



Complaint ID 0262-1864
Roll No. 30000312085

COMPOSITE ASSESSMENT REVIEW BOARD DECISION
HEARING DATE: JULY 8TH, 2024

PRESIDING OFFICER: L. LOVEN
BOARD MEMBER: R. IRWIN
BOARD MEMBER: D. WILLIAMS

BETWEEN:

HCN-REVERA (INGLEWOOD) INC.
as represented by RYAN ULC

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: 30000312085
MUNICIPAL ADDRESS: 10 INGLEWOOD DRIVE
ASSESSMENT AMOUNT: \$30,757,900

The complaint was heard by the Composite Assessment Review Board on the 8th day of July 2023, via videoconference.

Appeared on behalf of the Complainant: C. Down, Ryan ULC.

Appeared on behalf of the Respondent: D. Stebner, City of Red Deer

DECISION: The assessed value of the subject property is confirmed.

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 a 126, 373 square feet (ft²) multi-family low-rise residential apartment building, built in 2007 on 3.92 acres of land. The building is as an adult lodge assessed on the cost approach using Marshall & Swift. The property is assessed at \$30,757,900.
- [3] The issues argued by the Complainant were as follows:
- I. The property has been improperly costed as a quality rank 3 – good, when it fits better into quality rank 2 – average.
 - II. The land value should be reduced due to the power lines crossing it.

PRELIMINARY MATTERS

- [4] The Presiding Officer confirmed that no Board Member raised any conflicts of interest regarding the matters before them.
- [5] Neither party raised any objection to the panel hearing the complaint.
- [6] At the outset of the hearing the Respondent raised an objection of parts of the Complainant’s rebuttal submission. The Board acknowledged the Respondent’s objection and confirmed the Respondent could raise their objection after both parties had the opportunity to present their evidence and agreement. The Respondent’s objection to the Complainant’s rebuttal, in part, was that it re-presented information contained in the Respondent’s submission and, in part, case splitting. The Board considered the Respondent’s objection in camera and allowed the rebuttal in its entirety.
- [7] No further 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

- [8] Complainant provided exterior photographs maps of the building and its location, as well as interior photographs from the owner’s website.
- [9] In support of its argument the quality ranking 3 or Good is incorrect, the Complainant provided an excerpt from Marshall & Swift for Class D (Wood or Steel Framed Exterior Walls) as follows:

Quality	Exterior Walls	Interior Finish	Mechanicals	HVAC
Low	Stucco or siding	Drywall, vinyl composition	Minimum lighting & plumbing	Forced air
Average	Brick veneer, good stucco or siding, some trim	Plaster or drywall, acoustic tile, vinyl composition	Adequate lighting & plumbing, few extras	Hot water
Good	Brick veneer, best stucco or siding, good trim	Plaster or drywall, vinyl composition, some carpeting and ceramic tile	Good lighting, alarm system, some special plumbing fixtures	Warm and cool air (zoned)

- [10] The Complainant then argued the photographs best fit the Average quality, noting the subject building has hot water heating, adequate plumbing and lighting, good stucco, some trim and some brick veneer.
- [11] On the issue of land value, the Complainant determined 39,443 ft² of the use of the land area is restricted, by code, by high voltage overhead electric power transmission lines. In support of the requested land value for the negatively impacted area the Complainant provided two vacant land comparables. One adjacent, 21,586 m² parcel, zoned P1 - Parks assessed at \$1.50 per ft² and another 16,462 m² parcel zoned C2A (commercial assessed at \$0.22 per ft²) two comparable parcels. Relying on the first comparable as a good indicator of value for the restricted land rated, the Complainant determined that the value of the impacted land should be reduced by \$574,675.
- [12] Changing the quality ranking from good to average reduces the assessed value of the subject building from \$28,006,957 to \$20,768,060 and reducing the land value from \$2,751,000 to \$2,176,325, results in the requested assessment of \$22,794,079.
- [13] In response to questions the Complainant confirmed they had not visited the property or viewed the interior of the subject building.
- [14] In rebuttal, the Complainant argued the sale of the subject property occurred eight years prior to the valuation date, no indication if the sale was a non-arms-length transaction and the sale included business value; therefore, the sale should not be relied upon.
- [15] Regarding the issue of quality the Complainant refuted the Respondent's ranking of the subject building as good quality arguing as follows: the exterior walls are good stucco or rank 2, stonework is minimal and windows average; carpeting and vinyl flooring are included in both ranks, wainscoting appears limited; lighting fixtures are average and no special plumbing fixture have been shown; there is no air conditioning or cooled air; design and layout are not valued in Marshall & Swift; and, elevators and underground parking are costed separately.
- [16] In summary, the Complainant requested the 2023 assessment be reduced to \$22,794,079 based on the Average quality of the subject building and a portion of the subject land restricted in its utility by the power transmission lines.

