RECORD OF DECISION

CITY OF PRINCE ALBERT – BOARD OF REVISION

Appeal No.:	**2024-39**
Roll No.:	101001190
Hearing Date:	June 5, 2024, at 9:00 a.m.
Location:	2nd Floor, Main Boardroom, City Hall 1084 Central Avenue, Prince Albert, SK
Appellant	Lake Country Co-operative Association Ltd.
Respondent	City of Prince Albert
Board of Revision	Jackie Packet, Chair Ralph Boychuk, Vice-Chair Dan Christakos, Member Terri Mercier, Secretary

Representation

Appellant	Garry Coleman, Agent, Altus Group Limited
Respondent	Vanessa Vaughan, City Assessor Dale Braitenbach, Assessment Appraiser Darcy Lees, Assessment Appraiser

Property Appealed

Civic Address	228 16th Street West Prince Albert, Saskatchewan
Legal Description	Lot 48 Block/Parcel 10 Plan 102147083
Assessed Value	$2,732,600
Tax Class	Commercial – Improved-T (85% of value)
Taxable Assessment	$2,322,700

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] It should be noted for the record that Appeal 2024-43, which was originally scheduled to be heard on this date by the same Agent, reached an Agreement to Adjust for the property at 310 – 40th Street East. The Respondent's 10-day submission and the Appellant's 20-day submission were filed with the Board Secretary and provided to the Board for review. However, due to an Agreement being reached on June 3, 2024, two days prior to the hearing, the appeal was withdrawn.

[11] The Agent to the Appellant requested that Appeal 2024-48 be considered a Lead Appeal and all evidence and testimony from both parties for this Appeal be carried forward and applied to Appeal 2024-38, 2024-39, 2024-40, 2024-41, 2024-42, 2024-44, 2024-45, 2024-46, 2024-47, 2024-49 and 2024-50. The Respondent agreed.

[12] The Board ruled Appeal 2024-48 to be the Lead Appeal and all evidence and testimony from the Agent and Respondent will be carried forward and applied to Appeal 2024-38, 2024-39, 2024-40, 2024-41, 2024-42, 2024-44, 2024-45, 2024-46, 2024-47, 2024-49 and 2024-50. The Board will render a decision on the Lead Appeal and apply that decision to the appeals as noted above.

[13] The Respondent requested that Schedule D on pages 88 to 95, along with paragraph 116, both located in Part B of their submission remain confidential to this hearing, as it includes ownership property appraisal information for one of the appealed properties grouped in this appeal, noted as Appeal 2024-46. The Agent agreed to this request.

[14] The Board ordered Schedule D and paragraph 116 within Part B as confidential to this appeal grouping in accordance with Section 202 of *The Cities Act*.

Exhibits

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

a) Exhibit A-1 – Notice of Appeal received February 29, 2024
b) Exhibit A-2 – Appellant's 20 day written submission received May 15, 2024
c) Exhibit A-3 – Appellant's 5 day written rebuttal received May 3, 2024
c) Exhibit B-1 - Acknowledgement Letter dated March 12, 2024
d) Exhibit B-2 – Notice of Hearing Letter dated April 4, 2024
e) Exhibit R-1 – Respondents 10-day written submission received May 27, 2024, which includes Part A, B and C.

Appeal

[16] Pursuant to *The Cities Act*, section 197(1), an Appeal has been filed against the property valuation of the subject property. The Lead Appeal property is a non-regulated property with a primary building of 55, 819 sq. ft. Secondary buildings are 7,237 sq.ft, 1,349 sq. ft. and 42,224 sq ft. The total land size of 431,746 sq. ft.

[17] The Appellant's grounds state:

1. The assessor has used non-comparable retail commercial properties to determine the 1.70 retail (outside of downtown) market adjustment factor. This results in a market adjustment factor that is inflated.

2. The assessor did not consider the principle of substitution, a fundamental principle in mass appraisal when using the cost approach, when she applied a 1.70 market adjustment factor.

3. Equity has not been achieved as the current 1.70 market adjustment factor does not reflect the typical market conditions for larger retail properties.

Appellant

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

Ground One: Comparability / MAF Application

1. SAMA Cost Guide Section 3.1 provides directive for calculation of MAF. Two statements of significance are "Identify improve properties with comparable buildings or structures that are sales." and, "Determine the replacement cost new less physical deterioration....."

