



CENTRAL ALBERTA REGIONAL
**Assessment
Review Board**

Complaint ID 0262 2074
Roll No. 30000933055

COMPOSITE ASSESSMENT REVIEW BOARD DECISION
HEARING DATE: August 25 and 26, 2025

PRESIDING OFFICER: J. Dawson
BOARD MEMBER: K. Shannon
BOARD MEMBER: D. Wielinga

BETWEEN:

Peacock Inn Ltd. (as represented by Northern Property Tax Advisors)

Complainant

-and-

Assessment Unit
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: 30000933055
MUNICIPAL ADDRESS: 3421 50 Avenue
ASSESSMENT AMOUNT: \$1,954,600

The complaint was heard by the Composite Assessment Review Board on the 25th and 26th days of August 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: A. Izard, Northern Property Tax Advisors

Appeared on behalf of the Respondent: S. Gill, City of Red Deer
T. Johnson, City of Red Deer

DECISION: The assessed value of the subject property is Changed to \$1,550,000.

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 a free-standing fast-food restaurant with a drive-thru, located along a service road facing Gaetz Avenue, south of 35th Street. The 3,644 square foot building was originally built in 1978 with several renovations including on the valuation year. There is a 2,308 square foot basement. The assessment is prepared using the income approach.
- [3] The subject property at one time was a fast-food restaurant in the front with an office in the back which managed real estate and other holdings including the fast-food restaurant on site. The office use has moved to a new location, and the subject property owner has sold the restaurant and acts solely as the landlord now.

PRELIMINARY MATTERS

- [4] The Presiding Officer confirmed that no Board Member raised any conflicts of interest with regard to matters before them.
- [5] Neither party raised any objection to the panel hearing the complaint.
- [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 reviewed the hearing notice, agent authorization, grounds for complaint, assessment summary, assessment notice, and aerial, exterior, and interior photographs.
- [8] The Complainant began by addressing the allocation of area within the subject property. The owner at one time operated the fast-food restaurant in the front and their head office operations in an office portion in the back. The owner has since moved their office use to a new location and sold the restaurant and now acts as a landlord. The basement storage and old office portion are now surplus space for the restaurant operation and is unique in the municipality. The primary issue is the assessment of the surplus and obsolete office space. The Respondent has recognized that for the 2,308 square foot basement portion but, despite a previous board decision, fails to recognize it for the 394 square foot owner storage area on the main floor.
- [9] The Complainant referenced emails with the property owner, about the old office (now storage space) that is not part of the fast-food restaurant space at the property. The emails and the Complainant suggest that the tenant does not have access to this space.

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- [10] The Complainant referenced drawings, photos, and the Board decision from last year, related to the area allocated for owner storage of 394 square feet, and requested a \$1 per square foot value for this space, the same treatment as the subject property basement area, which is assessed at \$1 per square foot.
- [11] The Complainant included examples of properties in the municipality that received nominal rental rate assessments for storage space. Of all the examples, one appeared to have the nominal rental rate deducted from the main space assessed rent, where the main space and nominal rent added up to the actual leased rate (a coincidence according to the Respondent).
- [12] The Complainant argued that, according to the assessment, the subject property is one of the most valuable fast-food restaurants in the municipality at \$536 per square foot (based on the total main floor area). The subject property achieves a rental rate similar to the requested \$33.25 per square foot only for the space used by the tenant, not the assessed rate of \$38 per square foot for the entire main floor.
- [13] The Complainant reviewed eight leases (one is the subject property) to illustrate that typical market rent should be \$33.25 per square foot, with a median of \$33.14, a mean of \$33.25, and a weighted mean of \$32.87 per square foot. None of the examples are assessed for additional storage space outside of the main floor tenant allocated space.
- [14] The Complainant argued that there is an inequity with the subject property assessment. It recalculated six additional comparable property assessments using a common 5% vacancy rate to demonstrate that the actual derived rental rate mean and weighted mean are \$35.50 per square foot, and not the \$38 shown on the assessment details. Additionally, the Complainant alleged that the Respondent is mixing variables between the different assessment classes to derive a typical rental value for fast-food restaurants and then applying different vacancy, which raises the assessment of the subject property because it has the lowest vacancy rate. The inequity leads to the subject property value (based on the total main floor area) exceeding that of all other fast-food restaurants in the municipality by about 6.3%.
- [15] The Complainant provided extensive argument that referenced decisions (approximately 30) that speak to Fairness and Equity, Onus of Proof, Disclosure, and interpretation of sections from the MGA, MRAC and MRAT.
- [16] In Rebuttal, the Complainant referenced the C4 LUD pointing out the large commercial development characteristics along Gaetz Avenue and 67th Street, comparable to the subject property along Gaetz Avenue.
- [17] The Complainant explained that the storage space in question was never built for, or used as space for, the fast-food restaurant, and that ought to be apparent to the Respondent from their inspections and reviews of the file.
- [18] The Complainant contradicted statements from the Respondent regarding lack of evidence regarding the market rate for the storage space saying it has three examples within evidence, including the subject property, explaining that the subject property situation is unique because it is more than a freestanding fast-food restaurant, as it previously contained the head office for the Complainant. The restaurant portion is now sold, and the head office is now located at a different

