



Complaint ID 0262-1865  
Roll No. 30000344520

COMPOSITE ASSESSMENT REVIEW BOARD DECISION  
HEARING DATE: JULY 8<sup>TH</sup>, 2024

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

BETWEEN:

HCN-REVERA (ASPEN RIDGE) INC.,  
as represented by RYAN ULC

Complainant

-and-

REVENUE & ASSESSMENT  
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: 30000344520  
MUNICIPAL ADDRESS: 3100 22<sup>ND</sup> ST  
ASSESSMENT AMOUNT: \$24,561,100

The complaint was heard by the Composite Assessment Review Board on the 8<sup>th</sup> day of July 2024, via videoconference.

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

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

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

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## **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 106,420 square foot (ft<sup>2</sup>) multi-family low-rise residential apartment building, built in 2007 on 3.06 acres of land. The building is an adult lodge assessed on the cost approach using Marshall & Swift. The property is assessed at \$24,561,100.
- [3] The issues argued by the Complainant were as follows:
- I. The property is incorrectly assessed as having Complete HVAC, when it only has hot water.
  - II. The property has been improperly costed as a quality rank 3 – good, when it fits better into quality rank 2 – average.

## **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] Both parties carried forward argument and evidence from the previous file, Roll No. 30000312085.
- [8] 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**

- [9] Complainant provided exterior photographs maps of the building and its location, as well as interior photographs from the owner’s website.
- [10] Regarding the issue of HVAC coding, the Complainant provided an excerpt from Marshall & Swift indicating a complete HVAC system is intended for hospitals and science buildings. For other occupancies the appropriate HVAC system is either Warmed and Cooled Air or Chilled Water. Interior photos support the subject building has hot water heating, not air conditioning.

- [11] 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:

<b>Quality</b>	<b>Exterior Walls</b>	<b>Interior Finish</b>	<b>Mechanicals</b>	<b>HVAC</b>
<b>Low</b>	Stucco or siding	Drywall, vinyl composition	Minimum lighting & plumbing	Forced air
<b>Average</b>	Brick veneer, good stucco or siding, some trim	Plaster or drywall, acoustic tile, vinyl composition	Adequate lighting & plumbing, few extras	Hot water
<b>Good</b>	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)

- [12] 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.
- [13] Changing the quality ranking from good to average and the HVAC complete to hot water reduces the assessed value of the subject property and results in the requested assessment of \$18,658,434.
- [14] In response to questions the Complainant confirmed they had not visited the property or viewed the interior of the subject building.
- [15] 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.
- [16] 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.
- [17] 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**

- [18] In response to the issue of quality, the Respondent calculated that an average quality ranking results in a value of about \$200 per ft<sup>2</sup> for replacement cost new (excluding land). This unreasonable as it leads to an unfeasible value conclusion.

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- [19] 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 \$27,852,750 or \$261.72 per ft<sup>2</sup>.
- [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 ft<sup>2</sup> would increase from \$152 to \$159.85.
- [22] 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.
- [23] An aerial photograph of AC chillers on the subject property was submitted as evidence that the building has a cooling component. This is confirmed by the listing of "A/C in all suites" in the Included Amenities section of the owner's brochure and a 2005 H.V.A.C./Hydronic Heating Final Inspection Report for the subject building noting "HVAC system accepted"
- [24] In summary, the Respondent noted the 2015 sale of the subject property for \$27,852,750 supports the assessed value at \$24,561,100 or \$230.79 per ft<sup>2</sup> versus the Complainant's requested value of \$18,658,434. The assessed value of the building is supported by the Altus Cost Guide ranging from \$250 to \$330 per ft<sup>2</sup> for independent / supportive living residences in Calgary and Edmonton. Similarly, the 2023 Cuthbert Smith Cost Guide gives a range from \$256 to \$285 per ft<sup>2</sup> for Seniors Lifestyle Communities in the Red Deer / Sylvan Lake area.
- [25] The Respondent concluded by requesting the Board confirm the 2023 assessment at \$24,561,100

### **BOARD FINDINGS and DECISION**

- [26] 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.
- [27] Regarding the issue of the HVAC system, the Board finds Complainant's claim the subject building system is heating only is effectively countered by aerial photographs of what the Respondent described as HVAC chillers and the owner's brochure describing the units as having A/C.
- [28] 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.

- [29] Even though the 2015 sale subject property may have included business value and other considerations, the per ft<sup>2</sup> value it sold for is supported by the value ranges given by two other sources and more closely matches that of the assessed per ft<sup>2</sup> value than that requested by the Complainant.
- [30] Based on the foregoing findings, the Board concludes the 2023 assessment of subject property to be at market value.

### **DECISION SUMMARY**

- [31] The Board finds that the original assessed value is CONFIRMED.
- [32] Dated at the Central Alberta Regional Assessment Review Board, in the city of Red Deer, in the Province of Alberta this 12<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.



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](http://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) – 30 pages
3. C.2	Complainant rebuttal submission(s) – 13 pages
4. R.1	Respondent submission(s) – 71 pages