Position of the Respondent

- [17] In response to the issue of quality, the Respondent calculated that an average quality ranking results in a value of \$211.45 per ft² for replacement cost new (excluding land); whereas the assessed quality ranking of good results in a value of \$221.62 per ft² for replacement cost new (excluding land).
- [18] The Respondent provided the land title and sales verification questionnaire for a 2015 sale of the subject showing the sale price of the subject to be \$31,928,250 or \$252.35 per ft².
- [19] Regarding the issue of land value, the Respondent argued the first comparable, relied upon by the Complainant to determine the requested reduction in land value, is a Public Utility lot owned by the municipality and is not comparable to the subject in that it may not sold leased or otherwise disposed of. Regarding codes for separation distances from power lines the subject building is compliant. Further the power lines pre-existed the development of the subject and the sale of the subject land
- [20] Maps, exterior photographs and interior photographs from the owner's brochure of the subject property were provided as well as an excerpt from a promotional brochure of the amenities and activities at the subject property verified by the Respondent as having visited the subject property.
- [21] A chart of six adult lodge / nursing home comparables, including the subject, were all assessed as quality rank 3. Further if the subject were assessed as a nursing home (710) instead of an adult lodge (330) the assessed value per ft² would increase from \$152 to \$156.39.
- [22] The Respondent noted the subject building has underground parking of which 6,986 ft² is assessed as finished basement
- [23] A chart comparing the Marshall and Swift 2 or average rank to that of 3 or good was provided. The chart listed features of the subject building to exterior walls, interior finish, mechanical, HVAC and design and layout. The Respondent ranked all either 3 or superior to 3.
- [24] The Respondent argued the Complainant's claim for reduced land value was circumstantial and flawed for a number of reasons, including: no valuation of the subject land as vacant; no analysis of highest and best use; lack of comparability of the comparable zoned P1 – Parks and Recreation to the subject property zoned R3 Multi Family; and, no sales of comparable land to support the requested reduction in land value due to the power lines.
- [25] In support of the assessed value of the subject land, the Respondent provided a paired sales analysis of the subject property, zoned R3, at \$520,992 per acre for 3.930 acres to another R3 zoned 1.400-acre parcel at \$464,286 per acre. The sales occurred four months apart in 2007. The comparable sale was noted to be not near any power transmission lines.
- [26] The R3 zoning of the subject property allows a maximum density of 35 dwelling units per acre. A rezoning of the subject land to R3 D80 under Bylaw 3156/cc-2005 was completed in September 2005.
- [27] In summary, the Respondent noted the 2015 sale of the subject property for \$31,928,250 supports the assessed value at \$30,757,900 or \$243.39 per ft² versus the Complainant's requested value of \$22,794,079. The Complainant's requested value of the subject building is \$173.72 per ft² based on

a Quality Ranking of 2 or Average, compared to the assessed ranking of 3 or Good at \$233.29 per ft².

- [28] The assessed value of the building is supported by the Altus Cost Guide ranging from \$250 to \$330 per ft² for independent / supportive living residences in Calgary and Edmonton. Similarly, the 2023 Cuthbert Smith Cost Guide gives a range from \$256 to \$285 per ft² for Seniors Lifestyle Communities in the Red Deer /Sylvan Lake area.
- [29] The Respondent concluded by requesting the Board confirm the 2023 assessment at \$30,757,900

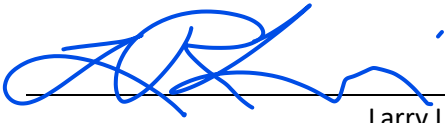
BOARD FINDINGS and DECISION

- [30] The issue of the change in assessment to the cost approach was raised by the Complainant, however no evidence or argument was presented in this regard.
- [31] Regarding the issue of land value, the Board finds the comparable relied upon by the Complainant to determine the requested decrease in land value, albeit an adjoining property with the same power line influence, to be lacking in comparability in terms of its public utility zoning compared to that of the subject property, zoned R3. The Board places greater weight on the 2007 paired sale of the subject land compared to a similarly zoned R3 parcel, although smaller, not influenced by high voltage power transmission lines to be a strong indication that the value of the subject land was unaffected by the pre-existence of the power lines. Further, the increase in the maximum density permitted from 35 to 70 dwelling units per acre in 2005 is likely to have further contributed to the higher value per acre in the 2007 sale of the subject land.
- [32] Regarding the issue of ranking, the Board accepts the evidence provided by the Respondent that similar properties were assessed the same quality rank of 3 or Good. The Board also places greater weight on the testimony of the Respondent's firsthand on-site observations that the subject building more closely meets the Marshall and Swift criteria for the assessed quality ranking of 3 than those of the Complainant based on third party photographs claiming a quality ranking of 2 or average.
- [33] Even though the 2015 sale subject property may have included business value and other considerations, the per ft² value it sold for is supported by the value ranges given by two other sources and more closely matches that of the assessed value per ft² than that requested by the Complainant.
- [34] Based on the foregoing findings, the Board concludes the 2023 assessment of subject property to be at market value.

DECISION SUMMARY

[35] The Board finds that the original assessed value is CONFIRMED.

[36] Dated at the Central Alberta Regional Assessment Review Board, in the city of Red Deer, in the Province of Alberta this 12th day of August 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.


Larry Loven
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 – 18 pages
2. C.1	Complainant submission(s) – 36 pages
3. C.2	Complainant rebuttal submission(s) – 8 pages
4. R.1	Respondent submission(s) – 94 pages