2. *Harvard Property Management Inc. v. Saskatoon (City), 2017 SKCA 34* para 23 "Comparability in this sense is a factual matter involving consideration of one property versus the characteristics of another..."

3. *Walmart Canada Corp. v Prince Albert (City), 2021 SKCA 158* "If there are not enough sales of comparable properties to generate a MAF, that means there will be no MAF at all. It does not mean that the MAF should be set at 1.0."

4. In Remittal decision AAC 2017-0364.1 the Committee looked at five elements to determine is the sales were comparable to the subject The range for each:

    a) their age - 1946 to 1994
    b) size of improvement - 1,652 sq.ft. to 7,072 sq.ft.
    c) site sizes - 4,569 sq.ft. to 28,978.58 sq.ft.

d) RCNLD's - $80,553.00 TO $995,000.00
e) sale amounts - $174,5000.00 to $995,000.00

5. Upon examination of these ranges, the Committee concluded, "..this comparison demonstrated that the Walmart property is far outside the range of comparables, especially regarding size and age. It would, therefore, not be reasonable to conclude that these MAF sales share the same value-generating characteristics as a Walmart building."

6. One of the properties involved in this Committee decision is the lead appeal before the Board today.

7. The following ranges are from the Sale Properties used to generate the MAF of 1.70. The bracket after each is the difference to Subject Property:

a) Age: 1946 to 2000	(58 and 4)
b) Building Size Sq. ft.: 1,800 to 13,399	(59.98 and 8.06)
c) Site Size Sq. ft: 7,488 to 55,347	(57.66 and 7.80
d) RCNLD's $107,664 to $748,157	(105.93 and 15.24)
e) Sale Value: $50,100 to $2,224,998	(396.51 and 8.93)

8. The Agent provided charts comparing each of the Subject Properties to the smallest and the largest Sale Properties. Sale Price, Size, Site Area, Year Built, and RCNLD. There are a few Subject Properties that 'fall' in the parameters of the Sale Properties. Where they 'fit' in one area, they don't in others.

9. The above presentations (7 and 8) show that the Sale Properties are not remotely similar to the Subject Property or any of Subject Properties. 2017-0364.1 states, "not enough if one or a few properties used to develop a MAF are similar, they must all be similar if they are to be used for that purpose."

10. Using the same group of sales, AAC 2023-0352 ruled that a MAF of 1.10 was not comparable. Logic indicates that these same sales are not comparable with a 1.70 MAF.

11. To justify the application of a MAF based solely on use and location, is not correct. There are several variables to consider, and these variables demonstrate that the sale properties and subject properties are not alike.

Ground Two: Principle of Substitution

12. The Cost Approach to value is based on the principle of substitution which affirms that where a property is replaceable, its value tends to be set at the cost of acquiring an equally desirable and valuable property, assuming no costly delay is encountered in making the acquisition.

13. For the Subject Property, the Assessor has a RCNLD of $11,404,765.00. If depreciation is taken out of the factoring, the building cost would increase to $14,179,788 and $14,585,488.00 with the land value added.

14. The Assessment for 2024 is $19,865,400; $5,208,312 or 36% higher than the cost to replace the land and building. This violates the Principle of Substitution.

Ground Three: Equity

15. {Harvard} confirms that similar properties must be used to establish equity.

16. *The Cities Act* Section 5 indicates the importance of equity. To paraphrase: equity is the dominant and controlling factor in assessments....equity is achieved by applying the market valuation standard so that assessments bear a fair and just proportion to the market value of similar properties...

17. The Committee from 2017 appeal: para 45 "All the foregoing leads us to conclude the Board made a reasonable decision when it found that no MAF should be applied to the subject properties because the 10 MAF sales are not comparable. Applying a MAF derived from these sales would not be consistent with achieving equity as defined in Section165 of the Act."

[19] Questions asked by Respondent and/or Board of the Agent and subsequent answers:

1. The Assessor asked how site size improve the value of a property? The Committee found that land is part of valuing. Site size is a key determinant in calculating a MAF so yes, it adds value to a property.

2. Would agree that there is an adjustment for large site sizes when calculating the BLR? The principal of diminishing returns does this. The Committee looked at site size as a variable. Diminishing return or not, a buyer pays more for a larger stie.

3. The Lead Appeal is not comparable to any of the five characteristics evaluated by the Committee in 2017 decision. A few of the other Subject Properties have one or two characteristics that 'fit' with the Sale Property characteristics. No Subject Property is comparable is to more than one of the five.

