



CENTRAL ALBERTA REGIONAL  
**Assessment  
Review Board**

Complaint ID 0262 1853  
Roll No. 30000920025

COMPOSITE ASSESSMENT REVIEW BOARD DECISION  
HEARING DATE: JULY 22, 2024

PRESIDING OFFICER: D. MULLEN  
BOARD MEMBER: J. GRAU  
BOARD MEMBER: K. SHANNON

BETWEEN:

Altus Group Limited

Complainant

-and-

Revenue & Assessment Services  
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: 30000920025  
MUNICIPAL ADDRESS: 2804 50 AV, Red Deer, AB  
ASSESSMENT AMOUNT: \$13,393,000

The complaint was heard by the Central Alberta Assessment Review Board on the 22 day of July 2024, via videoconference.

Appeared on behalf of the Complainant: S. Roth, Agent, Altus Group Limited

Appeared on behalf of the Respondent: T. Johnson, Assessor, 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, known as South Side Plymouth Chrysler Ltd., has two components: an original 49,900 square foot (“sf”) building built in 1976 and a newer 8,094 sf building built in 2000 for a total of 57,994 sf. The site is in the South Hill subdivision also known as South Gaetz and situated on 5.57 acres of land. It is assessed using the cost approach with Marshall & Swift costing program, using occupancy codes: 303 – Automobile Showroom, Rank 3, Class S, height 16’; 528- Service Repair Garage, Rank 3, Class S, Height 22’; and 528 Service Repair Garage, Rank 3, Class S, Height 16’. The land is assessed using the sales comparison approach. The zoning is C4 COM, MAJOR ARTER. The buildings are assessed at \$2,207,522. The Land assessment is based on sales comparable approach at \$9,702,800, for a total assessment of \$13,393,000.

**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] No additional preliminary or procedural matters were raised by any party. Both parties indicated that they were prepared to proceed with the complaints.

**ISSUES:**

1. Is the assessment of the subject property too high based on equity comparables?
2. Should the Market Adjustment Factor (“MAF”) be applied to the whole subject property?

**POSITION OF THE PARTIES****Issue 1. Is the assessment of the subject property too high based on equity comparables?****Position of the Complainant**

- [6] The Complainant provided two equity comparable dealerships in Red Deer City stating that the median assessed value of both the comparables is \$162.79 per square foot (“psf”) while the subject property is assessed at \$230.94 psf. The subject property has 57,994 sf multiplied by the median assessed value \$162.79 psf determined the requested value of \$9,440,800.00.
- [7] The first comparable is Kipp Scott GMC Buick located in the Pine subdivision, has the same zoning C4 COM, and was built in 1979/2016 (recent renovations) and has 39,236 sf, and sits on 2.40 acres of land. The assessment for this property is \$4,820,200.00 or \$122.85 psf.

- [8] The second comparable is Honda Red Deer located in the Westerner Park Subdivision and has the same zoning of C4 COM, was built in 2003 and has 20,550 sf, sits on 1.50 acres of land., the occupancy codes are 303 Automobile Showroom Rank 3, Class S, height 24'; and 526 Service Garage Shed, Rank 3, Class S, Height 14'. The land was assessed at \$1,973,400. The total property assessment is \$4,165,900.00.
- [9] The Complainant opined the equity comparables brought forward are reasonable and comparable in terms of building square footage, location, land size, site coverage, zoning, building quality/condition, and year of construction.
- [10] The Complainant advised that there is only enough room for so many dealerships in Red Deer, and the city can not support more than one of each brand. For example, Red Deer can not support two Dodge dealerships. That makes this type of building a Special Purpose building, and the Complainant should be allowed to expand the scope of what is comparable. Therefore, distance to the subject does not matter because if someone wants to purchase a Dodge, they will go to the Dodge dealership – the destination - if there is only one Dodge dealership in the city.

### Position of the Respondent

- [11] The Respondent stated that equity examples fail to observe the Complainant's land size is over double their nearest equity example. Dividing the building square footage into the assessment, which is both of land and building value, the Complainant is incorrectly suggesting their property is over assessed.
- [12] The Respondent cites *Tony Prsa v The City of Edmonton*, 2013 ELARB 00099, that Board held that it was unacceptable to "simply take an average per square foot value of neighboring properties and apply that average to the subject without taking into account differing characteristics of the properties" (at para 20).
- [13] The Complainant does not address the separate cost and coded additions components in their equity request. The chart below demonstrates that by isolating the building value from the costed additions and site improvements the cost report shows that the subject is one of the lowest building values on a per square foot basis.