location, making this space obsolete and used as owner storage for files and items not required for the operation of the restaurant.

- [19] The Complainant argued that the items in the storage room that appear to be related to a beverage system are not owned by or accessible to the restaurant.
- [20] The Complainant asked the Board to confirm the space allocations from decision 2024 CARB 0262 1873, which is the decision from last year for the subject property, where the Board set the restaurant space at 3250 square feet and the owner's storage at 394 square feet with a nominal \$1 per square foot value.
- [21] The Complainant provided excerpts from a warehouse valuation guide to demonstrate a method to consider obsolescence due to the unique circumstances within the subject property.
- [22] The Complainant disclosed excerpts of a lease pertaining to space it argued is for a fast-food restaurant and not a pad lease as presented by the Respondent.
- [23] The Complainant pointed out that the 3-year fast-food lease rate analysis presented by the Respondent was in error on line #10 with space allocation and rental rate different than what the landlord presented to the Respondent, throwing the validity of the analysis into question.
- [24] The Complainant argued that the lease on line #8 for a freestanding fast-food restaurant at \$24.78 per square foot apparently has storage space like the subject property, yet the details were not altered as was done for the subject property reporting.
- [25] The Complainant demonstrated that the lease on line #7 is for one year and not typically relied upon for analysis and should be excluded.
- [26] The Complainant presented that lines #2, #3, #5, and #10 are in its analysis (except for the errors on line #10), to validate the use of the comparable leases to derive its \$33.25 per square foot request.
- [27] The Complainant argued that the lease information for lines #1, #6, and #9 have not been disclosed, citing that because the data cannot be verified, the heavy redactions of other lease information, and the numerous errors, the analysis should be given no weight by the Board.
- [28] The Complainant re-presented the Respondent's lease analysis, removing the three leases without disclosed details, the one *post facto* lease, and the one-year lease, resulting in a median of \$33.14, an average of \$34.68, and a weighted average of \$34.26 per square foot. When put into context with its analysis arriving at \$33.25 per square foot, then the Board should place greater reliance on the Complainant's analysis.
- [29] The Complainant refuted the evidence of the subject property transfer of ownership. First, it was not an arm's length transaction as the parties were related. Second, the numbers for the transfer were provided by an accountant for bookkeeping and tax planning purposes and are not market value. Third, the purpose of the transfer was to amalgamate three companies into one entity. Accordingly, zero weight can be given to this evidence.

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- [30] The Complainant also took issue with a reported nearby fast-food restaurant sale. It involved three parcels (a hotel, the fast-food restaurant, and a vacant parcel). This site despite being relatively close to the subject property, has a superior land use designation, is much newer with a construction date of 2004, and it arguably is in the best location in the entire city with all traffic going north to south or south to north on the main corridor of Gaetz Avenue having to pass the site. The restaurant has two drive through cues instead of one, it does not have a service road to access the property, and there is a convenient turn around spot if you happened to miss the turn the first time. The Complainant argued that it was not comparable at all to the subject property.
- [31] The Complainant argued that the Respondent's claim of not providing information on how the assessment is prepared based on the Freedom of Information and Protection of Privacy Act (FOIP) is not valid, there are mechanisms in place to protect privacy if necessary and FOIP is expressly exempted within the MGA.
- [32] The Complainant concluded with a request for \$1,524,700 based on \$33.25 per square foot for 3250 square feet of fast-food restaurant and \$1 per square foot for 394 square feet of storage space. An alternative request, based on equity alone, was provided at \$35.50 per square foot for the 3250 square feet of fast-food restaurant space and \$1 per square foot for 394 square feet of storage space, arriving at an alternative value of \$1,629,400.