4. Trading Market was briefly mentioned, is it not significant? How is it relevant as today's Appeals have local interests and national interests? The Lake Land Coop is the only 'local' and yet its grocery store competes against national stores such as Loblaws. The Committee did not place as much focus on the trading market, but rather on the five defining characteristics presented today.

5. Peavey Mart is locally owned as is North West Company is also locally owned. The Agent responds both are a 'national' brand.

6. All the properties in this appeal, both sales and subjects, are classified as Retail Outside/Downtown. The Agent has no issue with any of the classifications of the Subject Properties. The Sale Properties may be more comparable to smaller retail properties; they are not comparable to the Subject Properties.

7. The Board questioned where numbers of RCNLD values and values less depreciation came from. Value cards on the Subject Properties were referenced and examined.

Assessor

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

1. Classification of a property requires six steps:

    a) Identify valuation parameters
        i. Physical characteristics: property use, building size/area, construction style/materials, condition of improvements, building configuration, site size, location
        ii. Supply and demand conditions in the marketplace
        iii. Legal restrictions (i.e. zoning)
    b) Collect appropriate data
        i. Data collected from existing assessment records, property owners, property inspections, government and industry publications.
    c) Analyse collected data
        i. Various statistical technics are used to sort, classify data gathered.
    d) Develop guidelines for applying valuation parameters
        i. Assurance that similar properties are assessed similarly is crucial.
        ii. Assurance that equity is maintained.
    e) Apply valuation parameters
    f) Test results
        i. Tests are done against recent sales.

2. The objectives of the classification process:
    a) Enable the assessment of several properties easily and efficiently
    b) Stratify properties into classes so comparisons are meaningful
    c) Provide a broad enough definition of classes so there are enough within groups to establish valuation parameters and assessments
    d) Achieve large classes with similar characteristics to assess similar properties similarly using mass appraisal and resulting in equitable results

3. The Cost Approach in assessment requires three major parts:

a) -part one is determining the value of land based on vacant land sales and applying a land size multiplier curve for larger parcels of land. In this case a BLR of $6.51(standard parcel size of 47,045 sq. ft) and a LSM if 180% was applied. The BLR applied to the Property is 3.45 per sq. ft.
b) -part two RCNLD which is determined using the Cost Guide of *Marshall & Swift Manual*. Section 3.2 provides calculation procedures, Section 3.4 lists cost factors, and Section 3.8 on valuation procedures addresses physical deterioration. Following the steps outlined, a depreciation percentage is attained.
c) -part three is to determine a MAF. In this case a Retail/Outside Downtown MAF of 1.70 based on 16 retail sales (of possible 59 sales) comparable within the municipality. Properties are stratified by property use, district, and/or location. This 1.70 MAF calculated a median ASR of 1.0 with a COD of 75.093.

Ground One: Comparability / MAF Application

4. The MAF accounts for all economic obsolescence and any loss or gain in value of the building or structure due to any difference in replacement cost and any difference in the amount of physical deterioration of functional obsolescence, that have not already been considered.

5. The MAF also accounts for additional site improvements such as signage, landscaping, drainage, parking lot surfacing and lighting etc. When a buyer buys a property, the property is developed, it is not a sale of raw land. A MAF accounts for all improvements.

6. Application of a MAF more closely aligns a property to the local market.

7. The Appellant points out the differences in age, improvement size, land size, RCNLD's and sales amounts of the Sale Properties to the Subject Property. The Assessor agrees there are differences but emphasized that the Appellant provided no market evidence to support that these differences in characteristics result in value-generating differences.

8. Similarly to the differences in characteristic arguments, the Appellant provides no factual market evidence to indicate that the Subject Property will sell differently on the market than the Sale Properties.

9. *Walmart 2021* decision closely relates to this Appeal in that the base of the Appeal was the Sale Properties to the Subject were not comparable in size, market value, and did not trade in the same market. AAC 2017-0364 The foundation of arguments in Walmart 2021 decision had no sales evidence from the City on record from which the Committee could make its decision.

10. In this Appeal, the City does provide retail sales physical data, comparisons of physical and value-generating characteristics, testing results of variables, and supports various findings with court decisions and Committee rulings.

11. *South Hill 2020,* also an appeal based on comparability, was not granted leave to appeal by the Court. South 2020, like this appeal, have the same MAF stratification applied, same property use (retail), and same location. One difference is this assessment year is the number of available sales is 16 instead of 10.

