



Complaint ID 0262 1655  
Roll No. 30003111025

COMPOSITE ASSESSMENT REVIEW BOARD DECISION  
HEARING DATE: June 29, 2022

PRESIDING OFFICER: Bryan Horrocks  
BOARD MEMBER: Dennis Dey  
BOARD MEMBER: Rob Irwin

BETWEEN:

ACKLANDS GRAINGER INC.  
As represented by Altus Group Limited

Complainant

-and-

REVENUE & ASSESSMENT SERVICES  
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: 30003111025

MUNICIPAL ADDRESS: 7630 Edgar Industrial Dr

ASSESSMENT AMOUNT: \$3,165,400

The complaint was heard by the Composite Assessment Review Board on June 29, 2022 via Video Conference.

Appeared on behalf of the Complainant: Brent Foden, Agent, Altus Group Limited

Appeared on behalf of the Respondent: Cale Green, Assessor, City of Red Deer  
Del Stebner, Senior Assessor, City of Red Deer

**DECISION:** There is no change required to the 2022 assessment.

**JURISDICTION**

- [1] The Central Alberta Regional Assessment Review Board [“the Board”] has been established 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 1.87-acre parcel of I-1 zoned industrial land located in the Edgar Industrial Park in Red Deer, Alberta. The parcel is improved with a 23,802 square foot (sf) single-tenant industrial warehouse which was constructed in 2004 and considered to be good quality and in good condition.
- [3] The subject property is assessed using the Income Approach to Value wherein the net operating income (NOI) of \$221,579 is capitalized at the rate of 7.00% to determine an estimated market value for assessment purposes of \$3,165,400.

**ISSUES**

- [4] An assessment amount was identified on the Assessment Review Board Complaint Form as the matter that applies to the complaint. At the outset, the Complainant advised the outstanding issues were market value and equity, more specifically:
- I. Should the net market rental rate for the warehouse space applied in the Income Approach to Value be \$8.00 per sf rather than the \$12.00 per sf, used in determining the assessed value?
  - II. Is the subject property equitably assessed?

**COMPLAINANT’S REQUESTED VALUE**

\$2,125,000 (Complaint Form)

\$2,145,400 (Hearing)

**PRELIMINARY MATTERS or PROCEDURAL MATTERS**

- [5] There were no concerns with the panel as constituted. The Respondent has visited the site while the Complainant has not. The parties have discussed the file with no resolution.
- [6] The Respondent advised there were concerns with some materials included in the Complainant’s Rebuttal disclosure (C4). The Board requested the issue be raised prior to the presentation of the rebuttal. The Respondent, citing section 10(b) of *Matters Relating to Assessment Complaints Regulation*, AR 201/2017 (MRAC) requested the following pages in the Complainant’s Rebuttal (C4) not be heard as they constitute new evidence which has not been properly disclosed:
- I. C4 page 44                      The Complainant stated this page is just responding to sales and Assessment to Sales Ratios (“ASR’s”) provided by the Respondent,
  - II. C4 pages 46-48              The Complainant stated this was a simple discussion of quality rating,

- 
- III. C4 page 48            The Complainant stated this was an example of what the City of Calgary provides, and was intended as information for the Board,
- IV. C4 pages 51-79        The Complainant stated pages 51-126 are simply regarding quality and how these change over time,
- V. C4 pages 80-101        The Complainant stated this is in response to position of the Respondent on quality changes,
- VI. C4 pages 102-126     The Complainant indicated this was not an actual response to the Respondent's disclosure,
- VII. C4 page 158           The Complainant had no response,
- VIII. C4 page 242          The Complainant stated this was only a calculation working with numbers already on record to get more of an apples-to-apples comparison.

[7] Upon review, the Board concurred with the Respondent that the cited pages constituted new evidence that had not been properly disclosed and excluded them from the hearing.

Section 10(b) of MRAC states:

*10 A composite assessment review board panel must not hear*

*(a) any matter in support...*

*(b) any evidence that has not been disclosed in accordance with section 9.*

[8] The Complainant requested that all argument and discussion with respect to the rental rate be carried forward from File 1654 to this hearing.

## **POSITION OF THE PARTIES**

### **Issue: Rental rate**

#### **Complainant's Position:**

[9] The Complainant submitted the assessed rental rate parameters appear to apply in an inconsistent manner, which has resulted in the subject rental rates being overestimated.

[10] The Complainant provided the Master Rent Roll table for the subject property noting there is one lease of 4,600 sf at the rate of \$8.00 per sf which expires on July 31, 2024 and a second lease of 15,800 sf at the rate of \$7.00 per sf which expires on January 31, 2026. It concluded the subject is achieving a base rate of \$7.23 per sf for all of the space (20,400 sf).