Position of the Respondent

- [33] The Respondent presented the subject property with the assessment summary, the income calculation, a map, aerial photographs, exterior photographs from 1983 through 2025 depicting the changes that have occurred over the years, and some recent interior pictures.
- [34] The Respondent also submitted an extensive legal brief and additional information that referenced over 130 decisions and authorities. A list too long to include in this brief decision. The Respondent referred to a handful of them during the hearing.
- [35] The Respondent stated the first issue is the assessed area; the Complainant is requesting an allocation of 394 square feet for owner's storage space at an assessed rate of \$1 per square foot.
- [36] The Respondent argued the overall area of the subject property is 3,644 square feet: however, the Complainant requests that 394 square feet be considered a separate storage area within a stand-alone fast-food restaurant.
- [37] The Respondent pointed out that this stand-alone fast-food restaurant has utilized the entire property in the past. All Stand-alone fast-food buildings have storage spaces, but they are not assessed separately. Additionally, the request is based on property specific information and an arbitrary use of the 394 square feet for owner's storage. Adding that there is no market or equity data provided to support the request of \$1 per square foot for the 394 square foot space.
- [38] The Respondent inspected the subject property in 2025 and provided a photo of the storage space which appeared to have a small portion with beverage equipment that is used in the everyday operations of the fast-food restaurant.

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- [39] The Respondent explained that the second issue is relates to the fast-food restaurant rental rate. The Complainant is requesting \$33.25 per square foot.
- [40] The Respondent's position on market rental rate is, that all stand-alone fast-food restaurant spaces have been assessed for \$38 per square foot based on a comprehensive analysis of market leasing of similar properties within the municipality.
- [41] The Respondent provided comments on the leases included in the Complainant's analysis:
1. The first lease reported at 3020 22nd Street is a predetermined step-up lease which came into effect on October 1, 2023, but set with a previous lease agreement, so it should be excluded.
 2. The third lease reported at 3020 22nd Street is a land pad lease and not for the building. It should be excluded.
 3. The sixth lease reported at 3321 50th Avenue and the seventh lease at 90 Thorburn Avenue are drive-through fast-food restaurants located in a commercial retail unit (CRU) space. Explaining that there is a difference in rent commanded by CRU's and free-standing unit (FSU). Generally, FSU's command a slightly higher rent as they offer higher visibility and exposure, better control over signage, with convenient and designated parking, etc. A CRU should not be included in the analysis of FSU fast-food restaurant. And,
 4. The remaining four leases are included in the Respondent's analysis.
- [42] The Respondent mentioned that the Complainant's analysis is missing a key lease of a fast-food restaurant signed on the same date as the subject property with the same parties involved for \$60 per square foot.
- [43] The Respondent provided a comprehensive market analysis of recently signed leases for comparable stand-alone fast-food restaurants which it argued supported the application of the \$38 per square foot rental rate.
- [44] The Respondent included a *post facto* lease to support the \$38 per square foot rate for the subject property.
- [45] The Respondent argued that it has implemented a consistent and legislatively compliant methodology for property assessments. All stand-alone fast-food restaurants have been assessed using market-derived rental rates and all comparable properties have been assessed equitably.
- [46] The third issue is in regard to the equitable value per square foot of a stand-alone fast-food restaurant and whether it should be valued at no higher than \$500 per square foot.
- [47] The Respondent explained that the Complainant has provided analysis of five fast-food restaurants; however, none of them are considered a stand-alone fast-food restaurant property but rather a stand-alone fast-food restaurant 'building' within a larger shopping centre or a power centre. Explaining that the Complainant has calculated out a value per square foot of a building and compared it to a stand-alone fast-food restaurant property.

