



CENTRAL ALBERTA REGIONAL
**Assessment
Review Board**

Complaint ID 0262 2068
Roll No. 30003012275

COMPOSITE ASSESSMENT REVIEW BOARD DECISION
HEARING DATE: August 18, 2025

PRESIDING OFFICER: J. Dawson
BOARD MEMBER: D. Wielinga
BOARD MEMBER: M. James

BETWEEN:

S.J. SULEMAN INVESTMENTS LTD.
(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: 30003012275
MUNICIPAL ADDRESS: 6500 67 St, Red Deer, AB
ASSESSMENT AMOUNT: \$7,264,100

The complaint was heard by the Composite Assessment Review Board on the 18th day of August 2025, via video conferencing.

The Board derives its authority from the Municipal Government Act, R.S.A 2000, Chapter M-26 (the MGA) and related legislation as set out in Appendix "B".

Appeared on behalf of the Complainant: P. Chmeleski, Agent, Ryan ULC

Appeared on behalf of the Respondent: T. Johnson, Assessment Coordinator, City of Red Deer

DECISION: No Change to the assessed value of the subject property.

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 142-room full-service hotel built in 1981 and located on a 4.05-acre lot in north Red Deer on Highway 11 also known as 67 Street. The assessment was prepared utilizing an income approach that stabilizes income and expenses over a three-year period ending June 30, 2024 and then capitalized at 8%.

PRELIMINARY MATTERS

- [3] The Presiding Officer confirmed that no Board Member raised any conflicts of interest with regard to 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 confirmed that they were prepared to proceed with the complaints.

POSITION OF THE PARTIES**Position of the Complainant**

- [6] The Complainant reviewed the subject property with photographs and the details pertaining to the assessment including an explanation on how hotel properties are assessed.
- [7] The Complainant explained that the subject property was formerly operating as a franchise and has since transitioned to an independent hotel as of July 1, 2024.
- [8] The Complainant positioned that the assessed value of the subject property is based on the valuation date of July 1, 2024, while reflecting the condition date of December 31, 2024.
- [9] The Complainant argued that as of the condition date, the hotel no longer operated under a franchise brand and should be valued as an independent hotel.
- [10] The Complainant presented the income and expense results submitted to the Respondent to create the assessment, explaining that they are based on performance under a franchise flag, stating that they do not reflect the operational and revenue realities of an unbranded, independent hotel.
- [11] The Complainant stated to quantify an adjustment, it undertook a comparative revenue analysis between July 1–December 31, 2024, versus the same period in 2023, suggesting that the resulting value represents the financial impact of the de-flagging.

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- [12] The Complainant requested a downward adjustment of 23% for the room revenue portion and for the food and beverage adjusted downward by 30%. To balance the request, the Complainant removed the franchise fee expense, which it no longer incurs as an independent hotel.
- [13] Additionally, the Complainant argued that a management fee should be deducted as part of the assessment calculation for the subject property notwithstanding no fee was reported to the Respondent. Explaining that other hotels in Red Deer have had a management fee deducted in their assessments, demonstrating that the practice is recognized and applied locally.
- [14] The Complainant commented that it is a common and accepted practice in other Alberta jurisdictions, including Calgary and Edmonton, to apply a market-based management fee even in cases where one is not explicitly reported by ownership.
- [15] The Complainant argued that this approach is consistent with the requirement to value property on a fee simple and removes owner-operator efficiencies. The Complainant further submits that intangible components must be deducted as part of the valuation process.
- [16] The Complainant suggested that this is consistent with the requirement to assess only the real estate component of hotel operations, excluding business value related to goodwill, contracts and workforce in place. Citing again that this principle is supported by practices in other Alberta jurisdictions, including Calgary and Edmonton, where assessments regularly adjust income and expenses to reflect fee-simple market value and deduct intangibles.
- [17] The Complainant requested a change to the assessment to \$5,130,000.