12. *Various (Ryan ULC) v Prince Albert (City), 2024 SKMB 14* does not have a decision and caution should be used in relation to its relevance.

13. The SAMA Handbook and M&S are followed during the processes of classification, stratification of MAF groupings valuing land, costing structures, calculating RCNLD's, developing a MAF etc. Assessor discretion come into play regarding many of these steps in the assessment process.

14. Comparability often comes down to this question, "Using discretion did the Assessor correctly find the Sale Properties sufficiently comparable to the Subject Property? *Harvard Property Management Inc. v Saskatoon (City) 2017 SKCA 34 {Harvard, 2017}* indicates that comparability or similarity is a factual matter involving characteristics of one property and the characteristics of another.

15. Statistical testing was not the method used for determining comparability within the MAF groupings. Testing to ASR value of 1.00 was done after the properties were stratified as a group.

16. The 59 sales were evaluated by physical characteristics and stratified by the two factors that demonstrated an influence on the market - use and location.

17. Once the 16 sales for the Retail Outside/Downtown MAF grouping were identified, a review of sales evidence and the application back to the commercial population was considered.

18. *TNC Mall Property Holding Inc. v. Moose Jaw (City) 2000 SKCA99* decision was referenced; regarding this appeal the following are noted:

    a) para 40 "properties are rarely comparable in the sense of being identical"
    b) properties "are simply more or less comparable with reference to a variety of relevant characteristics including use, building size, construction style, condition, site size, location etc."
    c) para 43 statistical testing comes into play when a group of comparable properties is identified

19. The Assessor acknowledges that the Sale Properties are not identical to the Subject Property, comparability was not ignored when evaluating the properties, statistical testing (ASR 1.00) was completed after MAF grouping was determined.

20. *{Affinity}, {CP Reit}, {Harvard 2017}* were further referenced regarding support of Assessor judgment and Assessor discretion when making assessments. The foundation of all decisions is the reliance on fact rather than suggestion, opinion, bias, speculation or hypotheticals.

21. Concerning various physical characteristics, RCNLD's, etc charts and graphs for Sale and Subject Properties were provided and referenced. Ranges between the Sales (**S)** versus Subject (**Sub**) are as follows:

    a) RCNLD/SQFT - **S** $38.30 to $116.07 **Sub** $ $74.31 to $281.76
    b) Av /SQFT - **S** $84.20 to $230.81 **Sub** $146.93 to $434.24 **page 46
    c) Site Coverage - **S** 2.52 to 8.39 **Sub** 0.00 to 17.80
    d) BLR - **S** $5.72 to $6.51 (13 of 16) **Sub** $1.11 to $6.51 (1 of 12)

22. Concerning site size and site coverage the Subject falls in the range. Plus, size difference is accounted in BLR. Large land parcels are substantially reduced because of the law of diminishing returns. Size is considered here and need not be considered again in the improvement valuation.

23. Subject Properties tend to have a higher assessment value per square foot as the properties are newer, thus, less depreciation. If size were a factor, large properties should have highest square foot costing; this is not the case. The 3 largest Subject Properties have the lowest assessment per sq.ft. If size was an influence, these should have the highest sq ft. values.

24. Rates per square foot have a downward adjustment based on size. The larger the size and the lower the area perimeter multiplier, the lower the estimated cost per foot to construct. Of note, many of Subject Properties have multiple buildings on site.

25. Concerning location, the City found that there was a difference between downtown and outside downtown in relation to values of properties.

26. Stratification according to use was also evident in the Assessor's evaluations. Location and use were the two strongest comparables between the Sale Properties and Subject Properties.

27. The Assessor referenced the characteristics of comparability listed in the Handbook and reiterated that they evaluated all of them in relation to the Sales Properties to determine which were value-generating. The 5

characteristics presented by the Agent are in this list.

28. Concerning age, sale evidence does show that newer builds have a higher MAF; less depreciation applied increases the MAF.

29. The Appellant states that the Sale Properties and Subject Properties do not trade in the same market. Trade market or area market are not property characteristics identified in the Guide. The Assessor considers statements about national and international markets to be speculation as they are not supported by market evidence.

30. The Assessor provided a comparison chart with all the Sale and Subject Properties and comparison variables 6 of the 12 Subject Properties are locally owned and 6 are 'nationally' owned.

Ground Two: Principle of Substitution

31. The principle of substitution suggests a purchaser would not pay more for purchase a property than it would cost to buy a similar lot and construct an improvement on it with similar utility.

