

IN THE MATTER OF A COMPLAINT filed with the Town of Okotoks Assessment Review Board pursuant to the *Municipal Government Act (MGA)*, Revised Statutes of Alberta 2000, Chapter M-26, Section 460.

BETWEEN:

1570560 Alberta Ltd. - Complainant

- and -

Town of Okotoks - Respondent

BEFORE:

B. Horrocks, Presiding Officer

R. Pohl, Board Member

A. Ulloa, Board Member

This is a complaint to the Town of Okotoks Composite Assessment Review Board (CARB) with respect to a property assessment prepared by the Assessor of the Town of Okotoks as follows:

Roll Number	Address	Assessment
0020180	100, 4 Westland Road	\$16,736,000

This complaint was heard on the 16th day of June 2025 via video conference.

Appearing on behalf of the Complainant:

- B. Santillo, MNP LLP

Appearing on behalf of the Respondent:

- C. Van Staden, Assessor

Attending for the Assessment Review Board:

- O. Kanevskyi, Clerk

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Procedural or Jurisdictional Matters

- [1] There were no concerns with the panel as constituted.
- [2] The parties have visited the site. The parties have discussed the file but were unable to reach an agreement.
- [3] There were no preliminary matters, the merit hearing proceeded.

Property Description

- [4] The subject property is a 4.84-acre parcel of land located in the Westridge neighbourhood in Okotoks, Alberta. The parcel is improved with a Ford car dealership constructed in 2013 and a Volkswagen (VW) car dealership constructed in 1986 and expanded in 2023. The Complainant provided an assessment map, a satellite map, and photographs to assist in locating and describing the subject property which is owner occupied.
- [5] The subject property is assessed using the Income Approach to Value wherein the net operating income (NOI) of \$1,046,016 is capitalized at the rate of 6.25% to determine an estimate of market value for assessment purposes of \$16,736,000, truncated.

Issue(s)

- [6] An assessment amount was identified on the Assessment Review Complaint Form as the matter that applies to the complaint. At the outset of the hearing the Complainant advised the outstanding issues were rental rates, more specifically:
 - (a) Should the typical net market rental rate to be used in the Income Approach to Value for the VW sales area be \$18.00 per square foot (psf) or \$33.00 psf as assessed?
 - (b) Should the typical net market rental rate to be used in the Income Approach to Value for the VW service area be \$13.50 psf or \$23.00 psf as assessed?
 - (c) Should the typical net market rental rate to be used in the Income Approach to Value for the VW rear addition main floor be \$13.50 psf or 23.00 psf as assessed?

Complainant's Requested Value

- [7] \$15,060,000 on the Complaint form revised to \$15,081,000 at the hearing.

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Board's Decision

[8] For reasons outlined herein there is no change to the assessment.

Issue: Rental Rate for VW Sales Area

Complainant's Position

- [9] The Complainant submitted that despite having very different years of construction, the Respondent has applied the same rental rates for spaces in the two dealerships. It provided photographs to demonstrate there is a quality difference in both buildings. It argued that year of construction is a major contributing factor to quality in buildings and is of paramount importance when determining typical market rents.
- [10] The Complainant provided a table titled Lease Comps which contained details from all 29 leases that occurred in Okotoks in the period June 30, 2020 to July 1, 2024. There were no leases for auto dealerships as they are primarily owner occupied. From the table, it identified five leases from buildings most comparable to the VW spaces.
- [11] The Complainant provided a table titled VW Sales Centre. The table contains details from five leases with start dates in the period March 2022 to May 2024. The lease rates range from \$12.00 to \$24.10 psf. The median lease rate was \$18.00 psf. It requested the rate of \$18.00 psf be applied to the VW Sales Centre.

Respondent's Position

- [12] The Respondent noted the Complainant's requested value is approximately \$500,000 less than the assessment confirmed by the CARB in 2024. There is clear evidence that the market in Okotoks increased between 10 - 15% from July 2023 to July 2024. In 2023, the Volkswagen site was renovated, and 2,000 sf of additional office and service space was added.
- [13] The Respondent advised that there is only one auto dealership that has reported rental information. The subject property was compared to rent rates received for auto service sites in the Town of Okotoks and for spaces similar to the sales floor and office spaces in the dealership. No adjustments were made to any of these spaces for age as renovations and the like extend the life of the improvements.
- [14] The Respondent advised that professional space, sales centres, and office spaces were considered when determining the rent rate for the sales and office space. It also compared the current rates to rates received in 2018 for a car dealership within the Town of Okotoks.

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The rent rates from 2018 were considered supported by the rates for similar properties and were utilized again in 2025. The typical rental rate for the sales area was determined to be \$33.00 psf.

