
RECORD OF DECISION

CITY OF PRINCE ALBERT, BOARD OF REVISION

APPEAL NO.: 2021-29
ROLL NO.: 201-000-010
Hearing Date: June 22, 2021 at 9:00 a.m.
Location: Council Chamber
City Hall, City of Prince Albert

Appellant Loblaw Properties West Inc.

Respondent City of Prince Albert

Board of Revision Jackie Packet, Chair
Ralph Boychuk, Member
Dan Christakos, Member

Terri Mercier, Secretary

Representation

Appellant Garry Coleman, Agent, Altus Group Limited on behalf of Loblaw Properties West Inc.

Respondent Vanessa Vaughan, City Assessor
Dale Braitenbach, Observer, Assessment Department

All parties attended via video conference through Microsoft Teams.

Property Appealed

Civic Address 591 – 15th Street East
Prince Albert, Saskatchewan

Legal Description Lot 49, Block 26, Plan 91PA17580

Assessed Value \$12,965,200

Tax Class Commercial – Tier 4 - Improved (85% of value)

Taxable Assessment \$11,020,400

Role of the Board of Revision

[1] The Board of Revision (Board) is an appeal board that rules on the assessment valuations for both land and buildings that are under appeal. The basic principle to be applied by the Board in all cases is set out in *The Cities Act*, which states the dominant and controlling factor in the assessment of property is equity. The Board's priority is to ensure that all parties to an appeal receive a fair hearing and that the rules of natural justice come into play.

[2] The Board may also hear appeals pertaining to the tax classification of property or the tax status of property (exempt or taxable). This does not mean the Board can hear issues relating to the taxes owed on property.

[3] Upon hearing an appeal the Board is empowered to:

- (a) confirm the assessment; or,
- (b) change the assessment and direct a revision of the assessment roll by:
 - a. increasing or decreasing the assessment;
 - b. changing the liability to taxation or the classification of the subject; or,
 - c. changing both the assessment and the liability to taxation and the classification of the subject.

Legislation

[4] Property assessments in Saskatchewan are governed by *The Cities Act*, *The Cities Act Regulations* and/or by board order of the Saskatchewan Assessment Management Agency (SAMA).

[5] The dominant and controlling factor in assessment is equity. (*The Cities Act*, 165(3))

[6] Equity is achieved by applying the market valuation standard. (*The Cities Act*, 165(5))

[7] The market valuation standard is achieved when the assessed value of property:

- (a) is prepared using mass appraisal;
- (b) is an estimate of the market value of the estate in fee simple in the property;
- (c) reflects typical market conditions for similar properties; and,
- (d) meets quality assurance standards established by order of the agency.

(*The Cities Act*, 163(f.1))

[8] Mass appraisal means preparing assessments for a group of properties as of the base date using standard appraisal methods, employing common data and allowing for statistical testing. (*The Cities Act*, 163(f.3))

Preliminary Matters

[9] With respect to the Board's internal process, this hearing will be recorded for use of the Board only in rendering its decision.

[10] A Court Reporter from JML Transcription Services was present to record and transcribe the evidence for this appeal hearing, as a result of the request from the Respondent. The Board issued an Order for the recording which is filed with the Board's records.

[11] The Appellant requested that appeal 2021-24 be considered a lead appeal and all evidence and testimony from both parties for this appeal be carried forward and applied to appeals 2021-26, 28, 29, 31 and 32. The Respondent agreed.

[12] The Board ruled appeal 2021-24 to be the lead appeal and all evidence and testimony from the Agent and Respondent will be carried forward and applied to appeals 2021-26, 28, 29, 31 and 32.

[13] In light of there being a lead appeal, the Board will render a decision on the lead appeal (2021-24) and apply that decision to appeals 2021-26, 28, 29, 31 and 32.

[14] The Respondent noted that Appellant's submission was a day late. The Board ruled that the appeal would be heard, and Appellant agreed, in future, to pay more attention to dates indicated on correspondence sent from secretary of appeal board.

Exhibits

[15] The following material was filed with the Secretary of the Board of Revision:

- a) Exhibit A-1 — Notice of appeal
- b) Exhibit A-2 – Letter of Authorization from Appellant
- c) Exhibit A-3 — Appellant's 20 day written submission
- d) Exhibit R-1 — Respondent's 10 day written submission

Appeal

[16] Pursuant to *The Cities Act*, section 197(1), an appeal has been filed against the property classification and valuation of the subject property. This property has a 100,908 sq. ft grocery store (Superstore) (built in 1992), a 285 sq. ft. gas bar (built in 1992), and a 3,221 sq. ft fast food restaurant (Burger King) (built in 2017). The subject parcel is 333,503 square feet in size to which the assessor has applied a base land rate of \$6.51 with a standard parcel size (SPS) of 47,045 square feet and a land size multiplier (LSM) based on a 180% curve

[17] The Appellant's ground states:

- Ground 1: The assessor has used two non-comparable restaurant sales to determine the 1.10 retail (outside of downtown) MAF. This results in a MAF (Market Adjustment Factor) that is inflated.
- Ground 2: The assessor has used a non-comparable office property to determine the 1.10 retail (outside of downtown) MAF. This results in a MAF that is inflated.
- Ground 3: The assessor has used a non-comparable warehouse property to determine the 1.10 retail (outside of downtown) MAF. This results in a MAF that is inflated.
- Ground 4: Equity has not been achieved as the current 1.10 market adjustment factor does not reflect typical market conditions for retail properties.