[11] The Complainant provided a table titled Rental Rate/Excess Land Analysis. The table contains actual rent achieved for five properties, including the subject property, with lease start dates in the period November 2020 thru March 2021. The actual rents achieved range from \$3.75 to \$10.00 per sf. In

addition, the table contains Listing/Listed rents from four properties which range from \$7.00 to \$11.00 per sf. The median rent rate when all properties are taken together is \$8.00 per sf. The Complainant requested the rate of \$8.00 per sf be applied to the warehouse spaces in the subject property assessment.

- [12] The Complainant provided Tenancy lists, Ortho mapping, Overhead photos, Exterior photos, Summaries of Base Lease Provisions, Assessment Summaries, and the Income Approach calculations for each of the comparable properties in the table. It opined that most of the comparable properties were superior to the subject property.
- [13] The Complainant provided an excerpt from The Appraisal of Real Estate, Third Canadian Edition noting that “Listings, which represent the owner’s perception of the property’s value, usually reflect the upper limit of value. Offers, which represent the buyer’s perspective, commonly set the lower limit of value.”

**Respondent’s Position:**

- [14] The Respondent submitted that the market applied lease rates are both fair and equitable and that they represent an accurate estimate of market typical leases for comparable properties.
- [15] The Respondent in reviewing the Complainant’s Rental Rate Analysis noted that the table contained four Listings and four single-tenant buildings. Further, the information for 8022 Edgar Industrial Green was not available at the valuation date and the lease rate for 8014 Edgar Industrial Crescent is an outlier.
- [16] The Respondent provided a table titled Industrial Lease Rate Analysis. The table contains lease information from eight single-tenant, 5-quality industrial properties with lease start dates in the period November 1, 2018 to July 1, 2021. The lease rates range from \$12.03 to \$17.95 per sf and the median lease rate was \$13.60 per sf. It noted there are two leases for properties in the 20,000 to 30,000 sf size like the subject, with leases of \$12.04 and \$17.95 per sf. It noted the subject property is assessed at the rate of \$12.00 per sf.
- [17] The Respondent provided a table titled Industrial Sales Analysis. The table contains property and sales information from four sales which occurred in the period Augusts 16, 2018 to July 15, 2020. The sale prices range from \$131 to \$185 per sf, with a median sale price of \$164 per sf. It noted the subject property is assessed at \$133 per sf, near the bottom of the range of the market sales. Further, the Complainant’s requested assessment at \$90 per sf is significantly below the range of market sales. It further noted a sale of the property which was constructed in 2003, similar to the subject property, sold for \$157 per sf while the subject property is assessed at \$133 per sf.
- [18] The Respondent provided Photos of the Sales Comparable properties and an overhead map showing the proximity of the sales comparable properties to the subject property.
- [19] The Respondent provided sales information from a post facto July 1, 2021 sale which occurred on June 1, 2022 noting the sale price was \$155 per sf while the subject property is assessed at \$133 per sf.

- 
- [20] The Respondent provided sales information from another post facto July 1, 2021 sale which occurred on October 4, 2021 noting the sale price was \$141 per sf while the subject property is assessed at \$133 per sf.
- [21] The Respondent argued that the Complainant has relied on a limited number of rental rates, and placed weight on the lowest indicators of value without consideration for overall market value. It concluded the subject property is fairly assessed at a market typical rate of \$12.00 per sf.
- [22] The Respondent in summarizing stated that as per 2018 ABQB 501 it won't release any information that relates to the financial affairs of a third party. Further, the info provided to the Complainant is sufficient to determine how the subject has been assessed and is the same info that is supplied in other communities.

**Complainant's Rebuttal Position:**

- [23] The Complainant argued that the Respondent's Rental Rate information is unreliable. It is impossible to determine whether the information provided to the taxpayer is valid in anyway. It is impossible to ascertain whether the leases are net or gross leases, whether they are arm's length, when they were signed, how much square footage the lease value is attributable to etc. The Respondent has provided very little information.
- [24] The Complainant argued that while there may be some sales that fall within the satisfactory ASR range of 0.95 to 1.05, there are many examples of properties which are not being assessed close to their sale prices.
- [25] The Complainant provided a table titled Rental Rate Support Documents that had been prepared by the Respondent, noting that the following information is all they could ascertain after further research:
- I. 7590 EDGAR INDUSTRIAL DR is owner occupied by ATCO,
  - II. 8022 INDUSTRIAL CR has two tenants (Trican Well Service / R James Western Star) and the lease rate is \$4.00 per sf,
  - III. 7610 INDUSTRIAL DRIVE is available for sublease with no operating business in the space,
  - IV. 8014 EDGAR INDUSTRIAL CR is leased by the Milo Group for \$3.75 per sf lease rate.
- [26] The Complainant provided a table titled Industrial Lease Rate Analysis as prepared by the Respondent noting there are no addresses given so it is impossible to verify any of the information other than there are five leases of 6-quality properties with lease rates ranging from \$12.04 to \$17.88 per sf.
- [27] The Complainant provided a table titled Market Applied Lease Rates as prepared by the Respondent noting you cannot verify what is being used to support the rental rates.
- [28] The Complainant provided a table titled Respondent Evidence – Sales Information noting that only one of the sale properties was assessed with an Assessment to Sales Ratio (ASR) in the 0.95 to 1.05 range.