Position of the Respondent

- [18] The Respondent introduced the subject property as a full-service hotel; showed assessment details, aerial photographs and maps.
- [19] The Respondent presented that intangibles are recognized by the adjustment for reserves, and the adjustment of both management and franchise fees.
- [20] The Respondent argued that the Complainant's evidence on this issue is unreliable because the Complainant is relying on the assessment methods of other municipalities, explaining that it is not bound to assess properties in a similar manner as other municipalities.
- [21] The Respondent included portions of Hotel/Motel valuation guides in support of their position. In this literature, there is no reference to having to make a specific intangible adjustment, and specifically, the utilized Rushmore methodology does not promote such an allowance.
- [22] The Respondent argued that decision 2024 ABECARB 1107 specifically addresses using other hotels information in another jurisdiction, ultimately finding that section 467(3)(c) specifically directs against same.
- [23] The Respondent explained that the Complainant did not report management fees, and if had done so, it would have been granted an allowance for 100% of their fee. The Respondent allows all management fees if it is reported by the owner. Because there is limited reporting of

management fees in Red Deer, it cannot calculate a typical management fee. There is no evidence introduced by the Complainant that supports that hotels in Red Deer should have a management fee applied, nor is that the common practice in Red Deer.

- [24] The Respondent argued that the subject property dealt with this issue last year, the Board decision 0262 1889 confirmed the assessment and noted that no evidence was included to show the subject hotel has management fees.
- [25] The Respondent presented that the Complainant attempts to draw the conclusion that removing their franchise has reduced income – therefore reduced the value of the subject property. However, the Complainant has not provided any income statements to support their adjustment, only a single six-month sales table.
- [26] The Respondent introduced a newspaper clip showing that the loss of franchise was August 1, 2024; therefore, the six-month sales it is not a direct comparison for the period of loss.
- [27] Further, the Respondent argued that the removal of franchise affiliation, does not dramatically alter the physical condition of the property. Rather than some branding, it is the same property that physically existed as of the valuation date.
- [28] The Respondent explained that any change in revenues, regardless of the cause, will be captured in the following year, as the assessment is on an annual cycle.
- [29] The Respondent pointed out the assessment calculates to \$51,155 per room and the request is \$36,129 per room.
- [30] The Respondent provided a table of five full service and limited-service hotel sales since 2017, with the value per room ranging from \$40,468 to \$94,565 per room with a median of \$64,489 per room. Explaining that there is no market evidence to support that the subject property's value is significantly lower than market sales.
- [31] The Respondent included a calculation for the land value of the subject property as if vacant. It resulted in a value of \$4,927,350 based on eight land sales in the municipality.
- [32] The Respondent argued the evidence presented demonstrates that the assessed value is correct, fair, and equitable. Requesting the Board to confirm the assessment.

BOARD FINDINGS and DECISION

- [33] The Board finds the evidence is inconclusive on the date of removal of the franchise. Regardless, if there is a change in revenue as a result, it will be captured in the 2026 through 2028 assessments as hotel assessments are based on performance of the three annual periods before July 1 of the valuation date.
- [34] The Board finds that the evidence is inconclusive whether the presence of a franchise adds value to hotel properties. While the Board acknowledges that the Complainant showed a decline in revenue in the last 6 months of 2024 versus the same period in 2023; however, the evidence shows a decline of 18% in room revenue and 32% drop in food and beverage revenue in the period July 1, 2023, to

June 30, 2024, versus July 1, 2022, through June 30, 2023 when the franchise was in place. Therefore, it is just as likely that other market conditions are influencing revenues and there is no way, with the limited data, to conclusively determine that the presented decline is a result of removing a franchise.

- [35] The Board finds that there is no evidence to support a typical management fee reduction for full-service hotel properties. The evidence shows that the subject property did not report a management fee, and only one full-service hotel in the municipality reported a management fee and it was a modest 0.23%.
- [36] The Board finds that assessment guidelines do not indicate an adjustment for intangibles as requested by the Complainant. The evidence also shows that other municipalities handle this matter differently.
- [37] The Board finds that the assessment methodology used by the Respondent must be consistent within the municipality to ensure equitable treatment. However, so long as the result reflects market value, there is no requirement for the municipality to assess in the same manner as other municipalities.
- [38] The Board finds that the Complainant did not demonstrate that its requested assessment more closely represented market value than the assessment generated by the Respondent. Without evidence to demonstrate its calculation represents market value, the argument fails.
- [39] The Board finds that the evidence shows no hotel sales in the municipality in the last eight years demonstrated a value per room near the request of the Complainant at \$36,129 per room. Whereas the evidence shows that sales on average and median are greater than the assessed \$51,155 per room.
- [40] The Board agrees with and makes the same finding as in decision 2024 ABECARB 1107 wherein it dismissed equity comparability with other municipalities because of "the variety and composition of income and expense line items". As was the reality in that decision, the Complainant in this matter has not provided sufficient evidence to reduce the assessment.