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- A. In the first example, it is assessed with a 10% vacancy allowance since it's a multi-tenanted property and all quality 10 retail strip are assessed with 10% vacancy allowance.
 - B. The second example is a stand-alone fast-food restaurant that is part of a power centre. The shopping centre includes several different tenant spaces including a grocery store, a bank, a liquor store, a fast-food restaurant and a lube shop. The vacancy and operating cost inputs are for shopping centres and are derived from a different stratification than the subject property.
 - C. The third example is a stand-alone fast-food restaurant from a retail strip. A quality 2 retail strip is assessed with a 15% vacancy allowance since it's a multi-tenanted property and all quality 2 retail strip are assessed with 15% vacancy allowance.
 - D. The fourth example is a stand-alone fast-food restaurant from a retail strip. A quality 11 retail strip is assessed with a 10% vacancy allowance since it's a multi-tenanted property and all quality 11 retail strips are assessed with 10% vacancy allowance.
 - E. The fifth example is a stand-alone fast-food restaurant from a power centre. Power centres are assessed with a 7% vacancy allowance since they are a multi-tenanted property, and all power centres are assessed with 7% vacancy allowance.
- [48] The Respondent provided two equity examples to show free-standing fast-food restaurant properties get the same rental rate of \$38 per square foot and same vacancy allowance of 5% and arrive at a per square foot range similar to \$536 per square foot.
- [49] In Addendums, the Respondent included:
- A. Subject property title information,
 - B. Rental rate support,
 - C. Sale documents - 100 4217 50 Avenue
 - D. Subject property size support documents with a 2024 demolition permit showing an area of 339 meters square or 3,649 square feet. And a 2024 renovation plan cover sheet showing 339.2 meters square or 3,651 square feet.
 - E. 3 5111 22 Street information
 - F. Subject property renovation and addition permits
 - G. Subject property 2024 CARB decision
 - H. Lease comparable properties detail
- [50] The Respondent opined that the evidence in its brief demonstrated the fairness of the assessed value and asked that the Board confirm the assessment as being fair and equitable.

BOARD FINDINGS and DECISION

- [51] The Board acknowledges the purpose of assessment is to provide a fair and equitable means to distribute the tax burden to all taxpayers, as described in ***Jonas v. Gilbert, (1881 5 SCR 356)***:

“Unless the legislative authority otherwise ordains, everybody having property or doing business in the country is entitled to assume that taxation shall be fair and equal, and that no one class of individuals, or one species of property, shall be unequally or unduly assessed.”

- [52] It seems too often that both complainants and respondents have evolved to a point that each are minimizing the actual evidentiary information that they share and maximizing their list of prior decisions – over 150 decisions were referenced by both parties during this hearing alone and neither party provided an abundance of income supporting evidence.

- [53] The Board finds that the Complainant has the onus to show that its assessment may have a problem as described here in ***1544560 Alberta Ltd v Edmonton (City), (2015 ABQB 520)***:

“[65] 1. There is an evidentiary onus on the complainant to raise a prima facie case on the market value of the Property. If it does so, the evidentiary burden shifts to the municipality to provide evidence supporting its assessment of market value.

- [54] The Board finds that the Complaint met onus by establishing its perceived unfairness of their assessment compared to other assessments that it competes with. It is not necessary or important that they are assessed in a different manner. Once onus is met, it is incumbent on the Respondent to provide clear and irrefutable evidence to show that the assessment is correct.

- [55] The Board finds that the Complainant provided sufficient information to cast doubt on the accuracy of the assessment of the subject property. Specifically, the Complainant:

- Provided five equity comparable properties, which required the Respondent to respond with its own equity comparable properties to demonstrate that the assessment was equitable.
- Submitted eight comparable properties showing a mean rental rate of \$33.25 per square foot, thereby requiring the Respondent to rebut that information.
- Raised doubt on the status of the 394 square foot storage room, whether it should be considered part of the fast-food space or as the owner’s storage, again requiring a thorough response from the Respondent.

- [56] This *prima facie* case requires the Respondent to respond with sufficient evidence to support the assessment.

- [57] The Respondent provided many pages and lengthy explanations of how their assessments are created and are correct, fair and equitable. And how the Complainant’s analysis is flawed.

- [58] The Board will not repeat the error identified in ***Costco Wholesale Canada Ltd. v City of Medicine Hat, (2022 ABQB 129)*** where the Court stated:

“[73] The failure of the Majority to grapple with the City’s evidence regarding how the 4% was developed, amounts to a lack of justification on a critical issue, and is unreasonable. The deference afforded to the City’s methodology without justification, when this methodology was in issue, also contributes to the unreasonableness of the Decision”

[59] The Board finds that the Respondent failed to support their theories, and analysis. On the equity issue the Respondent argued that free-standing fast-food restaurants that look very similar to the subject property are assessed differently, therefore enjoy the benefits of higher vacancy allowance, rental rate or other inputs to the income approach. The Respondent provided:

1. A snippet of an income detail report for 2502 50 Avenue with 5931 square feet showing a value per square foot of \$322 with a note affixed saying that its \$546.60 per square foot if you only calculate the restaurant. There is no disclosure on the; age, photographs, aerial, map, accessibility, etc. to ascertain the comparability. Furthermore, the value per square foot displayed on the subject property shows \$536 when these two properties have similar attributes with retail lower. How is one to understand that these properties are assessed similarly. Additionally, this comparable property has significantly more area than the subject property or any of the comparable properties within the Respondent’s lease analysis.
2. A screenshot of an income detail report for 6620 Orr Drive with 2906 square feet and a value of \$534 per square foot. There is no disclosure on the; age, photographs, aerial, map, accessibility, etc. to ascertain the comparability.

