



CENTRAL ALBERTA REGIONAL
**Assessment
Review Board**

Complaint ID 0262 2084
Roll No. 30003110235

COMPOSITE ASSESSMENT REVIEW BOARD DECISION
HEARING DATE: JULY 9, 2025

PRESIDING OFFICER: J. DAWSON
BOARD MEMBER: R. IRWIN
BOARD MEMBER: T. HANDLEY

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: \$6,882,000

The complaint was heard by the Composite Assessment Review Board on the 9th day of July 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: G. Smith, CVG, Canadian Valuation Group Ltd.

Appeared on behalf of the Respondent: D. Stebner, Senior Assessor, City of Red Deer
A. Minhas, Property Assessor, City of Red Deer

DECISION: No Change is required to the assessed value of the subject property and remains at \$6,882,000.

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 48,925 square feet of assessable industrial spaces calculating a 5% site coverage. The structures have an effective age of 1995. The subject property is located within Edgar Industrial Park, in Red Deer, Alberta with QE II highway on the west side and Edgar Industrial Drive on the east side. The assessed value of \$4,486,500 is calculated for the income producing spaces. There are two identified market adjustments: a) \$1,772,600 for 13.13 acres of surplus land, and b) \$622,900 for structures assessed on the coast approach. These three values add up to the total assessment of \$6,882,000.

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] Subsequent to the Board making its decision, panel member R. Irwin had a personal matter develop and was unable to review the final written decision. The remaining panel, as quorum, is issuing the decision and agree that it represents the decision of the entire Board.
- [6] 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**

- [7] The Complainant started the presentation by referring to “Foundations of Real Property Assessment and Mass Appraisal” through UBC’s Real Estate Division (Exhibit C1, page 3), explaining that it provides an overview of assessment law, mass appraisal processes, data collection, strategic management, and public relations – all centred around Computer Assisted Mass Appraisal. There is also a section dedicated to the assessment appeal process – Outline and Excerpt Attached as Appendix A.
- [8] The Complainant explained that assessment appeals are “a necessary component of an effective property tax system”. The benefits of an effective appeal process include:
- Fairness to the taxpayer, a core principle of an ideal property tax system;
 - Accountability of the assessor, also a core principle for an ideal property tax system;
 - Direct improvements to the quality of assessments;

- The discovery of unrecognized property and market changes;
 - Uncovering systemic issues and opportunities to improve processes;
 - Uncovering the need for policy change;
 - Opportunity to demonstrate the quality of assessments to the general public.
- [9] The Complainant added that “An appeal function is a basic requirement in an effective property tax system. It is required to achieve the necessary element of accountability... it is critically important for assessment staff to be able to work effectively with property owners and representatives of all types.” (Exhibit C1, page 3)
- [10] The Complainant charged that; over the past few years, assessment branches have tended to approach appeals from an adversarial process, with an eye for “winning” against an appellant taxpayer. This approach will necessarily avoid accountability, circumvent fairness, and obstruct opportunities to improve assessment modelling. Citing that the process is supposed to promote improvement over time.
- [11] The Complainant urged the board to keep in mind that property valuation is not a process of looking to discount any evidence that does not agree with the conclusion of an assessment model. That there are various factors that contribute to property value that will be unaccounted for in a modelling process, and that if we are defaulting to the position of a municipality simply because they have met basic requirements, we are doing a disservice to the process.
- [12] The Complainant explained that the appeal process is not to test whether a property has been assessed (we know it has been), it is not to determine if an assessment process is following legislation. It is to determine if the result of the assessment process is properly representative of the fair market value of the subject property. While the assessors may take a great deal of time explaining their assessment methods, they agree that “the mass appraisal method is used by the assessor to prepare assessments but does not apply to the Review Board’s review of the assessment following a complaint.” “an inaccurate assessment cannot be justified on the basis that the system as a whole is operating within the statistical parameters permitted.” (Altus Group Ltd. v Alberta (City of Edmonton Composite Assessment Review Board), 2025 ABCA 35)
- [13] The Complainant provided an overview of the subject property, a summary of the issues, and other pertinent details, such as, assessment detail report, map, aerial and street level photographs.
- [14] The Complainant introduced the first issue of the surplus land calculation; stating that the Respondent calculated 571,733 square feet (13.13 acres) of surplus land based on a typical site coverage of 15% (Exhibit C1, page 15).
- [15] The Complainant presented that the Respondent found a value of \$6.20 per square foot (\$270,000 per acre) and discounted the value by 50% due to its size.
- [16] The Complainant included information on three bare land industrial property sales; 1) at 8381 Chile Industrial Way of 103,237 square feet for \$4.99 per square foot (correct at the hearing), 2) at 89 Burnt Park Drive of 174,240 square feet for \$10.33 per square foot, and 3) 107/113 Burnt Park Drive of 624,215 square feet for \$4.97 per square foot (Exhibit C1, page 16).

