

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:

Darcy Ranch Townhouse GP Inc. - Complainant

- and -

Town of Okotoks - Respondent

BEFORE:

J. Dawson, Presiding Officer
R. Kobetitch, Board Member
R. Nix, 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
0122210	38 Willow Crescent	\$11,592,000

This complaint was heard on the 7th day of July 2025 via video conference.

Appearing on behalf of the Complainant:

- C. Hartley, Avison Young Valuation & Advisory Services, LP

Appearing on behalf of the Respondent:

- C. Van Staden, Assessor

Attending for the Assessment Review Board:

- O. Kanevskyi, Clerk

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Procedural Matters

[1] There were no procedural or jurisdictional matters raised.

Background

[2] The subject property is a newly constructed 32-unit rowhouse development; composed of 16 one-bedroom and 16 three-bedroom units. The development was completed in 2024 prior to the condition date and after the valuation date. The assessment was prepared on the income approach to value using the following parameters:

- 1-bedroom suite \$1,600 per month typical rental revenue
- 3-bedroom suite \$2,500 per month typical rental revenue
- 5% typical vacancy allowance
- 15.5 gross income multiplier (GIM)

Issue(s)

[3] The Complainant identified the two issues with the current assessment:

- the vacancy rate of the 1-bedroom units
- the GIM

Complainant's Position

[4] The complainant provided an overview of subject property including map, aerial and street-level photographs.

[5] The Complainant explained that the subject property was appraised with an effective date of August 1, 2024. The opinion of value in the appraisal arrived at \$9,925,000. This estimate forms the basis of the requested assessment.

[6] The Complainant included the rent roll as of April 21, 2025, from the subject property to illustrate that its appraisal and the Respondent both show an income consistent with actual performance.

[7] The Complainant explained that the subject property received an occupancy permit around July 2024 and then began the lease-up process. As detailed in the subject property's assessment explanation supplement, the property is composed of sixteen 1-bedroom units and sixteen 3-bedroom units.

[8] The Complainant indicated that the current assessment applies a 5% vacancy rate to both unit types. As of July 1, 2024, the property was 100% vacant and as of December 31, 2024, the 3-bedroom units had a 6% vacancy rate, while the 1-bedroom units had a 19% vacancy rate.

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[9] The Complainant requested that the assessment be adjusted to reflect a 19% vacancy rate for the 1-bedroom units with no change for the 3-bedroom units.

[10] The Complainant presented that the current assessment was derived using a GIM of 15.5. The appraisal utilized both the comparative approach and the direct income approach (using a capitalization rate). For the six sales used in the appraisal, a sales review sheet was included in the appendix of the appraisal, and most of the sales provided a GIM calculation.

[11] The Complainant observed that, to the best of its knowledge, the last multi-family sale in Okotoks was at 1 Alberta Avenue in February 2022 stating that it considered it to be a dated sale. With no recent multi-family sales having occurred in the area, the appraisal relied on sales of newer developments elsewhere in Alberta. The sales and their derived GIMs are summarized below:

Address, City	Date of Sale	YOC - Description	GIM
20 Kingsland Cl SE, Airdrie	Jan 2024	2014 - Low Rise Apt	13.16
1035 Ross Street, Crossfield	May 2024	2020 - Row House Complex	14.09
21750 - 93 Avenue NW, Edmonton	May 2024	2022 - Row House Complex	13.56
61 & 81 MacKenzie Ranch Way, Lacombe	May 2024	2018 - Low Rise Apt	11.99
905 13 St SE, Calgary	June 2024	2020 - Low Rise Apt	14.05
40 Dawson Wharf Mount, Chestermere	July 2024	2024 - Row House Complex	15.25
		Median GIM	13.81
		Assessment GIM	15.50

[12] The Complainant requested that the assessment be adjusted to reflect a GIM of 13.8, the rounded median value of the comparable sales.

[13] The Complainant presented an appraisal of the subject property that was prepared with a valuation date of August 1, 2024. The appraisal was created for the purposes for self-reporting of GST owed to the federal government using the leased fee estate.