DECISION SUMMARY

- [41] The Board finds that no change is required to the assessed value of the subject property.
- [42] Dated at the Central Alberta Regional Assessment Review Board, in the city of Red Deer, in the Province of Alberta this 3rd day of September 2025 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.



Complaint ID 0262-2068

J. Dawson
Presiding Officer

This decision may be judicially reviewed by the Court of King's Bench pursuant to section 470(1) of the Municipal Government Act, RSA 2000, c M-26.

MGA 470(1) Where a decision of an assessment review board is the subject of an application for judicial review, the application must be filed with the Court of King's Bench and served not more than 60 days after the date of the decision.

(2) *Notice of an application for judicial review must be given to*

- (a) the assessment review board that made the decision,*
- (b) the complainant, other than an applicant for the judicial review,*
- (c) an assessed person who is directly affected by the decision, other than the complainant,*
- (d) a municipality, if the decision that is the subject of the judicial review relates to property that is within the boundaries of that municipality, and*
- (e) the Minister.*

Additional information may also be found at www.albertacourts.ab.ca.

APPENDIX "A"DOCUMENTS PRESENTED AT THE HEARING
AND CONSIDERED BY THE BOARD:

<u>EXHIBIT NO.</u>	<u>ITEM</u>	<u>PAGES</u>
A.1	Hearing Materials	32 pages
C.1	Complainant Submissions	169 pages
R.1	Respondent Submissions	119 pages
R.2	Respondent Legal Brief	68 pages

APPENDIX "B"**LEGISLATIVE AUTHORITIES CONSIDERED BY THE BOARD:*****Municipal Government Act, R.S.A. 2000, Chapter M-26 (the MGA)*****Interpretation**

s 1(1)(n) In this Act,

- (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;

Assessments for property other than designated industrial property

s 289(2) 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.

Joint establishment of assessment review boards

s.455(1) Two or more councils may agree to jointly establish the local assessment review board or the composite assessment review board, or both, to have jurisdiction in their municipalities.

Jurisdiction of assessment review boards

s.460.1(1) A local assessment review board has jurisdiction to hear complaints about any matter referred to in section 460(5) that is shown on

- (a) an assessment notice for
- (i) residential property with 3 or fewer dwelling units, or
- (ii) farm land

s.460.1(2) Subject to section 460(14) and (15), a composite assessment review board has jurisdiction to hear complaints about

- (a) any matter referred to in section 460(5) that is shown on
- (i) an assessment notice for property other than property described in subsection (1)(a)

Decisions of assessment review board

s. 467(1) An assessment review board may, with respect to any matter referred to in section 460(5), make a change to an assessment roll or tax roll or decide that no change is required.

- (1.1)** For greater certainty, the power to make a change under subsection (1) includes the power to increase or decrease an assessed value shown on an assessment roll or tax roll.

- (2) An assessment review board must dismiss a complaint that was not made within the proper time or that does not comply with section 460(9).
- (3) An assessment review board must not alter any assessment that is fair and equitable, taking into consideration
 - (a) the valuation and other standards set out in the regulations,
 - (b) the procedures set out in the regulations, and
 - (c) the assessments of similar property or businesses in the same municipality.
- (4) An assessment review board must not alter any assessment of farm land, machinery and equipment or railway property that has been prepared correctly in accordance with the regulations.

Matters Relating to Assessment and Taxation Regulation, 2018 A.R. 2003/2017 (MRAT)

Mass Appraisal

s. 5 An assessment of property based on market value

- (a) must be prepared using mass appraisal
- (b) must be an estimate of the value of the fee simple estate in the property, and
- (c) must reflect typical market conditions for properties similar to that property.

Valuation Date

s. 6 Any assessment prepared in accordance with the Act must be an estimate of the value of a property on July 1 of the assessment year.

Valuation standard for a parcel of land

s. 7(1) The valuation standard for a parcel of land is

- (a) market value, or
- (b) if the parcel is used for farming operations, agricultural use value.

Valuation standard for a parcel and improvements

s. 9(1) When an assessor is preparing an assessment for a parcel of land and the improvements to it, the valuation standard for the land and improvements is market value unless subsection (2) or (3) applies.

Matters Relating to Assessment Complaints Regulation, AR 201/2017 (MRAC)

Personal Attendance not required

s. 19(1) Parties to a hearing before a panel of an assessment review board may attend the hearing in person or may, instead of attending in person,