- [17] The Complainant acknowledged that sales number 2 and 3 are the best comparable properties. They chose to create an adjustment based on taking the difference in area divided into the difference in values per square foot (both discounted by 50%). The Complainant explained that the result is a value of \$2.69 per square foot difference, ~~the~~ multiplied by the area difference (between sale number 3 and the subject) of 47,518 square feet (footprint of 44,920 square feet) worked out to a new value of \$1,583,700 (or \$2.77 per square foot). Requesting a reduction of \$188,900 to the surplus land adjustment.
- [18] For its second issue, the Complainant explained that the subject property experienced a 7% (corrected at the hearing) increase in its assessment (Exhibit C1, page 20).
- [19] As a result, the Complainant examined ten sales of properties of similar age, size, and site coverage; claiming that only two of the ten sales are arriving at assessments that are in the acceptable range of 0.95 and 1.05 in an assessment to sale ratio (ASR).
- [20] The Complainant asserted that the range was 0.70 and 1.20 and with none of the sales comparable enough to offer a value on the sales comparison approach; therefore, they are asking that the board accept the previous (2024) assessment of \$4,163,600 on the income approach calculation or a reduction of \$322,900 (Exhibit C1, page 20).
- [21] The Complainant provided information on the ten sales (Exhibit C1, pages 22-61), advised that it had no requested change in the structures assessed on the cost approach, and argued for an overall reduction of \$511,800 to a new assessment value of \$6,370,200.
- [22] In rebuttal, the Complainant suggested that the onus shifted to the Respondent to provide sales consisting of surplus land versus excess land to showcase to the Board that their assessment valuation of \$3.10 per square foot is supported by the market.
- [23] The Complainant referred to "Assessor of Area #09 - Vancouver v. Bramalea Limited (1990) Stated Case 277 BCCA" (Bramalea), arguing that it stands as the most significant decision with respect to equity issues (Exhibit C2, page 5)
- [24] The Complainant provided information on the difference between excess and surplus land and suggested the position of the Respondent is flawed (Exhibit C2, page 10).
- [25] The Complainant acknowledged that of its original ten sales in its ASR analysis, six remained after the Respondent provided additional information. Of the six comparable properties, only one lies within the 5% +/- threshold. While the median ends up being 1.03, it is difficult to say that the model is producing correct valuations when it is correct less than 20% of the time one out of six (Exhibit C2, page 12)
- [26] The Complainant added eight more sales into consideration (as provided by the Respondent), asserting that of the total number of fourteen sales, only five are within the acceptable range for an ASR analysis, meaning that 36% pass the ASR test (Exhibit C2, page 13).
- [27] The Complainant argued that its evidence cast doubt on the assessment, therefore the burden of proof shifted to the Respondent, and the Respondent provided no evidence to support their assessment.