[60] The Board finds no equity chart or information to know if the two examples are the only other free-standing fast-food restaurants assessed in the same manner. There is no analysis to demonstrate that 5% is the correct vacancy rate, there is just dialogue saying that the five examples that look like the subject are not assessed the same way, so they get the benefit of a 7 to 15% vacancy allowance despite three of the five being direct nearby competitors. Its worth repeating:

“Unless the legislative authority otherwise ordains, everybody having property or doing business in the country is entitled to assume that taxation shall be fair and equal, and that no one class of individuals, or one species of property, shall be unequally or unduly assessed.”

[61] On the second issue, the Respondent included a chart with eleven comparable leases and in the addendum B it supplied nine small excerpts from rent rolls and assessment request for information responses, that are heavily redacted.

1. The first one shows a lease for 2293 square feet dated December 20, 2024, for a base rent of \$38.00 per square foot. All other details are redacted. It appears to align with lease 11 in the Respondent’s table. There is no information from the Respondent to ascertain the comparability; location, condition, quality, accessibility, etc. The lease is considered post facto for the 2025 assessment and not provided weight by the Board.
2. The second item shows a blurry document that is for 3,250 square feet signed October 1, 2023, at a base rental rate of \$33.27 per square foot, with \$9,011.89 overall monthly base rent. All other details are redacted. The lease table provided by the Respondent does not show a lease with the same parameters. Lease 10 is signed on the same date but reports 3,626 square feet at \$30.78 per square foot (equating to \$9,300.69 overall monthly base rent). The Complainant

surmised that it is the subject property lease, which was not denied by the Respondent. No explanation on why the lease area, the base rental rate and the overall monthly base rent is different than reported on the RFI. The Board accepts the lease as reported on the assessment request for information at the value reported by the Complainant of \$33.47 per square foot.

3. The third record, also blurry, appears to be 3632 square feet, signed on December 1, 2023, at a base rent of \$24.78 per square foot. All other details are redacted. It appears to align with lease 8 in the Respondent's table. There is no information from the Respondent to ascertain the comparability; location, condition, quality, accessibility, etc. With the significant redactions, the Board placed some weight on the evidence.
4. The fourth excerpt shows a lease start date of January 1, 2024, for "ALL" the square footage. It appears to be a one-year lease with a base monthly rental rate of \$9,500 per month. All other details are redacted. The Complainant believes it aligns with lease 7 in the Respondent's table. The Respondent did not deny it. The area displayed on the table is 2896 square feet multiplied by the reported \$39.36 per square foot arrives at a base monthly rent of \$9,498.88 per month. There is no information from the Respondent to ascertain the comparability; location, condition, quality, accessibility, etc. With the significant redactions, and the one-year term being atypical, the Board placed no weight on the evidence.
5. The fifth sample shows a lease start date of August 27, 2006, for 1600 square feet at a base rent of \$32.00 per square foot. All other details are redacted. It appears to be a pre-arranged step-up rather than a new lease. It appears to align with lease 5 in the Respondent's table, which is reported to have been signed on September 1, 2021. The Complainant is also reporting a lease start of September 1, 2021. There is no information from the Respondent to ascertain the comparability; location, condition, quality, accessibility, etc. The lease being signed 18 years before the valuation date with pre-determined step-ups has very little bearing on the current market. The lease is considered dated for the 2025 assessment; however, the Complainant is also reporting this as a recent lease, so greater weight is being placed on this evidence by the Board.
6. The sixth item shows a lease start date of December 10, 2010, for 2815 square feet at a base rent of \$52.00 per square foot (\$12,198.33 calculated monthly base rent). All other details are redacted. It appears to be a pre-arranged step-up rather than a new lease. It appears to align with lease 6 in the Respondent's table that is reported as signed on July 1, 2024, for 2906 square feet for \$50.37 per square foot (\$12,197.94 calculated monthly base rent). There is no information from the Respondent to ascertain the comparability; location, condition, quality, accessibility, etc. No explanation on why the lease area, and the base rental rate are different than reported on the RFI. These inconsistencies make it very difficult for anyone to understand how their assessment is created. The lease being signed 14 years before the valuation date with pre-determined step-ups has very little bearing on the current market. The lease is considered dated for the 2025 assessment and provided no weight by the Board.
7. The seventh record, blurry, appears to be 2611 square feet, signed on September 9, 2002, at a base rent of \$33.00 per square foot. All other details are redacted. It appears to align with lease 3 in the Respondent's table which reports a lease start date of September 1, 2022. It appears to be a pre-arranged step-up rather than a new lease. The Complainant has it in their table with a start date of September 9, 2022. There is no information from the Respondent to