[14] The Complainant argued that under complaint is the total assessment amount; stating that it is their position that the current assessment does not reflect market value.

[15] The Complainant reviewed its requested assessment calculation by changing the 1-bedroom unit vacancy from the 5% assessed to 19% reflecting the actual vacancy on December 31, 2024. Additionally, the Complainant changed the GIM assessed from 15.5 to 13.80 based on the rounded median value of six comparable sales. Meanwhile the final requested 2025 assessment value is based on the value opinion presented in the appraisal.

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Respondent's Position

[16] The Respondent introduced the complaint by reviewing an overview of assessment objectives and processes, the regulated assessment checks and balances, explaining valuation standards, the mass appraisal process, valuation dates, and quality standards.

[17] The Respondent took significant time to explain that the assessment is based on a mass appraisal market level valuation standard which is provincially regulated. Stating that while there is no regulated valuation process or methodology to determine the mass appraisal rates, all jurisdictions are subject to an audit process from the Provincial Government. Each jurisdiction goes through a detailed audit once every 4-5 years and must annually prove the assessment to sales ratio meets regulated requirements.

[18] The Respondent reviewed section 467(3) of the *MGA* to explain that the Board must not alter any assessment that is fair and equitable, taking into consideration a) the valuation standards 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.

[19] The Respondent argued that because it passed the audit, their assessments are correct based on the valuation standards and other standards set out in the regulations and the Board cannot change an assessment that is correct.

[20] The Respondent explained its position on possible grounds for complaint from section 460(5) indicating that there are no errors in the assessment as proven by the passing of the audit by Municipal Affairs.

[21] The Respondent reviewed numerous issues raised by the Complainant in its initial complaint that were not forwarded in the final disclosure.

[22] The Respondent presented that its vacancy rate is based on a 60-year stabilisation allowing for lease-up, and periods of abnormal vacancy, with actual vacancy in all classifications at 2.2%, it assesses 5% because of the stabilisation methodology it utilises. During questions from the Complainant, it was reported that the vacancy rate was created by mixing retail, commercial, non-residential and other properties together to find an overall average.

[23] The Respondent argued that its capitalization rate is consistent in the municipality (with few exceptions) at 6.25% and that the inverse of that creates the GIM of 15.5. Stating that the subject property at a 5.35% capitalization rate (as reported in the appraisal) would calculate a GIM of 18.6.

[24] The Respondent provided commentary on evidentiary standard, assessment fairness, and equity including previous Board decision and case law to suggest that an assessment cannot be changed by the Board unless it is satisfied that there is an inequity within the same municipality; however, neither party provided evidence from within the same municipality, so no change could be made.

[25] The Respondent identified that the appraisal applies a lower rent for the subsidized units

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in the property and the actual rents for each unit, resulting in a value of the leased fee estate. Whereas mass appraisal applies a typical rent to each unit and assumes that if the project is complete, all units are rented and at market on December 31, 2024. The resulting value is considered fee simple estate.

[26] The Respondent pointed out that the appraisal provided by the Complainant applies a 4% vacancy rate for the subject property, which supports the Respondent's conclusion that the subject does not experience abnormal vacancy.

[27] The Respondent argued that on December 31, 2024 the subject property had 7 vacancies, and that applying any above normal vacancy is erroneous as the subject does not experience abnormal vacancy. The property was complete in August 2024; the vacancy in December 2024 is normal for a lease-up period. Commenting that as of April 2025, the rent roll indicates the property is fully leased.

[28] The Respondent explained that the subject's 15.5 gross income multiplier is the typical effective gross income multiplier used for most Multifamily Residential properties in the jurisdiction. The base year mass appraisal effective gross income is used as it includes mass appraisal base rents, and typical stabilized vacancy. The assessor is unable to achieve the required standard for assessment within the 95% to 105% range of market value if the EGIM rate is adjusted.

[29] The Respondent argued that the appraisal of the subject property determined the capitalization rate from sales outside the jurisdiction which is not an acceptable practice for assessment purposes. As a result, the appraisal capitalization rate applied is not valid for assessment purposes.