Name	Address	Improvem entAge	Size (sqft)	Building Value	Value per sqft	Additions Value	Total Assessment of Imp and Additions	Total Asmt Imp Additions per sqft
Wheaton Chevrolet	3110 50 AV	1965	21,450	\$602,301	\$28.08	\$284,946	\$887,247	\$41.36
Southside Dodge	2804 50 AV	1976	57,994	\$3,200,258	\$55.18	\$489,989	\$3,690,247	\$63.63
Kipp Scott	6841 50 AV	1979/2016	39,236	\$2,197,579	\$56.01	\$313,427	\$2,511,006	\$64.00
Honda Red Deer	1824 49 AV	2003	20,550	\$1,981,368	\$96.42	\$208,155	\$2,189,523	\$106.59
Mgm Ford	3010 50 AV	2012	46,281	\$6,876,727	\$148.59	\$1,355,309	\$8,232,036	\$177.87
Scott Subaru	6863 50 AV	2018	14,070	\$2,828,699	\$201.04	\$559,911	\$3,388,610	\$240.84

- [14] The Respondent opined that the newer the building, the higher the value of the building and addition value assessment refuting the Complainant's claim of inequity, as the assessment process is working for the site-specific building characteristics and how they are valued. Scott Subaru was included as it is the newest dealership to show that a 2018 year-built building is assessed much higher than older buildings.

- [15] The equity comparisons fail to account for the differences in depreciation per building element. The subject dealership has a greater component of depreciation and a lower value per square foot of space when broken down into components. Marshall & Swift inherently adjusts buildings based on size, shape, age, components to determine a final cost number. A chart showing applied depreciation identified newer buildings have much lower depreciation than older buildings. Depreciation ranging from the lowest at 5% Scott Subaru building in 2018 to Kipp Scott GMC at 64%. The subject ranged from 37% for the 2000 building portion and 76% for the 1976 building portion.
- [16] The land value was based on sales ranging from March 2020 to the most recent sale January 11, 2023. The Respondent identified the differences in land values from differing districts stating that South Gaetz, where the subject is located has a median of \$1,940,299 per acre, while the comparables have a median of about \$1,000,000 per acre. The subject is assessed at \$1,741,974 per acre.

2023 CITY OF RED DEER - LAND SALES ANALYSIS							
C4 - COMMERCIAL ZONING							
INDEX	ADDRESS	DISTRICT	LOT SIZE (A)	SALE PRICE	PRICE PER ACRE	COFT	SALE DATE
1	6845 66 ST	67 WEST	1.50	\$ 1,500,000	\$ 1,000,000	202249098	2021/06/14
2	6843 66 ST	67 WEST	1.50	\$ 1,500,000	\$ 1,000,000	212131191	2020/11/06
3	6790 50 AV	GAETZ NORTH	0.90	\$ 985,000	\$ 1,094,444	212098988	2021/04/30
4	2949 50 AV	GAETZ SOUTH	2.99	\$ 5,980,000	\$ 2,000,000	232010050	2023/01/11
5	2810 50 AV	GAETZ SOUTH	5.83	\$ 7,800,000	\$ 1,337,907	212058503	2021/03/08
6	2404 50 AV	GAETZ SOUTH	0.67	\$ 1,300,000	\$ 1,940,299	202158438	2020/08/05
7	3113 49 AV	GAETZ SOUTH	0.81	\$ 946,980	\$ 1,169,111	202047649	2020/03/02
8	3115 50 AV	GAETZ SOUTH	2.72	\$ 6,944,520	\$ 2,553,132	202047649	2020/03/02
MEDIAN			1.50	\$ 1,500,000	\$ 1,253,509		
AVERAGE			2.12	\$ 3,369,563	\$ 1,511,862		
MEDIAN SOUTH GAETZ			2.72	\$ 5,980,000	\$ 1,940,299		
AVERAGE SOUTH GAETZ			2.60	\$ 4,594,300	\$ 1,800,090		

- [17] The Complainant has used two parcels that are not comparable to the subject. Kipp Scott is located on Gaetz North, an inferior land zone, and Honda Red Deer is in Westerner, which is similar to South Gaetz, but inferior as the access to this district is limited to one access point from the City off 19 St. The southern access is through the County to the South, and this district is comprised of a total of 13 parcels.
- [18] This chart below identified land values in the North Gaetz, Westerner and South Gaetz and their respective prices per acre:

Name	Address	Land Zone	Land Zone Name	Land Size (AC)	Land Influence	Land Value	Price Per Acre
Kipp Scott	6841 50 AV	4007	North Gaetz	2.4	Exposure	2,309,200	\$962,167
Honda Red Deer	1824 49 AV	4009	Westerner	1.5	Exposure Limited Access	1,976,400	\$1,317,600
Southside Dodge	2804 50 AV	4008	South Gaetz	5.57	Corner Lot Exposure	9,702,800	\$1,741,975
Wheaton Chevrolet	3110 50 AV	4008	South Gaetz	2.38	Corner Lot Exposure	4,390,400	\$1,844,706
Mgm Ford	3010 50 AV	4008	South Gaetz	8.97	Exposure	14,076,900	\$1,569,331

- [19] In questioning the Respondent stated that although a 3-year window is most desirable for comparable sales, in cases where there are none or few, the Respondent will look back at older sales. In this case there is only one sale in January 2023, with a \$2 million per acre price. The Respondent opined that the median of 5 years sales is a more accurate market value.

- [20] Based on land alone, the requested assessment for building and land of \$9,440,800 is less than the current land assessment of \$9,702,800.

**BOARD FINDINGS and DECISION on Issue 1**

- [21] The Panel agrees with the findings by the LARB panel that taking an average per square foot value of neighboring properties and applying that average or median to the subject without taking into account differing characteristics of the properties is overly simple and incorrect. This method does not account for year of construction, effective age, remaining life, quantity, cost, physical depreciation or functional depreciation. Nor does it account for size of land, rank class or height.
- [22] The Board finds the use of a five-year window acceptable when there are limited sales.
- [23] The Panel finds the subject to be substantially larger land size, and also in a different market area. The Panel puts weight on the Respondent's land sales by location which identify that South Gaetz location has higher value to buyers than North Gaetz or Westerner Park.
- [24] The Board finds the value of the requested assessment is lower than the current land assessment. The Board is not persuaded that there is no value to the improvement and finds the request below market land value is unreasonable without supporting evidence to show land value is not assessed correctly.
- [25] The Board has been requested to consider equity alone as an indicator of market value. Equity is not a valuation methodology used to determine market value. It is a means through which it is possible to establish if a property has been treated in an equitable manner with similar properties to arrive at an estimate of market value.
- [26] The Board finds that equity does not operate separately from market value. The courts have established that assessments being compared for equitable treatment must first reflect the market value of each property. Second, the comparable properties must be similar to the subject property, meaning that the characteristics or market factors considered in assessment of those properties must be similar to those of the subject.
- [27] Simply put, to give the ratepayer the lesser of two values, there must be evidence of two values. The Board was provided no market evidence by the Complainant to determine whether or not the subject property was overvalued based on either market or equity.
- [28] The Complainant did not argue that the cost components were incorrect. The Panel put much weight on the Respondent's market comparables which determined that the subject property is assessed fairly when looking at all the components of the building and the market value of the land. Equity cannot be considered without comparing the equitable value range to the actual or market range and if no range of actual values is provided, it is not possible to see whether the equity range coincides with the market range.

**Issue 2: Should the Market Adjustment Factor (“MAF”) be applied to the whole subject property?****Position of the Complainant**

- [29] The Complainant stated that the MAF should be applied to the other portion of the subject property that does not have the MAF because to not do so is inequitable when the Rank, Class and Occupancy codes are the same.

**Position of the Respondent:**

- [30] The Respondent stated that the Complainant has not disputed the City’s calculation of individual components. Rather they are suggesting the market adjustment factor should be applied to the other building in the assessment.
- [31] The Respondent stated that in 2022 the MAF was applied to properties to account for the significant increase in the improvement value due to some software issues identified with the City’s CAMALOT software system that were applied by the vendor. This was removed in 2023. This lone adjustment factor in the subject has been left in error. This has been removed for the next year assessment value. To apply this MAF to the other section of the building would be inequitable to all the other properties in the city.

**BOARD FINDINGS and DECISION on issue 2**

- [32] The Panel finds the Complainant’s request to apply MAF to the other building is unreasonable because it did not show that the MAF was applicable to any other dealership.
- [33] The Panel finds that to apply the MAF to the other building would be inequitable to other properties in the city. The MAF was applied in error by the Respondent and will be removed for the next assessment cycle, no changes will apply this year.

**DECISION SUMMARY**

- [34] The Board finds that the current assessment is a reasonable estimate of market value for the subject and declines to change it.
- [35] Dated at the Central Alberta Regional Assessment Review Board, in the city of Red Deer, in the Province of Alberta this 9<sup>th</sup> 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.



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Dierdre Mullen  
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.*

**APPENDIX**

Documents presented at the Hearing and considered by the Board.

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