- [15] The Respondent further advised that the mass appraisal rates applied to a nearby auto dealership that was constructed in 1998 are the same as the mass appraisal rates applied to the subject property.
- [16] The Respondent concluded the typical mass appraisal rent rates for space types are calculated using statistical measures. Changing the mass appraisal rent rates would disturb the equity within the Town of Okotoks.
- [17] The Respondent in reviewing the Complainant's evidence noted that:
 - (a) 15 Crystalridge Dr is vacant due to bankruptcy so there is no valid lease.
 - (b) 15 McRae St is a condominium and not similar to the subject building. No Assessment Request for Information (ARFI) was returned for 2024, and previous rates are dated.
 - (c) 220 N Railway St is a condominium and not similar to the subject property. An ARFI was returned for the property. One lease is a step-up and one lease is an extension of a previous lease. Existing rents are \$12 and \$22 psf.
 - (d) 21 Elizabeth St is upper floor space and not comparable to the subject property. No ARFI was returned for the property.
 - (e) 200 Southridge Rd is a daycare and not comparable to the subject.

Complainant's Rebuttal Position

- [18] The Complainant submitted the Respondent has not provided what properties and space types were used to derive the rents applied to the subject property.
- [19] The Complainant submitted the Respondent has not provided information as to which dealership provided a rental rate and what the rental rate is. Further, a rental rate from 2018 is six years prior to the valuation date and would be considered dated by widely recognized mass appraisal standards.

Board's Findings of Fact and Reasons for Decision

- [20] The Board finds the information in the Complainant's Rental Rate Study to be materially flawed as to render the study of little value in determining the typical rental rate for the VW sales area. As a result, there is no evidence to support a change to the assessed rate of

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\$33.00 psf.

Issue: Rental Rate for VW Service Area

Complainant's Position

- [21] The Complainant submitted there is a quality discrepancy between the new improvement on the subject property and the older improvement and that the Respondent is not adjusting for this in their rental study.
- [22] The Complainant argued that in previous years the Board has supported the notion that there is a quality discrepancy and that a different rental rate should be applied to the VW space.
- [23] The Complainant provided a table titled VW Service Centre. The table contains details from four leases with start dates in the period October 2020 to September 2021. The lease rates range from \$11.00 to \$16.00 psf. The median lease rate was \$13.50 psf. It requested the rate of \$13.50 psf be applied to the VW Service Centre.

Respondent's Position

- [24] The Respondent submitted that in their 2023 ARFI, a nearby car dealership reported they leased their space for 15 years in 2018 for \$35 psf. They indicated this was a renewal lease. The buildings were constructed in 1986.
- [25] The Respondent advised that Jiffy Lube signed a new lease for \$33 psf in 2019.
- [26] The Respondent, in reviewing the Complainant's evidence noted that:
 - (a) 101 Fisher St is located in an industrial area in Okotoks Industrial Park. The 2024 ARFI indicates the property is owner occupied.
 - (b) 107 Fisher St is a two-storey office located in an industrial area.
 - (c) 109 Stockton Pt is a condominium and not comparable to the subject property.
 - (d) 103 Stockton Pt is located in an industrial area. In 2024 an ARFI was returned for this property. There are four spaces in this property including upper floor area. The lease rates are \$13 and \$19 psf.
- [27] The Respondent submitted that much of the evidence provided by the Complainant does not reflect previous and current ARFI information received from the property owners.
- [28] The Respondent submitted that spaces for NAPA and Minute Lube were considered when determining the typical rental rate for the service bays. Combined with the 2018 rent rates

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it determined the rate of \$23.00 psf was reasonable for the service bay spaces.

Complainant's Rebuttal Position

[29] The Complainant's Rebuttal Position was clearly articulated in the sales area discussion.

Board's Findings of Fact and Reasons for Decision

[30] The Board finds the information in the Complainant's Rental Rate Study to be materially flawed as to render the study of little value in determining the typical rental rate for the VW service area. As a result, there is no evidence to support a change to the assessed rate of \$23.00 psf.

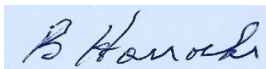
Issue: Rental Rate for VW Rear Addition

[31] Neither party spoke to this issue specifically. However, it was recognized that the rental rate for this area would be the same as for the VW service area. That rate is \$23.00 psf.

Conclusion

[32] As there is no change to the typical rental rates for the VW sales area, the VW service area and the VW rear addition, there is no change required to the assessment.

Dated at the Town of Okotoks in the Province of Alberta this 30th day of June 2025.



B. Horrocks
Presiding Officer

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APPENDIX "A" DOCUMENTS PRESENTED AT THE HEARING AND CONSIDERED BY THE BOARD:

NO.	ITEM
C-1	Complainant's Disclosure (64 pages)
R-1	Respondent's Disclosure (71 pages)
C-2	Complainant's Rebuttal (7 pages)

LEGISLATION

MGA, RSA 2000, c M-26

s 1(1)(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 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.

s 467(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.*

An application for Judicial Review may be made to the Court of King's Bench with respect to a decision of an assessment review board.

An application for Judicial Review must be filed with the Court of King's Bench and served not more than 60 days after the date of the decision, and notice of the application must be given to

- (a) the assessment review board*
- (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) the municipality, and*
- (e) the Minister.*