



Complaint IDs 0262 1578 and 0262 1634
Roll Nos. 30000920765 and 30002822785

COMPOSITE ASSESSMENT REVIEW BOARD DECISION
HEARING DATE: September 19, 2022

PRESIDING OFFICER: J. Dawson
BOARD MEMBER: R. Irwin
BOARD MEMBER: M. Chalack

BETWEEN:

SERVUS CREDIT UNION LTD
Represented by Altus Group Limited

Complainant

-and-

REVENUE & ASSESSMENT SERVICES
For the City of Red Deer

Respondent

This decision pertains to complaints 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:

FILE NUMBER:	0262 1578	0262 1634
ROLL NUMBER:	30000920765	30002822785
MUNICIPAL ADDRESS:	3001 50 AV, Red Deer, AB	6757 50 AV, Red Deer, AB
ASSESSMENT AMOUNT:	\$3,953,600	\$3,907,600

These complaints were heard by the Central Alberta Regional Assessment Review Board on the 19th day of September 2022, via videoconference.

Appeared on behalf of the Complainant: B. Robinson, agent for Altus Group Limited, and
A. Izard, agent for Altus Group Limited

Appeared on behalf of the Respondent: A. Minhas, property assessor for The City of Red Deer, and
D. Davies, senior assessor for The City of Red Deer

DECISION: The assessed value of the subject properties are unchanged.

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 properties are two retail freestanding banks along the municipalities’ primary traffic corridor – Gaetz Avenue. There are no identified influences or market adjustments. The assessed values are determined by application of the income approach.

Complaint ID:	Roll Number:	Location Address:	Assessment:	Sub-property Use:	Square Footage:
0262 1578	30000920765	3001 50 AV	\$3,953,600	C4 - Stand Alone Bank (Retail)	11,650
0262 1634	30002822785	6757 50 AV	\$3,907,600	C4 - Stand Alone Bank (Retail)	8,179

PRELIMINARY MATTERS

- [3] The Presiding Officer disclosed that his business has a banking relationship with the Complainant but did not believe he had a conflict of interest. No party expressed a concern on the Presiding Officer’s banking relationship.
- [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] The Respondent offered a correction to certain pages within its disclosure because it had type 1640 for a previous hearing number when it had intended to type 1614. The Board accepted the information but did not edit the disclosure.
- [7] The Respondent objected to the inclusion of the rebuttal disclosure because it was deemed late. The Respondent provided email headers from four sources that received the disclosure showing that two were one minute late, and two were three minutes late. The Respondent argued that the direction of Matters Relating to Assessment Complaints Regulation (MRAC) the Board must not hear the evidence. The Complainant explained that due to his young family, he worked late hours but provided evidence that the disclosure was sent on time and offered an email that indicated that the submission was successful. The Complainant argued that delivery to the server is the relevant time and not the individual email recipients. Additionally, the Complainant argued that when evidence is inconclusive, that the benefit of doubt goes to the party which has the greatest harm (the Complainant).

- [8] The Board reviewed the documentary evidence and finds that the email that the Complainant indicated proved that the submission was successful, actually read; "Delivery to these recipients or groups is complete, but no notification was sent by the destination server."
- [9] The Board finds inconclusive evidence to prove the submission is late. The Board finds, that if in fact the rebuttal submission was a few minutes late, there was no measurable impact to the Respondent. The Board will allow the rebuttal disclosure.
- [10] The Respondent objected to the inclusion of certain disclosure within the rebuttal document for various reasons, arguing that rebuttal must be necessary, first raised, or could not have been anticipated to properly rebut. Adding additional evidence to bolster their case should not be allowed in accordance with legislation.
- [11] The Respondent had four concerns with the rebuttal document:
- I. Pages 16 to 27 related to a previous disclosure of file 1640 which is not relevant because the Respondent corrected their typographic error at the beginning of the hearing.
 - II. Pages 37 to 46 was in regard to the Complainant using the term ASR (Assessment to Sales Ratio) when the Respondent had not raised that issue.
 - III. Pages 49 to 61 was information from a previous hearing disclosure 1614. And,
 - IV. Pages 63 to 67 was office rental information disclosed when there is no objection to the office portion of the subject property office space.
- [12] The Complainant explained that the Respondent's disclosure referenced previous disclosure for file 1640 in spots and 1614 and it disclosed the information in response. The Complainant further explained that the ASR was calculated from the disclosure of the assessment information along with the sale information of a comparable property. The final response of the Complainant was that the office disclosure was to demonstrate the different period of analysis used by the Respondent.
- [13] The Board finds the rebuttal document had some relevance and decided to give it the weight it deserved after hearing the presentation and allowed the evidence to remain disclosed and directed the Complainant to only present evidence relevant to the subject properties and the argument they are forwarding.
- [14] 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

- [15] The Complainant presented that the rental rate for the subject properties' Bank space using the income approach should be \$30 per square foot, arguing that the assessed rental rate of \$34 per square foot is not in line with equitable properties.