Position of the Respondent

- [28] The Respondent presented information on the subject property; Assessment Information, map, aerial, and street level photographs (Exhibit R1, pages 6-17).
- [29] The Respondent explained that the 2025 assessment for the subject property has been estimated by way of the income approach to value based upon the fee simple estate of the property with a valuation date of July 1, 2024, and a physical condition date of December 31, 2024.
- [30] The Respondent argued that the purpose of property assessments is not to reflect one sale price, but to assess all similar property at a similar value so that taxation is fairly and uniformly distributed among all taxable properties.
- [31] The assessed value of the subject property represents an estimate of the value of the fee simple estate in the property considering the characteristics of the property as of December 31st in the year prior to taxation. The assessed value also represents a possible value the asset may have realized in the marketplace if it had been sold as of the July 1st valuation date in the "assessment year", under typical market conditions, by a willing seller to a willing buyer.
- [32] The Respondent indicated that the market value of property can be determined using any of the three approaches to value:
- sales comparison approach, which compares assessed properties with similar properties which recently sold.
 - income approach, which involves developing typical market rents, vacancies, expenses, and capitalization rates in order to place a value on a group of similar properties; or
 - cost approach, which reflects a replacement cost new less market depreciation for the improvements plus the market value for the land.
- [33] The Respondent reviewed the assessment of the subject property with the primary assessment calculated on the income approach to value based on typical site coverage of 15%. Because the subject property calculates a 5% site coverage, an adjustment for surplus land is required, which is calculated on the sales comparison approach and discounted due to size and configuration. There are other improvements on the subject property site that were assessed using the cost approach. The overall assessment is \$6,882,000 (Exhibit R1, page 23)
- [34] The Respondent asserted that its application of surplus land serves to recognize circumstances where an income approach may not fully capture the true market value of a property. In those scenarios, it is reasonable to reflect the inherent difference in utility and market value.
- [35] The Respondent explained that surplus land is not needed to support the existing use and cannot be sold separately. It lacks independence, its highest and best use and has limited utility beyond the support of the primary improvements. Even if the land does not contribute significantly to value, it remains part of the whole. Whereas excess land refers to land that goes beyond what is required to support the current use of the property. It is distinct in that it can potentially be separated from the main parcel, either physically or legally. Also, it may have a different highest and best use than the

rest of the site. Because of its ability to be sold, developed, or used independently, excess land is considered to have its own value and should be appraised separately.

- [36] The Respondent argued that the Complainant asserts that the subject property has been over-assessed due to an excessive surplus land valuation of \$1,772,600 and proposes a revised surplus land value of \$1,583,700.
- [37] The Respondent stated that this methodology is fundamentally flawed for the following reasons:
- I. Inappropriate Use of Vacant Land Sales: All three comparable sales used by the Complainant are vacant land transactions, meaning they are not surplus to any existing improvements. The use of these sales to infer a surplus land value ignores the key principle that surplus land is defined as land not necessary to support the existing use but that cannot be legally or feasibly subdivided or separately developed. By contrast, the Complainant's sales represent independently developable parcels, not surplus.
 - II. Misapplication of Surplus Land Adjustment: The Complainant applies a blanket 50% reduction to reflect surplus land value without establishing a "Site Coverage Ratio" or confirming the presence of improvements. In standard appraisal practice, a surplus land discount is typically applied only when the land is surplus to a developed property and the adjustment is supported by market data or a contributory value analysis.
- [38] The Respondent concluded that the Complainant's valuation approach fails to account for the fundamental differences between surplus land and standalone vacant land. Without consideration of site coverage, improvement contributions, or highest and best use analysis, the derived adjusted unit values lack credibility and should not be relied upon in determining a fair assessment.
- [39] The Respondent pointed out a calculation error of the Complainant and indicated that with this "corrected" vacant land transaction, it now indicates that the average of those three adjusted values is \$3.36 per square foot, which is above the analyzed value of \$3.10 per square foot that the Respondent utilized to value the surplus land.
- [40] The Respondent also mentioned that an error was made on the discount provided for size, indicating that the discount for economies of scale is less for smaller parcels, resulting in sale one and sale two eligible for a 30% reduction versus the 50% applied to the subject property and sale number three. With this correction, the three sales show an adjustment value of \$4.40 per square foot instead of the \$3.10 applied.
- [41] The Respondent explained that the Complainant included within their report a chart of ten transactions to indicate that the Respondent's model produces "assessments that defy the market".
- [42] The Respondent commented; based on a review of the transactions provided by the Complainant, it is apparent those indicated sales have transpired between July 12, 2023 and June 12, 2024, all being within a 1-year period prior to the July 1st 2024 Valuation Date and can be relied upon for market analysis (Exhibit R1, page 51).
- [43] The Respondent continued; however, the sales chart does require verification and correction:

- I. Located at 8006 Edgar Industrial Ave – the building size indicated in Complainant’s chart is 11,605 square feet – the correct building size is 4,634 square feet calculating a corrected site coverage of 7.54%.
 - II. 5439 47 St – this transaction is an office building sale located on a 1.38-acre parcel in Capstone which is zoned CAP- PR (Capstone Primarily Residential Zone) – not comparable for analysis to the subject property warehouse which is located on I-1 Industrial Business Service Zone.
 - III. 7550 Edgar Industrial Dr – transaction was verified to be a non-arms length transaction. Value unreliable for ASR testing.
 - IV. 7690 Edgar Industrial Court –some details related to the valuation of chattels and other interests affecting the sale price are unknown. Value unreliable for ASR testing. In addition, the building size is indicated as 24,355 square feet – the correct building size should be 21,160 square feet calculating a site coverage of 13.84%.
 - V. 8023 Edgar Industrial Cr with reported sale for \$3,000,000. This transaction is the sale price for the combined parcel located at 8020 Edgar Industrial Green and 8023 Edgar Industrial Cr – the combined parcel area is indicated as 231,304 square feet (5.31 acres) – in error the Complainant relays only 8023 Edgar Industrial Park as being 5.31 acres in size. The building size is also reported in error as 39,310 square feet – the correct building size is 30,200 square feet which calculates a site coverage of 13.05%.
- [44] The Respondent removed the four transactions deemed to be unreliable for analysis within the creating a new chart that shows an average ASR of 98% and a median ASR of 103% (Exhibit R1, page 56).
- [45] The Respondent conducted analysis of each industrial park within the municipality to determine the site ratio threshold to trigger a surplus land calculation and parcels located in Edgar Industrial Park are subject to a 15% typical site coverage. Of the six transactions two have a calculated site coverage ratio of under 15%. The remaining four transactions calculate site coverage ratios all over 15% and accordingly no surplus land adjustment required.
- [46] The Respondent provided an additional chart with eight sales, with examples of recent market transactions that include a surplus land valuation component. In each case, the properties have a site coverage ratio lower than what is typical for their respective districts (Edgar Industrial and Golden West Industrial). These sales demonstrate that the Respondent’s approach is justified. When applying the surplus land adjustment, the assessment-to-sale ratio (ASR) falls within the acceptable range of 0.95 to 1.05 (Exhibit R1, page 58).
- [47] The Respondent argued that its evidence demonstrates that the assessed value is correct, fair, and equitable, requesting that the assessment be confirmed as fair and equitable.

BOARD FINDINGS and DECISION


- [48] The Board finds the calculated value of the surplus land to be correct within the assessment. The methodology utilized by the Complainant is confusing, contained factual errors (corrected at the

hearing) and supported the value calculated by the Respondent when the error is corrected and when the appropriate adjustment factor is applied.

- [49] The Board finds the ASR analysis by the Complainant to cast doubt on the reliability of the Respondent's assessment model for the subject property; however, the Complainant offered no alternative calculation for the Board to consider. Just suggesting that the Board accept the previous year assessment without sharing the calculation and showing why it produced a better assessment value for the current assessment is not appropriate.
- [50] The Board finds that the Complainant failed to provide sufficient evidence; therefore, the onus of proof failed to force the Respondent to defend its calculation.
- [51] The Board acknowledges, had the Complainant made onus, the Respondent provided corrections and additional information that removes the doubt cast by the Complainant's disclosure.
- [52] The Board notes that, while the conclusion that onus was not satisfied renders the rebuttal of the Complainant ineffective, there was nothing within the rebuttal for the Board to consider a change.

DECISION SUMMARY

- [53] The Board finds that the original assessed value requires no change.
- [54] Dated at the Central Alberta Regional Assessment Review Board, in the city of Red Deer, in the Province of Alberta this 31st day of July, 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 0262-2084
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	7
C.1	Complainant Submissions	76
C.2	Complainant Rebuttal	27
R.1	Respondent Submissions	91
R.2	Respondent Legal Brief	68

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, file a written presentation with the clerk.