[30] The Respondent asserted that it determined a mass appraisal capitalization rate of 6.25% and an effective gross income multiplier of 15.5. Stating that the capitalization rates were determined from information within the Town of Okotoks and utilized information from January 1, 2022 through July 1, 2024. Explaining again that the assessment office underwent a detailed audit in 2024. The assessor determines the mass appraisal capitalization rates and effective gross income multipliers using instructions and recommendations from the auditor and assessment guidelines prepared by the Provincial Government.

[31] The Respondent reported that the mortgage value for the subject property is \$8,417,440 as June of 2023. Mortgages for this type of property cannot exceed 75%-80% of the indicated market value of the fee simple estate; therefore, the bank has placed a value similar to the assessment value.

[32] The Respondent argued that the issues of appeal must fail because comparing the Town of Okotoks to properties in other jurisdictions is not comparing like to like properties. The assessor must use evidence from within the jurisdiction to ensure equitable assessments; they have no access to information from other jurisdictions. Tax rates and other factors vary by jurisdiction, making comparability for assessment purposes erroneous.

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[33] The Respondent indicated that market participants use different income calculation methods and capitalization techniques when preparing market value appraisals. Applying different techniques when determining rates and applying the results causes an inequitable assessment.

[34] The Respondent explained that the assessment process calculates mass appraisal capitalization rates and effective gross income multipliers based on the mass appraisal assessed income, not on the investor's income. The actual investor's income is based on rents that may be outdated, or below/above market.

[35] Additionally, the Respondent cited that an investor's vacancy rate differs between various properties and often does not include any vacancy adjustment. These factors will cause a difference in the calculation of a capitalization rate and effective gross income multipliers for assessment purposes.

[36] The Respondent argued that it is important to determine all components of the calculation using the same method applied to determine the mass appraisal effective gross and net operating income as this will ensure properties that have not sold are assessed in the same manner as those that have sold.

[37] The Respondent charged that changing the mass appraisal assessed EGIM rate using methods not used to calculate the mass appraisal effective gross income will result in inequitable effective gross income multiplier and will shift the burden of taxation to the rest of the jurisdiction.

[38] The Respondent concluded that after reviewing available information, the current assessment based on fee simple mass appraisal criteria is correct, requesting the Board to not make a change.

Rebuttal

[39] No rebuttal evidence was presented.

Decision

[40] The Board finds the vacancy rate of 5% to be fair and equitable rate for the subject property and makes no change.

[41] The Board finds the GIM of 15.5 is changed to 14.09.

[42] The Board calculates a new rounded assessment value of \$10,537,000.

Reasons

[43] The Board is faced with deciding the merits of the case based on the evidence in front of it. The Board finds that the Complainant provided sufficient evidence to cast a doubt on the assessment value.

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[44] The Board then needs to review the evidence submitted by the Respondent. There were many assumptions provided and lots of explanation on how the assessment must be correct because it passed the audit, but there was no evidence provided to establish the assessment.

[45] The Board had not heard of a methodology of mixing retail, commercial, non-residential, and other properties together in order to arrive at an overall 2.2% vacancy rate. However, given the stabilized adjustment to 5% and the evidence from the Complainant of 6% on its three-bedroom units, the Board finds the 19% vacancy rate of the one-bedroom units to be a short-term lease-up situation and makes no adjustment to the 5% assessed vacancy rate.

[46] The Board reviewed the sales provided by the Complainant and finds the sales of apartment buildings are not similar to the subject property.

[47] The Board finds that the three sales of rowhouses with garages provided by the Complainant to be the best evidence submitted despite not ideally comparable from a location perspective, and little information to establish that the calculations are similar. However, it is the only evidence submitted, and the Board accepted the median value of 14.09 for the GIM for the subject property.

[48] The Board adjusted the assessment to \$10,537,000.

Dated at the Town of Okotoks in the Province of Alberta this 25th day of July 2025.



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J. Dawson
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 (123 pages)
R-1	Respondent's Disclosure (64 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.*