

Baja Technical Services Ltd  
32, 6740 Johnstone Drive  
Red Deer, AB T4P 3Y2

County of Red Deer Assessment Services  
38106 Range Road 275  
Red Deer County, AB T4S 2L9

**Attention: B. Boomer, Assessor**  
Via email: [bboomer@rdcounty.com](mailto:bboomer@rdcounty.com)  
**(paper copy to follow)**

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## COMPOSITE ASSESSMENT REVIEW BOARD DECISION

**Hearing: 23 November, 2010**

Panel: Presiding Officer R. Irwin; R. Fitzpatrick; T. Stevens  
Decision# CARB0263-188/2010

**Roll 487143567      SE 14; 37;28;W4      Red Deer County, AB      Assessment: \$251,140**

For the Complainant:  
G. Edwards, Agent

For the Respondent:  
B. Boomer, Assessor  
G. Vande Bunte, Assessor

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The subject property consists of a 2920 square foot (sq. ft) improvement (building) with a mixed commercial/residential use, situated on a 0.16 acre parcel of land leased from the Red Deer Regional Airport Authority. The subject property is located at the Red Deer Regional Airport adjacent to the Hamlet of Springbrook. The total assessed value is \$251,140.

At the time the complaints were filed, the Complainant identified five matters on the complaint form and listed three grounds or reasons for the complaint. The Complainant confirmed that the only matter to be decided by the Board is the assessed value and that his arguments will include: the land is leased and subject to 30 day termination; the assessed value is significantly higher than the actual cost to construct; the assessed value does not account for the location, quality and servicing of the subject property.

Based on an inspection of the subject property on 14 July 2010, the Respondent is requesting a size adjustment and reclassification of the subject property to more accurately reflect the actual size, style, quality of the building and percentage of non residential / residential use. These adjustments would result in a non-residential assessment of \$124,342 and residential assessment of \$79,498 for a total assessed value of \$203,840.

## LEASE OF LAND

The land portion of the subject property is leased from the Red Deer Regional Airport Authority. The Complainant stated that the current lease was agreed to in 2009, expires in 2012 and has a 30-day termination clause. Under the termination clause, the occupants would be required to evacuate and the building would have to be dismantled and/or removed from the property on thirty days notice. The Complainant argued that the conditions of this lease have a negative impact on market value. The Respondent maintained that, in his professional opinion, the terms of the lease would not affect market value. On this point, the Board agrees with the argument of the Complainant, that the lease has an impact on the desirability of the subject property and therefore on the value.

## SERVICING / LOCATION / FINISHINGS

The Complainant stated that the subject property is the first building when you enter the airport land. He argued that the subject property is difficult to sell because it is not 'airside' – meaning that it is separated from the airport by a security fence. The Complainant mentioned that the high amount of traffic near the entrance to the airport was a disadvantage. The Complainant argued that because of the land lease, the improvement was designed and built to be moved on short notice, using low-grade construction and finishing. For example, the flooring was merely laid in place and not securely attached to the floor. The Complainant stated that the only servicing to the site is power and water and that there is a holding tank for sewer and propane. He also noted that there was a 400 sq ft area of the building undeveloped.

The Respondent stated that being in a highly visible location; near high amounts of traffic is a positive factor for commercial property. It is also considered an asset to have dual use of a property – first as commercial (non residential) and second as residential as is the case with the subject property. The Board considered the location's impact on value to be neutral.

The Respondent's recommended assessment was based on the understanding that the subject property had all the amenities (servicing) that can be found in the subdivision of Springbrook. During the course of the hearing it was established that this is incorrect. The Complainant and the Respondent agree that the subject property does not have the same quality of servicing as can be found in the adjacent subdivision of Springbrook. The Board finds that the servicing, or lack of it, affects market value.

## COST TO CONSTRUCT

On the complaint form, the Complainant is requesting that the assessed value be reduced to \$98,947. This is based on the argument that the improvement is only worth the actual cost to build it. In support of this argument the Complainant supplied the invoices relative to the construction of the improvement and stated that the improvement was sold in 2009 for a purchase price of \$95,000. Additionally, the Complainant provided an insurance estimate of \$152,827 to reconstruct the improvement.

The Respondent argued that the assessment was prepared using primarily the cost approach to value due to the unique usage, location, construction and age of the subject property. In support of the assessed value the Respondent provided a copy of the Development Permit Application completed by the Complainant indicating the value of the development to be \$100,000; a newsprint advertisement to build insulated shops at a rate of \$40.25 per square foot (sq. ft.) and information on three hangars located at the airport that have sold or are listed for sale in a range of \$44.87 per sq. ft. to \$143.00 per sq. ft. The Respondent also provided three comparable residential properties located in the subdivision of Springbrook. Although the comparables provided include titled ownership of land, the Respondent has adjusted each to a residual building value (slab on grade) ranging from \$170,150 to \$205,360. The Respondent did not contest the assertion of the Complainant that the subject property was sold in 2009 for \$95,000.

The Claimant argued that at the time of the Permit Application, the building had not been constructed and therefore the \$100,000 amount was an estimate of the cost to build. The Claimant did not agree with most of the comparables submitted by the Respondent. The listing for one of the hangars expired without a sale and another had received no offers. Both the Claimant and the Respondent agreed that this hangar was over-priced. The Claimant also argued that the Springbrook sales comparables did not compare to the subject property as they were on titled land, had full basements, and were located in a residential sub-division. The Claimant stated he was in agreement with two of the comparable sales provided by the Respondent – Hangars #56 and #57.

## SUMMARY

The Board notes that the date of the insurance quote is 31 August 2010 utilizing cost data from May 2010. The Board finds the best comparables to be the subject property which sold in the taxation year, on 01 October 2009 for \$95,000 and Hangar #56 which was accepted by both the Respondent and the Complainant. Hangar #56 was given considerable weight as The Board finds it to be the most similar to the subject property with respect to age, location, size, quality

of construction, and services. They are both special purpose properties and both properties are situated on leased land.

## DECISION

Based on the foregoing the Board varies the assessment for Red Deer County Roll 487143567 to \$159,840 calculated as follows:

$$\begin{aligned} 2520^{\text{sf}} \times \$52.00/\text{sf} &= \$131,040 \text{ (finished space)} \\ 400^{\text{sf}} \times \$42.00/\text{sf} &= \underline{16,800} \text{ (unfinished space)} \\ &\$147,840 \text{ Improvement} \\ &\underline{\$ 12,000} \text{ Land} \\ \text{TOTAL} &= \quad \quad \quad \mathbf{\$ 159,840} \end{aligned}$$

The Respondent is instructed to reclassify the subject property to appropriately reflect the percentage of non residential and residential use.

Dated at the City of Red Deer in the Province of Alberta this 21<sup>st</sup> day of December, 2010 and signed by the Appeals Coordinator for the Presiding Officer on behalf of all three panel members who agree with this decision.

Cordially,

  
J. Kurylo

for: Robert Irwin, Presiding Officer

xc: MGB (via email only: [mgbmail@gov.ab.ca](mailto:mgbmail@gov.ab.ca))

**The Municipal Government Act provides the right for you to appeal this decision to the Court of Queens Bench on a question of law or jurisdiction of the Board within 30 days of receiving this letter.**

If you have any questions concerning these matters, please contact the Regional Assessment Review Board Clerk at 403.342.8132.

## FOR OFFICE USE ONLY

Decision No. 0263-188/2010		Roll No.487143567		
<u>Subject</u>	<u>Type</u>	<u>Issue</u>	<u>Detail</u>	<u>Issue</u>
CARB				