



CENTRAL ALBERTA REGIONAL
**Assessment
Review Board**

Complaint ID 0262 2075
Roll No. 30002332050

COMPOSITE ASSESSMENT REVIEW BOARD DECISION
HEARING DATE: August 28, 2025

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

BETWEEN:

Developments 2 Inc. (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: 30002332050
MUNICIPAL ADDRESS: 100 500 Timberlands Drive
ASSESSMENT AMOUNT: \$1,668,100

The complaint was heard by the Composite Assessment Review Board on the 28th day 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 \$1,518,600.

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 restaurant within a neighbourhood centre, located along and facing 30th Avenue, south of 67th Street. The 4,115 square foot building was originally built in 2017 with branding changes. There is no basement. The assessment is prepared using the income approach.

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] Both parties requested that all previously disclosed information, arguments, questions and answers be brought forward from hearings of complaint IDs 0262 2074, 0262 2073, 0262 2072, and 0262 2087 involving the same parties and panel.
- [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 explained the history of the property, and the work needed to secure a new tenant, the 3rd since the property was constructed in 2017.
- [9] The Complainant provided the lease at \$25 per square foot for the previous restaurant at the subject property, and the collection losses that resulted with the tenant vacating three years earlier than their term expiry.
- [10] The Complainant requested that the market rental rate be changed to \$25.50 per square foot as being the best indicator of value for this property between two parties in the valuation year.
- [11] The Complainant reviewed their collection loss issue, to demonstrate that the subject property’s shopping centre, as well as similar properties on the east side of 30th Avenue, have experienced high turnover, and collection loss issues since being constructed. More than other properties in Red Deer.

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- [12] The Complainant included a recent CARB decision, 2021 ABCGYARB 2163529, regarding the application and calculation of collection loss.
- [13] The Complainant referred to a recent excerpt from a disclosure document (for a different property), wherein the Respondent acknowledged its position; "Collection loss is not a separate input in the City of Red Deer's methodology. The City applies 2% non-recoverable allowance to cover the typical non-recoverables at a property." (Dated September 16, 2024, for 6130 67 Street).
- [14] The Complainant provided definitions for Vacancy and Collection Loss Rate and Non-Recoverable Allowance, from the City of Calgary – Assessment Business Unit publication '2024 Property Assessment Retail Market Trends', from the Appraisal Institute of Canada, from the International Association of Assessing Officers, and from the Sauder School of Business – Real Estate Division.
- [15] The Complainant presented paragraphs 32 through 34 of a decision from the Board (2024 CARARB 0262 1885):
- [32] The Board finds that the evidence provided by the Complainant from several reliable assessment textbooks and training materials clearly identifies that collection loss is a consideration in the formation of a vacancy rate.
- [33] The Board finds that the Respondent admitted that it does not collect information on collection loss information, and it is not considered in the formation of their vacancy rate.
- [34] The Board finds that the Respondent has failed to collect information on collection loss, and therefore failed to account for it in the vacancy rate...
- [16] The Complainant explained the process of collection loss being applied as a part of the vacancy allowance. Collectively they are referred to as vacancy and collection loss allowances. Arguing that the Respondent does not collect information on this, does not request that information from owners for loss in income attributed to tax clauses, early termination, delinquency, bankruptcy, or other matters which impact the income analysis of properties. In short, the Respondent does not address this issue in any way shape or form. The Complainant provided a detailed account of the hundreds of thousands in collection loss from multiple tenancies. These details of collection loss impact on the value of the property that must be considered.
- [17] 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.

Position of the Respondent

- [18] The Respondent presented the subject property with the assessment summary, the income calculation, a map, aerial photographs, and exterior photographs.
- [19] 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.

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- [20] The Respondent stated the first issue is whether an additional 5% vacancy and 'collection loss' allowance should be applied to the subject property to account for 'collection loss' at three neighborhood shopping centres. However, it is The Respondent's position that vacancy allowances are derived using typical market inputs that are based on a survey of other similar neighborhood shopping centres. This ensures consistency, equity, and compliance with legislated mass appraisal standards.
- [21] The Respondent disclosed a document specifically on collection loss and its efforts to collect that information going forward as a result of previous Board decisions. The document demonstrated the change in the form and showed a few samples of responses received so far, which is not the entirety of the inventory; however, the Respondent argued that early analysis clearly shows that collection loss is not a systemic issue in the shopping centers.
- [22] The Respondent explained that the Complainant has not provided any evidence addressing how collection loss is indeed bad debts, not rent arrears or deferrals. It has been confirmed that these collection losses are deferrals and rent arrears, not bad debts. The Complainant has not provided any evidence why the collection loss at different properties impacts the subject property. As per the lease amendment of the previous tenant at the subject property, all deferred rent was to be repaid as part of the amending agreement.
- [23] The Respondent indicated that it has applied a 5% vacancy allowance to the subject property and all comparable properties. If the actual vacancy was assessed for these area shopping centers, the vacancy for 2024 would have been just 1.5%.
- [24] The Respondent presented that applying an additional 5% vacancy and collection loss adjustment would constitute a departure from mass appraisal principles. This would result in a mixing of methodologies, introducing inconsistency and ultimately leading to inaccurate and inequitable valuations.
- [25] The Respondent argued that applying an allowance for 'collection loss' to the subject property would result in blatant inequity to assessments of all the other properties within the same shopping centre including the neighborhood shopping centre stratification.
- [26] The Respondent indicated that the Complainant's second issue within its disclosure evidence raises the issue of whether the rental rate of \$29 per square foot applied to the subject property assessment should be reduced to \$25.50 per square foot based on the actual rent of the subject property.
- [27] The Respondent explained that the Complainant has not provided any external market data to support the proposed \$25.50 per square foot rate. Their requested rate is based on a single rent observation, which also fails to account for four step-ups over the 10-year lease term. The Complainant references previous tenant's amended rent of \$25 per square foot as their supporting argument, but does not factor in additional percentage rent, which was part of that lease structure.
- [28] Additionally, the Respondent argued that they assessed only 4115 square feet, whereas the lease is for 4275 square feet, when adjusted, the actual rent in place is \$26.49 per square foot.