32. Concerning the Agent's argument concerning RCNs and RCNLD with a MAF a chart with the break down per Subject Property and per structure on each property was provided. The chart indicates a different number and percentage value for the Subject Property than that provided by the Agent.

33. The Assessor also noted that the Subject Property (Rona) is 20 years old and receives a 26% physical depreciation. The current RCN of $14,509,200 considering all the buildings on site, calculates to $131.11 per sq.ft. new and the principal building (Rona) with depreciation has an RCN of $6,475,369 which calculates to $110.92 per sq.ft. new.

34. The valuation of a property without a MAF would be raw land without additional site improvements and the added RCNLD for builds. Without a MAF, an Assessor is valuing a property as if it lacked improvements - buyers buy improved properties. The principle of substitution is consistent when a MAF is applied.

Ground Three: Equity

35. Based on Assessor evidence outlined in Ground One and Two, the MAF and Principle of Substitution, the Assessor is assured that equity has been met.

[21] Questions asked by Respondent and/or Board of the Agent and subsequent answers:

1. The Agent queried if the City could assess properties with the Income Approach

and the answer was, "Yes, the option is there." Other Rona's in the province are assessed by the Income Approach.

2. The Assessor confirmed that the Income Approach requires assessors to evaluate different variables than it currently does with the Cost Approach. Questioning was suggesting that the Income Approach may be a better option if the City struggles to fine comparable properties to equitably use the Cost Approach.

3. Several questions by the Agent pointed out that the City had no sale evidence of a sales bigger in structure or site size or younger than the Subject Property.

4. The Assessor confirmed that construction types, condition ratings, and use all affect RCNLD.

5. The Assessor's calculation of the COD of 75% does not fall in range the IAAO standard which is 25% for small cities.

6. Under the Cost Approach similar buildings across Saskatchewan would be costed the same. Despite the fact the Rona's in Moose Jaw and Saskatoon are costed by the Income Approach, if they were assessed using the Cost Approach, without a MAF applied, they would all have the same assessment values. The point is applying a MAF assures that assessments are closer to the local market.

7. The Board queried M&S if sales are referred to at all. The development of a MAF comes from SAMA and M&S is all about costing.

Final Questions, Comments, and Rebuttals

[22] Agent: SMB decisions hold weight, and, in fact, has ruled on these exact sales. The City has not produced any new evidence from previous years.

[23] Agent: there are no sales close to the size of the Subject Properties in this jurisdiction.

[24] Agent: The Court of appeal has not been heard but speaks directly to this Appeal in relation to the parameters evaluated when establishing comparability.

[25] Agent: there was no rebuttal to presented Principal of Substitution. It is a key to this Appeal. No one would buy a property for $19,865,400 when it could be built for $14585,488.

[26] Assessor: The Current decisions we are waiting for relied heavily on the 2017 decision which has been discredited. Comparability can be found in Walmart Kindersley Appeal.

[27] Assessor: Market evidence is essential, in determining an assessment.

[28] Assessor: Without sale evidence assumptions are made. The Assessor does not have sale evidence for large buildings, sale evidence for newer builds, or sale evidence for larger parcels.

Board Analysis

[29] After careful deliberation and reviewing *The Cities Act* and other referenced material, the Board considered:

Ground One: Comparability / MAF Application

1. In relation to the use of *Various (Ryan ULCA) v Prince Albert (City), 2024 SKMB 14* to support no applied MAF: as a Board, we are waiting for a final ruling on this decision as it is before the Court of Appeal.

2. SAMA developed the use of a MAF in recognition that developed sites have site improvements not covered in the costing models. Why would a MAF be developed, if it was not required?

3. The Board does not think anyone would argue that site improvements (lighting, drainage, landscaping etc) do not increase the value of a property. If there is no costing model for each type of improvement, and there is no MAF, how does a city account for their value? Buyers buy buildings on developed sites.

4. The Board agrees with the Assessor's statement, "If no MAF is applied the addition of site improvements would result in an increase in the overall property valuation which would be higher than the RCNLD plus land valuation."

5. The Board agrees that the Cost Approach modified by a MAF helps assure that assessments are closer to local markets. The Board acknowledges that the Cost Approach is more time consuming.

6. The City is bound by law to follow guidelines when assessing properties using a modified Cost Approach. The SAMA Guide was repeatedly used, and followed when classifying properties, forming stratification groupings, and developing a MAF; supporting evidence of the correct use of the Guide was documented and presented as evidence.

