



Complaint ID 0262-1837  
Roll No. 30000540205

COMPOSITE ASSESSMENT REVIEW BOARD DECISION  
HEARING DATE: JULY 2, 2024

PRESIDING OFFICER: J. JONES  
BOARD MEMBER: S. DUSHANEK  
BOARD MEMBER: R. IRWIN

**BETWEEN:**

**Dimension 3 Hospitality Corp. represented by Altus Group Ltd.**

**Complainant**

**-and-**

**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:** 30000540205

**MUNICIPAL ADDRESS:** Unit 1000, 5001- 19 St.

**ASSESSMENT AMOUNT:** \$2,677,900

The complaint was heard by the Central Alberta Regional Assessment Review Board on the 2<sup>nd</sup> day of July 2024, via video conference.

Appeared on behalf of the Complainant: P. Chmeleski, Altus Group Ltd.  
S. Hirji, Altus Group Ltd.

Appeared on behalf of the Respondent: C. Green, Assessor, City of Red Deer  
T. Johnson, Assessor, City of Red Deer  
A. Minhas, Assessor, City of Red Deer

**DECISION: The 2024 assessed value of the subject property is confirmed at \$2,677,900.**

**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 76-room limited-service hotel built in 2005 and located on a 1.77-acre lot. The 2024 assessment utilized the direct sales comparison approach to valuation for the land value of the subject site at \$1,512,937 per acre.

**PROCEDURAL MATTERS**

- [3] The parties did not object to the Board’s composition or to being video recorded. In addition, the Board members stated they had no bias with respect to this file.

**ISSUES**

- [4] Is the 2024 assessment of the subject property reflective of market value when considering similar land sales?
- [5] Is the subject’s assessment equitable when compared to the assessment of a similar hotel property?

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

- [6] In support of a requested reduction of the subject’s assessment to \$1,770,000, the Complainant presented a 1.5-acre land sale comparable which sold in Nov. 2020 for a unit value of \$1,000,000 per acre. The Complainant noted that this sale location had similar traffic exposure to the subject site.
- [7] The Complainant also presented an equity comparable, which was a hotel property built in 1976 with 133 rooms that had been assessed at \$3,156,100, which equates to a unit value of \$23,730 per room. The subject’s assessment equates to a unit value of \$35,236 per room.
- [8] The Complainant noted that the requested valuation of \$1,770,000 equates to a unit value of \$23,289 per room, which is supported by the equity comparable.
- [9] An alternate request was to revise the subject’s assessment to a value of \$23,730 per room or \$1,803,480.
- [10] In summary, the Complainant requested a reduction of the subject’s assessment to \$1,770,000.

**Position of the Respondent**

- [11] The Respondent outlined the mass appraisal methodology employed to determine the subject’s assessment. Hotel properties are typically valued utilizing the income approach to valuation with typical revenue and expenses developed through requests for information (RFI’s) to value groups

of similar properties. The typical revenue and expense values are stabilized over a three-year period ending on July 1, 2024.

- [12] Due to the lingering effect of COVID-19 on the first two years of revenue some hotels when valued under the income approach fall below the land value of the property. In those cases, the land value alone is assessed and valued with the direct sales comparison approach utilizing available land sales.
- [13] The Respondent outlined the methodology employed in the land value analysis, which put land sales into four size categories, 0 to 0.5 acres, 0.51 to 1.0 acres, 1.01 to 5 acres and 5 plus acres to account for diminishing returns. Influence adjustments are then applied for corner lots and traffic exposure, with the subject property receiving a 20% upward influence adjustment.
- [14] The Respondent presented eight land sales with a median unit value of \$1,253,509 per acre and a median land size of 1.5 acres, compared to the subject's assessed unit value of \$1,512,938 per acre and land size of 1.77 acres. (note: the assessed values for the subject in the table in R-1 on page 34 are incorrect). The sales ranged in size from 0.67 to 5.83 acres and in sale date from Mar. 2020 to Jan. 2023.
- [15] The Respondent presented three equity comparables of limited-service hotels built in 2005 with a median lot size of 1.5 acres and a median assessed unit value of \$36,460 per room. The subject was included in this group with a lot size of 1.77 acres and an assessed unit value of \$35,236 per room.
- [16] The Respondent critiqued the Complainant's land sale comparable noting it was located in an inferior location to the subject property.
- [17] The Respondent also critiqued the Complainant's equity comparable, noting that it was a different property type than the subject (motel vs limited service), in poor condition and significantly older than the subject property. Additionally, Trip Adviser ratings for both properties were provided to demonstrate the variance in ratings with the majority for the comparable being poor or terrible, whereas the majority for the subject were very good or excellent.
- [18] The Respondent referenced active hotel listings in the Red Deer area with an average list price of \$67,673 per room as an indication of the current market trend.
- [19] In summary, the Respondent requested that the subject's assessment be confirmed at \$2,677,900.

### **Complainant's Rebuttal**

- [20] In rebuttal, the Complainant narrowed the Respondent's land sales comparables down to four sales considered to be the most similar to the subject site with respect to location and traffic exposure. The median of these four sales was \$1,047,222 per acre compared to the subject's assessment at \$1,512,938 per acre.
- [21] Aerial views of these comparables were presented to illustrate the location comparisons.
- [22] In summary, the Complainant revised the requested valuation to \$1,853,583 based on applying the median value to the subject's size of 1.77 acres.

**BOARD FINDINGS and DECISION**

- [23] The Board placed less weight on the equity comparable presented by the Complainant as it was clearly demonstrated in the Respondent's submission that this property was significantly inferior to the subject with respect to hotel category and condition.
- [24] The Board found that the two equity comparables presented by the Respondent supported the subject's assessment at \$35,236 per room. These properties were similar to the subject with respect to property type, age, lot size and number of rooms with assessment values per room at \$45,949 and \$36,460.
- [25] The Board reviewed the land sales comparables presented by both parties and placed greatest weight on those which fell into the same size category as the subject (1.01 to 5 acres). The median value of these four comparables was \$1,500,000 per acre which supported the subject's assessment at \$1,512,938 per acre.
- [26] The Board also noted that the subject's assessed value was based on land value alone and did not include a significant value of existing improvements.
- [27] In summary, the Board found the subject's assessment to be equitable and reflective of market value.

**DECISION SUMMARY**

- [28] The Board confirmed the original assessed value at \$2,677,900.
- [29] Dated at the Central Alberta Regional Assessment Review Board, in the city of Red Deer, in the Province of Alberta this 24<sup>th</sup> day of July, 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.



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Jack Jones  
Presiding Officer

*MGA Section 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.*

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**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 (24 pages)
2. C-1	Complainant's brief (160 pages)
3. R-1	Respondent's brief (79 pages)
4. R-2	Respondent's legal brief (68 pages)
5. C-2	Complainant's rebuttal (18 pages)

**LEGISLATION****The *Municipal Government Act, RSA 2000, c M-26*, reads:**

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;

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.

(2) Where an assessment review board is jointly established,

(a) the councils must jointly designate one of the board members as chair and must jointly prescribe the chair's term of office and the remuneration and expenses, if any, payable to the chair, and

(b) the chair may delegate any of the powers, duties or functions of the chair to another board member but not to the provincial member of a panel of the 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.

s 467(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.