surplus land is land that cannot be separated from the subject property, meanwhile if there is land that can be separated and sold, it becomes excess land.
- [13] The Complainant calculated that the surplus land of 1.47 acres is valued at \$198,456 using calculations within the Respondent's materials. The Complainant valued the excess land at fair market value finding a value of \$1,233,932 for 4.57 acres.
- [14] The Complainant requested a total assessment value of \$1,432,288 for the land not used by the Complainant arriving at a total property assessment of \$6,219,500.
- [15] In rebuttal, the Complainant argued against the use of small warehouse properties to calculate site coverage and instead used the Respondent's evidence of properties containing 20,000 square feet or more calculating a median site coverage of 13.84%.
- [16] The Complainant reviewed textbooks showing how excess land and surplus land should be calculated and explained the Respondent's calculation of 13.13 acres of surplus land is impossible based on the building footprints, tanks, working areas and driveways. The Complainant reiterated its calculations of 1.47 acres of surplus land and 4.57 acres of excess land.
- [17] Furthermore, the Complainant explained that their requested value of \$127 per square foot is within the range of four comparable properties with a median of \$121 per square foot and an average of \$125 per square foot.
- [18] The Complainant maintained their requested assessment of \$6,219,500.

### **Position of the Respondent**

- [19] The Respondent reviewed the subject property, and the issues raised by the Complainant.
- [20] The Respondent argued that the Complainant used a limited number of comparable properties, used non-comparable (commercial and industrial condominiums), and used building square footage versus building footprint to calculate their site coverage.
- [21] The Respondent argued that the Complainant's calculation of surplus land area is unreliable – based on hand drawn measurements and based on the occupant's current utilization rather than typical industrial usage.
- [22] The Respondent presented that the Complainant has calculated surplus and excess lands outside of the Respondent's methodology citing that the Respondent's application of surplus land is correct and supported by market transactions.
- [23] The Respondent reviewed the comparable properties presented by the Complainant to demonstrate that there were other comparable properties missed, used incorrect footprint

information, and used inconsistent calculation of surplus land (10.63 acres), while requesting an assessment based on surplus land of 6.04 acres.

- [24] The Respondent referred to the CARB decision 0262 1724 where the board confirmed the Respondent's approach as well as the assessment of \$6,853,500. The current assessment of \$6,559,800 represents a year over year decrease of \$293,700. It is the Respondent's position that the Complainant's approach of hand measuring areas based on ortho photo's is inconsistent and unreliable.
- [25] The Respondent explained that their use of the income approach is based on the underlying theory that the value of the property is represented by expected future cashflows, and if the determination is made that there is surplus land, then relying on typical site utilization enables the Respondent to calculate the surplus land value. This approach is intended to reflect the fact that while two comparable properties may feature similar market rents, costs, and capitalization rates, a parcel with more available land carries greater utility and has implicit value in the market.
- [26] The Respondent has conducted analysis of each industrial park in the municipality to determine the site ratio threshold to trigger a surplus land calculation, with the subject property, located in Edgar Industrial Park, is subject to a 15% typical site coverage.
- [27] The Respondent provided an analysis of market sales with surplus land compared to their assessments, showing a median ratio of 95% - within the accepted range. With another analysis showing the median value per square foot at \$169 per square foot while the Complainant's assessment is \$134 per square foot and a requested assessment of \$127 per square foot.
- [28] The Respondent presented that the subject property assessment at \$6,559,800 is correct, fair, and equitable.

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

- [29] The Board finds that the evidence from the Respondent is that the assessment is prepared based on a 15% site coverage calculation and considered there is 13.13 of surplus land.
- [30] The Board finds that the Complainant demonstrated that the current occupant is utilizing 12.33 acres of the site, a value greater than the implied 6.87 acres from the Respondent's calculation.
- [31] The Board finds the requested assessment from the Complainant offers 4.57 acres as excess land at 100% market value and 1.47 acres as surplus land at a discounted rate of 50% of market value.
- [32] The Board finds no evidence to explain the discrepancy between the 7.67 acres the Complaint says was surplus and its calculated request at 6.04 acres.
- [33] The Board finds the calculation utilized by the Respondent for surplus land of less than 5 acres is 30% discount versus the 50% discount utilized by the Complainant.
- [34] The Board finds that if the Respondent's calculated discount of 30% is applied to the Complainant's evidence of surplus land at 3.1 acres plus the 4.57 acres of excess land, then the requested assessment would be higher than assessed.

- [35] The Board finds that the market value is as written in the MGA: **s. 1(1)(n) “market value”** means the amount that a property, as defined in section 284(1)(r), might be expected to realize if it is sold on the open market by a willing seller to a willing buyer.
- [36] The Board finds that a willing seller and willing buyer would look at the subject property’s development potential rather than the current occupant’s utilization of the site. Therefore, the typical site coverage calculation of the Respondent is a more appropriate calculation versus the calculation of the Complainant’s current occupant of the site.
- [37] The Board finds the evidence provided by the Complainant does not support their request and makes no change to the assessment.

### **DECISION SUMMARY**

- [38] The Board finds that the original assessed value requires no change.
- [39] Dated at the Central Alberta Regional Assessment Review Board, in the city of Red Deer, in the Province of Alberta this 8<sup>th</sup> day of October 2024 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.



J. DAWSON  
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).*

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**APPENDIX**

Documents presented at the Hearing and considered by the Board.

<u>NO.</u>	<u>ITEM</u>	<u>PAGES</u>
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