Complaint ID 0194 2115
Roll No. 030000010

COMPOSITE ASSESSMENT REVIEW BOARD DECISION
HEARING DATE: October 8, 2025

PRESIDING OFFICER: J. Dawson
BOARD MEMBER: T. Handley
BOARD MEMBER: D. Wielinga

BETWEEN:

Lacombe Investment Inc.

Complainant

-and-

Wild Rose Assessment Services Inc.
For the City of Lacombe

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 Lacombe as follows:

ROLL NUMBER:	030000010
MUNICIPAL ADDRESS:	5001 52 Street, Lacombe, Alberta
ASSESSMENT AMOUNT:	$3,035,000

The complaint was heard by the Composite Assessment Review Board on the 8th day of October 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: J. Sihota, Lacombe Investment Inc.

Appeared on behalf of the Respondent: K. Waters, Wild Rose Assessment Services Inc.

DECISION: The assessed value of the subject property requires No Change.

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 two story multi tenant commercial building built in 1959 (one story portion ~4686 square feet) and 1978 (two story portion ~24,092 square feet). It is comprised of a total of 28,778 square feet. The assessment is prepared using the income approach to value.

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.

POSITION OF THE PARTIES

Position of the Complainant

[6] The Complainant did not disclose any information during the disclosure process.

[7] The Complainant stated on its complaint form that the majority of the second floor is vacant, overall, 40% of the building is not rented and is not generating revenue. The non-rented space needs to be renovated.

[8] At the hearing the Complainant acknowledged his lack of familiarity with the assessment process and admitted that he might need to hire some representation in the future.

[9] The Complainant also argued that the value of his property, with the current conditions and vacancy is $2,800,000.

Position of the Respondent

[10] The Respondent presented the subject property with the assessment summary report, maps, and aerial and street level photographs.

[11] The Respondent reviewed the approaches to value used in assessments arriving at the income approach for the subject property based on the income-producing potential of the property. Emphasizing that adequate revenue, expense, and vacancy data are necessary to reliably develop the income approach and ensure equity.

[12] The Respondent argued that in this instance, the Request for Information (RFI) is necessary to measure market value and equitably apply assessments. The RFI request sent on July 29, 2024, defined income information specific to the subject property. Market value will be impacted through the RFI, be it positive or negative.

[13] The Respondent added that the Complainant has not returned an RFI since 2020.

[14] The Respondent explained that the applied lease rates for the subject property are:

- Convenience-store/Liquor, fair-average $16 per square foot,
- Restaurant, fair to average $16 per square foot,
- Retail / Office, average $12 per square foot, and
- Upper retail/ office, average to good $10 per square foot.

[15] The Respondent used the area held on record multiplied by the applied rates to calculate a potential gross income (PGI) of $351,938.

[16] The Respondent presented a vacancy study it conducted showing known vacancy of 46,860 square feet with a total inventory of 750,516 square feet, creating a calculated vacancy of 6.24%. The subject property was conservatively assessed with an above average 15% vacancy rate.

[17] The Respondent added that the effective gross income (EGI), is calculated when vacancy is removed. Normally, market leases are net, meaning that all costs are recovered and paid by the tenants. The typical operating costs calculated by the Respondent, are $10 per square foot. However, there are some charges that cannot be charged back to the tenants, and it has assessed a 1% value for the non-recoverable expenses.

[18] The Respondent explained that the net operating income (NOI) is found when the EGI has typical operating cost, non-recoverable expenses, and reserves for replacement deducted. The NOI calculated for the subject property is $250,401.

[19] The Respondent provided 3 sales to support its applied capitalization rate, the three sales showed capitalization rates of 8.44%, 3.74%, and 6.03%. The assessed capitalization rate is 8.25%. The NOI is divided by the assessed capitalization rate to arrive at the final assessment, which for the subject property is a truncated $3,035,000.

[20] The Respondent asserted, that due to the importance of the RFI information to create an accurate assessment, that he is recommending dismissal of the complaint.

BOARD FINDINGS and DECISION

[21] The Board finds that the Complainant failed to disclose any information to help determine the value of the assessed property. The only information useful is the subject property vacancy rate; however, the assessment is based on typical vacancy, not actual vacancy. The Respondent applied a 15% vacancy rate on the subject property with a known typical vacancy rate of 6.24%. The Board finds that a 15% vacancy rate is appropriate for the subject property.

[22] The Board finds no evidence from either party to determine the condition of the subject property. The Complainant indicated that all non-rented space requires renovations, and the Respondent used fair to average condition in the categorization of the subject property spaces. The Board finds the assessed condition of spaces, fair to average condition, is appropriate for the subject property.

[23] The Board finds that the assessed rental rates are acceptable without any evidence from the Complainant that the rental rates are unreasonable.

[24] The Board has no evidence from the Complainant to dispel the assessed typical expense rate and non-recoverable expense ratios.

[25] The Board finds that the assessment was created in a correct, fair and equitable manner and makes no change to the assessment value.

DECISION SUMMARY

[26] The assessed value of the subject property requires No Change.

[27] Dated at the Central Alberta Regional Assessment Review Board, in the city of Red Deer, in the Province of Alberta this 3rd day of November, 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 0194-2115

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:

EXHIBIT NO.	ITEM	PAGES
A.1	Hearing Materials	6
R.1	Respondent Submissions	71

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.