7. The Assessment team had 59 properties from the base dates (expanded an extra year, 2014) carefully stratified them into 8 MAF groupings and then calculated the ASR (statistical test) for each grouping. Retail Outside/Downtown has an ASR of 1.00 which fits into the acceptable range.

8. The chart comparing averages or ranges of various characteristics between the Sale Properties and Subject Properties (point 21 of Appellant submission) affirms that the Subject Property is similar to the Sales Property grouping. The Subject

Property "fits" and does not "stand out". In relation to any of the characteristics.

9. The Agent's insistence that size is not considered when comparing properties, is countered when demonstrated that larger site size properties have lower BLRs than smaller properties. Size is considered and justly accounted for in valuations.

10. In relation to use and location being the clearest value-generating characteristics, the Board discussed an analogy comparing commercial retail businesses to grain farming. Grain farms in Saskatchewan vary in size from small to very large. Some farms continue to be family operations and others are large corporations. The purpose of each is profit for the farmer/corporation while feeding the world. Certain crops are better suited for farms in the very south of the province and others are more suited for northern climes. Success in all instances is dependent on weather and good farming practises. Operation of a municipality (roads, schools, hospitals, recreational facilities etc.) is largely dependent on a tax base.

11. Urban centres have large and small retail businesses, some are locally owned, and others are national/internationally owned. Regardless of size and ownership, the goal is profit while serving customers. Businesses are area dependant, and the success of any business is knowing the market area and good business practises. City amenities (streets, schools, hospitals, recreational facilities etc.) are largely dependent on a tax base.

12. To conclude the analogy. Should "corporation" farms not pay the same mill rate as smaller farms because they don't compare in size, age, supply/demand or trading markets when they enjoy the same amenities? Should large urban retail businesses not pay the same MAF as smaller retail businesses when they enjoy the same amenities? Of note, the Board agrees that the word 'enjoy' can be replaced with the word 'expect'' in these concluding statements.

13. The Assessor is correct in stating that without evidence, namely sales in the local market, he cannot make judgements about how larger properties sell, where they sell, and who buys them. Supply and demand variables must have proof based on sales just as comparable characteristics have proof, sales proof.

14. The Board is aware that at least two comparable sales are required to develop a MAF, and respects that in this assessment there are 16 sales in the MAF grouping.

15. The Board does not support that no MAF should be applied.

Ground Two: Principle of Substitution

16. The Board agrees with the Assessor's statement, "The valuation of a property without a MAF would be raw land without additional site improvements and the added RCNLD for builds. Without a MAF, an Assessor is valuing a property as if it lacked improvements - buyers buy improved properties."

17. The Agent's presentation of the RCNLD of the Subject Property, less depreciation has merit on the surface, but contains a major flaw. His calculated RCNLD has a land rate based on raw land - no site improvements. Would a buyer spend over $14 million on a property that has zero improvements? The Board thinks not.

18. The Board disagrees with the Agent's conclusion that a 36% higher cost to replace land and building with a MAF applied violates the Principle of Substitution.

19. The Board recognizes that the Principal of Substitution is consistent when a MAF derived from comparable properties is applied to the Subject Properties.

Ground Three: Equity

20. The City is bound to follow guidelines when assessing properties using the Cost Approach. The SAMA Guide was repeatedly used and followed. Steps taken by the Assessor are documented and presented during this hearing.

21. All properties are assessed fairly and rational for assessments are based on fact.

[30] The Board rules That the Assessor used comparable retail commercial properties to determine a MAF of 1.70.

[31] The Board rules that Principle of Substitution was correctly applied in the Cost Approach for the 2024 assessments.

[32] The Board rules that the principle of Equity was achieved through the development of a MAF for Retail Outside/Downtown properties in the City of Prince Albert.

[33] The Board rules that a MAF of 1.70 be applied to all Retail Outside/Downtown properties for the 2024 assessment year.

Decision

[34] The Board dismisses the Appeal on all grounds.

[35] The assessment will remain at $2,732,600 total assessed value.

[36] The filing fee shall be retained.

DATED AT PRINCE ALBERT, SASKATCHEWAN THIS 10th DAY OF JULY, 2024.

CITY OF PRINCE ALBERT BOARD OF REVISION

Jackie Packet

Jackie Packet, Chair

I concur:

Ralph Boychuk, Member

I concur:

Dan Christakos, Member