Agent

[18] In the Appellant's written submission and testimony to the Board, the Appellant states:

- Ground 1: The sales of 1501 Olive Diefenbaker Drive and 3223 2nd Avenue West were restaurants at the time of purchase and were used to develop a restaurant MAF in the previous assessment cycle. They have now been incorrectly placed in the retail MAF grouping instead of the restaurant grouping. Removing these two sales from the retail analysis would lower the median MAF from 1.10 to 1.08.
- Ground 2: 200 28th Street West was used by the assessor as a retail property to develop a retail MAF. This building is predominately a bank branch and, as such, should be assessed out of the office section of the costing manual. It should be removed from determining the MAF for a retail property. Removing this bank sale from the retail analysis would reduce the MAF from 1.08 to 1.05.
- Ground 3: Upon discussion with the assessor in a prehearing, it was determined that this ground would be withdrawn
- Ground 4: In accordance with *The Cities Act* equity is achieved when assessment values meet with the market valuation standard and each assessment meets the standard if it reflects typical conditions for similar properties. Harvard case backs up the need to use similar properties when determining an equitable assessment of properties. The assessor has stratified retail, office, and restaurant buildings into separate MAF groupings because they are not similar and act differently. By using dissimilar restaurant and office buildings to develop a MAF for retail properties outside the downtown, equity has not been ignored.

- Summation: If the sales of restaurants 1501 Olive Diefenbaker Drive and 3223 2nd Avenue West and office space 200 28th Street West were removed from the 1.10 MAF calculation, a MAF of 1.05 would be correctly applied to the subject property

Assessor

[19] In the Assessor's written submission and testimony to the Board, the Assessor states:

- Ground 1: The Appellant is correct in stating that in the previous assessment cycle, the 1501 Olive Diefenbaker Drive and the 3223 2nd Avenue West properties were classified as restaurants outside the downtown area. In the previous cycle the MAF applied to a property was based on the predominate use of the section of the property that had the highest RCNLD (Replacement Cost New Less Depreciation). The restaurant sections of these centres had the highest RCNLD and therefore the properties were grouped with other restaurant sales.

For this revaluation cycle, the City revisited how it would determine what MAF would be applied to a property that had more than one use. As tenants and use frequently change in the highest RCNLD spaces, MAF reclassifications were changing frequently causing year to year fluctuations of assessments in the entire centre. Using the 2013 Committee Decision, the City determined the MAF as applied to a multi-tenant property. And these multi-tenant properties are retail strip commercial buildings.

- Ground 2: Similar to ground 1, in the previous revaluation cycle, 200 28th Street West had the highest RCNLD within a centre and was classified as office space. With the revisiting of classifications, this multi-tenant centre is now classified as such with a MAF appropriate to its use. Jan 1, 2021, this property was a retail strip commercial building.
- Ground 3: In agreement with the Appellant, this ground was withdrawn.
- Ground 4: Equity across the city is maintained as now all 412 neighbourhood shopping centres are classified the same in this assessment cycle. Removing the three sales requested by the Appellant would in fact lower the Retail/Outside Downtown MAF, but equity amongst the other shopping centres would be lost unless all were reassessed according to individual space costing. Fluctuations in assessments would change each year as tenants and uses of space change. Comparability has been accounted for as the three properties referenced by the Appellant are closer in comparability than to either office space or restaurant space.

Final Discussion and Arguments:

[20] Appellant emphasized that for properties on Olive Diefenbaker and 2nd Avenue West, in 2017 assessment year wanted retail assignment, but had to accept restaurant assignment. Now, want to maintain restaurant assessment and must accept retail assessment.

[21] Appellant reiterated that the lack of sale in a MAF grouping makes comparability difficult.

[22] Assessor emphasized that a standard model was followed in 2017 assessment year and an alternate, and acceptable, model was followed in 2021 assessment year. Both strategies are “backed” by *The Cities Act* and/or Committee Rulings.

Board Analysis

[23] After careful deliberation and reading of *Cities Act* and other referenced material, the Board considered:

- Ground 1 and 2: Acknowledgement of the frustration with reclassifications of properties which affects MAF allocations; we understand rationale of the city in doing so this revaluation cycle because of the changing climate of tenants and use of spaces. City did follow guidelines of 2013 decision in assigning multi-tenant properties as retail spaces.
- Ground 4: As Prince Albert has 412 comparable neighbourhood shopping centres, equity is achieved when assigning same MAF. To remove a few from the grouping creates more issues or inequality.
- City is attempting to ‘streamline’ assessments to achieve more equity amongst comparable businesses. Neighbourhood shopping centres / strip malls are comparable.

Decision

[24] The Board dismisses the appeal on all grounds.

[25] The total assessed value will remain at \$12,965,200.

[26] The taxable assessment will remain at \$11,020,400.

[27] The filing fee shall be retained.

DATED AT PRINCE ALBERT, SASKATCHEWAN THIS 15th DAY OF SEPTEMBER, 2021.

CITY OF PRINCE ALBERT BOARD OF REVISION



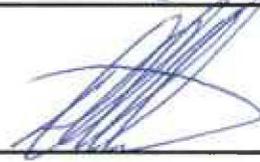
Jackie Packet, Chair

I concur:



Ralph Boychuk, Member

I concur:



Dan Christakos, Member