- [29] The Respondent introduced a three-year lease rate analysis for neighbourhood shopping centers. It had seven records including the subject property lease. The median is \$29, average \$28.79, and the assessed rate is \$29 per square foot.
- [30] It is The Respondent's position that the applied rate of \$29 per square foot represents a typical market rent, derived from market analysis of comparable retail – CRU spaces of similar size and
- [31] In Addendums, the Respondent included:
- A. ARFI example for 2025,
 - B. Rental rate support,
 - C. CARARB Decision 0262 1885,
 - D. CARARB Decision 0262 1834,
 - E. RFI,
- [32] The Respondent argued 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

- [33] 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."

- [34] 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.
- [35] 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.*

- [36] 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.
- [37] 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 lease records and previous lease information to demonstrate that the assessed rental rate may be too high, requiring the Respondent to support their assessed rate.

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- Raised doubt as to whether an additional discount is required for collection loss, thereby requiring the Respondent to rebut that information.
- [38] This *prima facie* case requires the Respondent to respond with sufficient evidence to support the assessment.
- [39] 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.
- [40] However, on the retail – CRU rental rate issue, the Respondent's evidence is not compelling. It included a chart with seven comparable leases and in their addendum B had four small excerpts from rent rolls and assessment request for information responses, that are heavily redacted.
1. The first one shows two lease records; one for 5195 square feet dated July 1, 2022, for a base rent of \$25 per square foot, the second record has 4184 square feet dated December 1, 2021, for a base rent of \$29 per square foot. All other details are redacted. The first record appears to align with lease 6 in the Respondent's table. The second record appears to be lease 7 with additional square feet added December 1, 2023. There is no information from the Respondent to ascertain the comparability; location, condition, quality, accessibility, etc. The Board placed some weight on the evidence.
 2. The second item shows a blurry document that is for 3023 square feet signed December 3, 2012, with a step-up on January 1, 2023, at a base rental rate of \$29 per square foot, with what appears to be step up information. All other details are redacted. The lease appears to align with lease 3 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 and being a step-up rather than a current market transaction, the Board placed little weight on the evidence.
 3. The third record, also blurry, appears to be 3700 square feet, signed on August 2, 2017, with a step-up on August 1, 2022, at a base rent of \$33 per square foot. All other details are redacted. It appears to align with lease 5 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 and being a step-up rather than a current market transaction, the Board placed little weight on the evidence.
 4. The fourth excerpt, extremely blurry, shows a lease start date of July 1, 2024, at \$28 per square foot for 5396 square feet? All other details are redacted. It might be lease 1 at 3996 square feet? There is no information from the Respondent to ascertain the comparability; location, condition, quality, accessibility, etc. With the significant redactions, and the unreadable state, the Board placed little weight on the evidence.
 5. The Board found no supporting evidence for the Respondent's table for lease 4. The Board placed no weight on this lease because it has no discernible information to support them.
- [41] Whereas, the Complainant provided the lease document with greater details and the history to show that, despite numerous attempts, the market has determined the value of the property is not what is being assessed.

[42] The Board accepted the lease document from the Complainant at face value. With the square footage shown, the Respondent cannot just adjust the rental rate for an error in square footage, they must correct the area. The Board finds two records from the Respondent that have some weight. The remaining three records have little value and are not included in the analysis:

1. 4275 square feet at \$25.50
2. 5195 square feet at \$25.00
3. 4184 or 3171 square feet at \$29.00

Median \$25.50 per square foot.

[43] On the final issue, the Board must consider what evidence is present to increase vacancy from 5% to 10% based on collection loss. The Board finds no compelling evidence to support the change. While the Board agrees with the Complainant that the information must be collected and considered when creating the assessment, the fact that the Respondent demonstrated a 1.5% actual vacancy and assessed 5% does compensate for the unknown.

[44] The Board accepts and agrees with ***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"

[45] In this case, the Board did 'grapple' with the evidence, which preliminary results show a 0.2% collection loss. The Board is conscious to the fact that these are preliminary results for 2025 and not actual results for 2024. Additionally, it may take several years for those filling out the form to notice the distinction in what the Respondent is now asking for. However, the Complainant had not proven the value either because some of what it has marked as loss, is in fact differed revenue.

[46] The Board finds insufficient evidence to make a change in the vacancy rate.

DECISION SUMMARY

[47] The assessed value of the subject property is Changed to \$1,518,600.

[48] Dated at the Central Alberta Regional Assessment Review Board, in the city of Red Deer, in the Province of Alberta this 24th 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.



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	290
R.1	Respondent Submissions	62
R.2	Respondent Legal Brief	68
R.3	Respondent Collection Loss Brief	15

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.