[29] In support of its inconsistency argument the Complainant provided the property assessment details for the property located at 7839 49 AV, one of the Respondent's sale comparable properties, noting that there was an \$8.00 per sf rental rate applied and an 8.0% capitalization (cap) rate. It is a 3-quality property whereas the subject is a 5-quality. It is superior to the subject property and yet it is assessed with an \$8.00 per sf rate while the subject is assessed with a rate of \$12.00 per sf.

[30] The Complainant cited *MRAC section 9(2)(b)i*, which reads;

*(b) the respondent must, at least 14 days before the hearing date,*

*(i) disclose to the complainant and the composite assessment review board the documentary evidence, a summary of the testimonial evidence, including a signed witness report for each witness, and any written argument that the respondent intends to present at the hearing in sufficient detail to allow the complainant to respond to or rebut the evidence at the hearing, and . . .*

and posed the question, "Is the Respondent's disclosure in sufficient detail to allow the Complainant to respond"? The Complainant argued the Respondent's leasing Information is not possible to rebut as it is unidentifiable and not testable in any way.

[31] The Complainant provided several Alberta Court of Queen's Bench (ABQB) decisions which emphasized the Respondent's requirement to provide disclosure in sufficient detail to allow the Complainant to respond.

#### **Board's Findings and Reasons for Decision – Rental rate:**

[32] The Board finds there was no market evidence provided by the Complainant to support its requested assessment.

[33] The Board finds the Respondent's market evidence supports the rental rates that have been applied in the subject property's assessment and as a result there is no change required to those rates.

#### **Issue: Equity**

##### **Complainant's Position:**

[34] The Complainant submitted the assessed rental rate of \$12.00 per sf is much higher than comparable and competing properties in the Edgar Industrial Park.

[35] The Complaint provided the assessment details for 8051 Edgar Industrial Dr, a single-tenanted warehouse located across the street from the subject property noting that the warehouse spaces are assessed at rates of \$5.00 and \$8.00 per sf.

##### **Respondent's Position:**

[36] The Respondent submitted the applied lease rates are both fair and equitable.

[37] The Respondent provided a table titled Market Applied Lease Rates. The table provides details for fourteen quality-5 single-tenant comparable properties located in the Edgar Industrial Park. It noted they are all assessed with lease rates of \$12.00 per sf, the same as the subject property.

**Board's Findings and Reasons for Decision - Equity**

[38] The Board finds the Respondent's evidence supports a conclusion that the subject property is equitably assessed when compared to similar and competing properties in the Edgar Industrial Park.

**Conclusion**

[39] As there is no change required to the typical market lease rates applied in the Income Approach to Value there is no change required to the 2022 assessment.

[40] Dated at the Central Alberta Regional Assessment Review Board, in the city of Red Deer, in the Province of Alberta this 26th day of July, 2022 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.



B. Horrocks  
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 "A"**

Documents presented at the Hearing and considered by the Board.

<u>NO.</u>	<u>ITEM</u>
1. A.1	Hearing Materials provided by Clerk (74 pages)
2. C.1	Complainant Disclosure (158 pages)
3. C.2	Complainant Rental Rate & Excess Land Evidence (92 pages)
4. C.3	Complainant Rebuttal (244 pages)
5. C.4	Complainant Legal (223 pages)
6. R.1	Respondent Disclosure (57 pages)
7. R.2	Respondent Legal (66 pages)
8. R.3	Respondent 2018 ABQB 501 (27 pages)



**APPENDIX "B"**  
**LEGISLATIVE AUTHORITIES CONSIDERED BY THE BOARD**

***Municipal Government Act, R.S.A. 2000, Chapter M-26 (the MGA)***

**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;

**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.

**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), 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)

**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.

***Matters Relating to Assessment and Taxation Regulation, 2018 A.R. 203/2017 (MRAT)***

**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.

**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.

**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.

***Matters Relating to Assessment Complaints Regulation, AR 201/2017 (MRAC)***

**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, file a written presentation with the clerk.

***Meeting Procedures (COVID-19 Suppression) Regulation, AR 50/2020***

**s. 3(1)** Where the Act requires a council, board or commission to hold a meeting in public, that requirement is deemed to have been complied with by holding the meeting by electronic means, including, without limitation, a teleconference, or a live, publicly streamed broadcast, if

- (a) members of the public are able to hear the meeting as it occurs,
- (b) any members of the public who would be entitled to make submissions at the meeting if the meeting were being held in person are able, before and during the meeting, to make submissions by email or any other method that the council, board or commission considers appropriate, and
- (c) the following persons attend the meeting by electronic means:
  - ...
  - (iii) in the case of a meeting of an assessment review board or the Municipal Government Board, the presiding officer,