ascertain the comparability; location, condition, quality, accessibility, etc. With the significant redactions, and the lease being signed 22 years before the valuation date with pre-determined step-ups has very little bearing on the current market. The lease is considered dated for the 2025 assessment; however, the Complainant is also reporting this as a recent lease, so greater weight is being placed on this evidence by the Board.

8. The eighth excerpt shows a lease start date of January 1, 2022, for 2213 square feet, at a base rent of \$47.00 per square foot. It appears to align with lease 4 in the Respondents table. There is no information from the Respondent to ascertain the comparability; location, condition, quality, accessibility, etc. The Board accepts the lease with some weight.
9. The ninth sample shows a lease start date of February 16, 2023, for 1832 square feet at a base rent of \$38.00 per square foot. All other details are redacted. It appears to align with lease 2 in the Respondents table. There is no information from the Respondent to ascertain the comparability; location, condition, quality, accessibility, etc. The Board accepts the lease with greater weight.
10. The Board found no supporting evidence for the Respondent's table for lease 1. While lease 9 was argued to have been signed on the same date by the same parties as the subject property and the Complainant should be aware of it. The Board placed no weight on these two leases because it has no discernible information to support them.

[62] The Board combined the accepted four leases used by both parties at face value:

1. 1832 square feet at \$38.00
2. 2611 square feet at \$33.00
3. 1600 square feet at \$32.00
4. 3250 square feet at \$33.27

The median is \$32.50 per square foot

The mean is \$34.07 per square foot

The weighted mean is \$ 33.91 per square foot.

[63] The Board finds the two leases with less than full weight with \$47.00 per square foot and \$24.78 per square foot arrive at a mean and median of \$35.89 per square foot and a weighted mean of \$33.19 per square foot.

[64] The Board finds the predominate evidence supports a value closer to the request of the Complainant at \$33.25 per square foot than the \$38.00 per square foot assessed by the Respondent. The Board sets the value of \$34.00 per square foot to the 3250 square feet fast-food restaurant space as being most supportable by the evidence.

[65] On the final issue, the Board must consider what the space is, and what it is worth to a willing buyer and a willing seller. While no sale is before us, there is a reported lease of 3250 square feet within

a building containing 3644 square feet. A willing seller can be considered the Complainant and landlord, who offered up the 3644 square feet to what can be considered a willing buyer, the lessor. Apparently, the parties agreed that 3250 square feet is the only space the lessor needs, and the landlord, accepted a lease based on that useable area. While, they could have sealed off the remaining space completely with no operating doors, a reasonable landlord instead decided to use it for file and decorations storage, a practical use of surplus space. Obviously, if the restaurant operator or any other prospective tenant would pay rent for the space, the landlord would empty it out and collect the rent.

- [66] The Board finds that the restaurant operator has no need for the additional space. It is not reported as leased to the restaurant, and it does not appear to be used primarily for the restaurant operations; therefore, the Board finds it reasonable to assign the 394 square feet to owner's storage in the same manner as the Board determined in CARB 0262 1873 involving the same parties.
- [67] The Board finds there are only two alternative rental values that could be assigned to the 394 square foot obsolete space: \$38.00 per square foot as fast-food restaurant space, or \$1.00 per square foot as storage. While the Board acknowledges that both values are on the extreme outskirts of its actual value, the Board accepts the \$1.00 per square foot as being closer to the value to the owner, and more reflective of what the actual value likely received in an open market transaction. Without significant renovations, the space cannot be easily incorporated into usable space for the restaurant operations and is best considered as obsolete because it no longer serves the purpose it was constructed for. Typically, fast-food restaurants do not have obsolete space, but this restaurant is atypical and does not fit the mold it is being squeezed into.

DECISION SUMMARY

- [68] The assessed value of the subject property is Changed to \$1,550,000.
- [69] Dated at the Central Alberta Regional Assessment Review Board, in the city of Red Deer, in the Province of Alberta this 2nd day of October 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 0262-2074

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	53
C.1	Complainant Submissions	260
C.2	Complainant Rebuttal	139
R.1	Respondent Submissions	117
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.

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- (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,