- [16] The Complainant explained that the property at 6704 50 Avenue sold for \$478 per square foot, which equates to \$34 per square foot using the income approach. Meanwhile, the assessment is at \$30 per square foot.
- [17] The Complainant compared the subject properties to seven properties it deemed to be comparable to the subject properties (including the property that sold at 6704 50 Avenue) – all with banks as owner or tenant. The mean assessment was \$24.57 per square foot and the median was \$25.00 per square foot.
- [18] The Complainant reviewed the current assessments of the subject properties and indicated that because it was similar to the banks that were assessed lower and then comparing to the sale property, which was assessed lower despite selling for a value similar to the assessment of the subject properties, it demonstrated that the subject properties are over assessed and should be assessed at \$30 per square foot or equal to a sales values of \$420 per square foot.
- [19] The Complainant referred to the subject property at 3001 50 Avenue, and explained that because there is a second floor, that it is the main level it was considering when using the \$420 per square foot value and that the additional value of the office space is not being challenged.
- [20] The Complainant included leasing information for six bank leases from 2020 and 2021 that it argued were comparable arriving at a median of \$28.95 per square feet, a mean of \$28.24 per square feet and a weighted mean of \$31.05 per square feet.
- [21] In rebuttal the Complainant reviewed the disclosure and indicated it included the information from files 1640 and 1614 because they were referenced by the Respondent. And the office rental information to show the Respondent uses a one-year analysis to arrive at rental rates.
- [22] The Complainant included the information of assessment to sale ratio to demonstrate the subject property is assessed with an ASR of 1.0 while the sale at 6704 50 Avenue is benefitting with an assessment lower than what it sold and for equity reasons, it too should be assessed at \$30 per square foot.

Position of the Respondent

- [23] The Respondent argued that the subject properties have been equitably assessed along with all banks within the municipality.
- [24] The Respondent explained that the Complainant has selected dissimilar equity comparable properties to arrive at lower typical rents when compared to the subject properties.
- [25] The Respondent presented that the subject properties are a quality 7 and their assessment is similar with the other quality 7 bank spaces.
- [26] The Respondent reviewed the physical characteristics of the subject properties pointing out the level of renovation, the drive through teller services, and the premier stand-alone location of the bank spaces.

- [27] The Respondent reviewed the Complainant's market evidence and commented that the equity comparable properties appear to be randomly selected without regard to key attributes, such as location, type of space, physical condition and quality.
- [28] The Respondent explained that assessment is not based on tenancy and that if a bank chooses to operate in an older commercial retail unit within a shopping destination versus a custom freestanding structure, that is their choice, but the assessments will be different.
- [29] The Respondent alleged that the Complainant is hyper-focused on the occupant of the space opposed to the physical and location characteristics.
- [30] The Respondent provided four leases of freestanding bank spaces showing a median of \$37.45 per square foot, an average of \$37.73 per square foot and a weighted average of \$37.54 per square foot.
- [31] The Respondent argued that the stand-alone bank space is analysed on a review of three years of leasing information finding a rate of \$34 per square foot for the subject properties.
- [32] The Respondent included a chart of all quality 7 freestanding bank spaces, showing ten locations (including the subject properties), with all properties with less than 10,000 square feet being assessed at \$34 per square foot and \$32 per square foot for spaces 10,000 square feet or greater.

BOARD FINDINGS and DECISION

- [33] The Board reviewed the comparable properties provided by the Complainant and finds that two of the seven properties have a drive through, four are freestanding, with only one comparable having both attributes, which was assessed at \$32 per square foot, which is higher than the requested \$30 per square foot but lower than the assessed \$34 per square foot.
- [34] The Board compared the property sold at 6704 50 Avenue with the subject properties and find the sale property does not have drive through capabilities, physically appears to be inferior condition and had inferior access.
- [35] The Board examined the equity comparable properties provided by the Respondent and finds each property to be built or substantially renovated in the last 20 years, have drive through services and are freestanding with accessible locations. One of the ten equity comparable properties was common with the comparable properties presented by the Complainant. The single common comparable property is larger than 10,000 square feet to explain the \$32 per square foot assessment versus the subject properties at \$34 per square foot.
- [36] The Board finds that the Complainant has failed to demonstrate the quality, and characteristics of the subject properties are similar to the comparable properties it presented (except for the one mentioned previously).
- [37] The Board finds no reliable evidence to change the assessment and leaves the subject properties unchanged from their original assessment values.

[38] Further, the Board is bound by s. 467(3) of the MGA which states:

(3) An assessment review board must not alter any assessment that is fair and equitable, taking into consideration

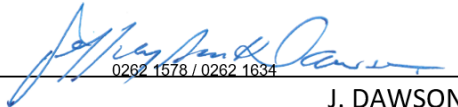
- (a) the valuation and other standards set out in the regulations,
- (b) the procedures set out in the regulations, and
- (c) the assessments of similar property or businesses in the same municipality.

DECISION SUMMARY

[39] The Board finds that the original assessed values are confirmed at:

Complaint ID:	Roll Number:	Location Address:	Assessment:
0262 1578	30000920765	3001 50 AV	\$3,953,600
0262 1634	30002822785	6757 50 AV	\$3,907,600

[40] Dated at the Central Alberta Regional Assessment Review Board, in the city of Red Deer, in the Province of Alberta this 06 day of October 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.


0262 1578 / 0262 1634
J. DAWSON
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.

APPENDIX

Documents presented at the Hearing and considered by the Board.

<u>NO.</u>	<u>ITEM</u>
1. A.1	Hearing Materials provided by Clerk – 15 pages
2. C.1	Complainant submission (3001 50 Avenue) – 205 pages
3. C.2	Complainant rebuttal submission – 70 pages
4. C.3	Complainant submission (6757 50 Avenue) – 205 pages
5. R.1	Respondent submission (3001 50 Avenue) – 52 pages
6. R.2	Respondent legal argument – 66 pages
7. R.3	Respondent submission (6757 50 Avenue) – 51 pages