
RECORD OF DECISION

CITY OF PRINCE ALBERT – BOARD OF REVISION

Appeal No.: 2024-81
Roll No.: 100002990
Hearing Date: June 13, 2024, at 3:00 p.m.
Location: 2nd Floor, Main Boardroom, City Hall
1084 Central Avenue, Prince Albert, SK

Registered Owners Brian D. Bieber
Irene M. Bieber

Respondent City of Prince Albert

Board of Revision Ralph Boychuk, Vice-Chair
Dan Christakos, Member

Terri Mercier, Secretary

Representation

Appellant Brian Bieber, Owner
Reese Bieber, Employee and son of Owner

Respondent Vanessa Vaughan, City Assessor
Dale Braitenbach, Assessment Appraiser
Darcy Lees, Assessment Appraiser

Property Appealed

Civic Address 25 River Street West
Prince Albert, Saskatchewan
Legal Description Lot 9, Block/Parcel A, Plan E, Ext 0 and Lot 12, Block/Parcel
A, Plan E, Ext. 82
Assessed Value \$468,900
Tax Class Commercial – Improved-T (85% of value)
Taxable Assessment \$398,600

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] Prior to the hearing, the Appellant distributed copies of his Submission to the Board members, Secretary and the Respondent. The Respondent objected to the receipt of the new information, as it was not discussed with the Assessment Department previously in conversations with the Appellant. In addition, the Respondent indicated that the Appellant did not follow the rules of disclosure which were provided in the Notice of Hearing letter.

[11] The Board determined that it would allow a 15-minute recess to give an opportunity to both the Respondent and the Board to review the new materials, which included descriptions of photos, which copies were attached to the submission.

[12] Following the recess, the Chair opened the hearing and stated that the Board would allow the materials to be presented but reserved the right to use or not use the new material as evidence within their decision.

[13] The Respondent objected to the new materials being considered for the same reasons as noted above, prior to the commencement of the hearing.

Exhibits

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

- a. Exhibit A-1 – Notice of Appeal received March 1, 2024
- b. Exhibit A-2 – Request to Amend Notice of Appeal dated May 28, 2024
- c. Exhibit A-3 – Appellant's Submission received at the hearing on June 13, 2024 (Presented at meeting)
- d. Exhibit B-1 - Acknowledgement Letter dated March 8, 2024
- e. Exhibit B-2 – Notice of Hearing Letter dated April 8, 2024
- f. Exhibit B-3 – Order to Amend Notice of Appeal dated May 29, 2024
- g. Exhibit R-1 – Respondents 10 day written submission received June 3, 2024

Appeal

[15] Pursuant to *The Cities Act*, section 197(1), an Appeal has been filed against the property valuation of the subject property. The Appeal property is a non-regulated property with a total land size of 11,500 sq. ft with a one storey building size of 8,850 sq. ft.

[16] The Appellant's grounds state:

1. The condition rating is not very good.

[17] The Appellant requested additional grounds by email on May 29, 2024, as follows:

2. The main floor square footage is incorrect.
3. The basement has no heat, and currently there is heat being costed for the basement.
4. The basement is being costed as semi-finished when there is an area there is unfinished.

[18] The Board granted an Order to Amend the Notice of Appeal to add the above noted grounds to the original Notice of Appeal.

Appellant

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

1. Condition rating of the Property is the main concern. The long-lived items that are problems in the Property are the foundation, piping, and heating system.
2. In reference to the pictures, the ones provided are of the basement floor after the rain. Interesting to note the City picture of the basement is the same area; the difference being there is a lake now because of the rain.
3. A foundation that is leaking as bad as mine cannot have a condition rating of very good. Added to that the roof leaks, and the cast pipes are from the 1941 - 74 years old.
4. With the amount of deterioration of several long-live items, the Property cannot have a very good condition rating.
5. An estimate to fix the basement and replace the cast pipes was provided.
6. The heating system is old. The duct work has been replaced and looks good, but the actual furnace does not run well. 55% of the heating ducts have been replaced in the back of the main floor. 45% of the main floor, the front, has no heating ducts. The furnace is 1969 – 55 years old. No such thing as energy efficient.
7. On the building permit from the City – under plumbing and electrical there is a letter of assurance. What exactly does that mean? Yes, there is plumbing and electricity. 80 some years before this building permit, it was installed.

8. The permit is for \$350,000. No where near that amount was spent on this Property. Some dry wall and insulation were put up and the ceiling has some added 2X4 bracing as there was a fire in the ceiling many years ago. When one goes into the attic, the burnt timbers still smell. Things needed to be removed and replaced. This was not done.
9. As the saying goes “putting lipstick on a pig still leaves you with a pig”. Major structural work needed to be done and a permit of \$350,000 would have covered the cost. However, little work was done, and the work done was amateurish to say the least.
10. \$350,000 was not spent. They did do some upgrades. They never touched the plumbing, or the furnace, and never completed the main floor duct work. There are places on the floor that varies by more than three inches in a span of 8 feet. The floor was not levelled as indicated on the permit.
11. Question, how can the condition rating be very good for the Property? A new or recently built building is considered average condition. This Property, built in 1896 is rated three conditions higher. I should have requested an average rating.
12. The brick outside the building is original and the foundation is also original.
13. Final question in condition rating “Good” above the standard. What does that mean?
14. Main floor square footage is not correct. The Assessor has checked it and will implement the changes. The basement has not heat. The unfinished basement will be accounted for through the assessment.

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
 - i. Test results
 - ii. 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 3.48 per sq. ft.
 - b) - part two RCNLD which is determined using the Cost Guide of *Marshall & Swift Manual*. Costed as a 353 Retail Store. 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 MAF of 0.51 based on 6 of the 59 sales in the City. Properties are stratified by property use, district, and/or location. ASR for this grouping is 0.99. That is interesting is this Property is in the MAF grouping as if sold in 2016.

4. The classification of the Property is 'Retail Downtown as it is "used or intended to be used for business purposes" *Cities Regulations* s. 12(f) (i).
5. Box plots of the 6 sales in the MAF grouping were referenced – use and location are significant factors of comparability.

Ground One: Condition Rating is Not Very Good

6. The building was built in 1900 and fairly well maintained. New owners in 2016 took out a renovation permit valued at \$350,000. The following is list of items from that permit:
 - a) All new flooring and owner tried to straighten main floor
 - b) All new windows and doors at River Street entrance. 2 new display windows on either side of the entrance
 - c) Washroom on main floor upgraded
 - d) New duct work on main. Furnace not replaced
 - e) All new ceiling
 - f) New insulation and poly
 - g) New electrical, paint and trim on main
 - h) Fire Blocks installed in attic
 - i) Basement dry-walled, not mudded and taped for area with a ceiling
7. Not in the permit are the roof trusses on Central Avenue side of Property. These needed repair as were damaged in a fire. The repair would bring them up to building code.
8. The roof was done in 2013 before the sale in 2016.
9. The current owner purchased the Property in 2021 and has done the following renovations:
 - a) Repainted the main level
 - b) Upgraded the front façade
 - c) Security doors installed on River Street and Central Avenue entrances
 - d) Basement mudded and taped
10. Pictures of the interior taken May 15, 2024, were referenced. Upgrades can be observed.
11. Long-lived and short-lived items were examined; maintenance for a building's upkeep re factors considered when determining the condition rating. Important things such as a roof and strengthening the trusses were done on the Property.

12. The SAMA Guide is used for the ratings. The main difference between a 'Good' rating and a "Very Good" rating is 'Good' ratings involve items that need to be repaired are repaired. (General maintenance.) In a "Very Good" rating the needed repairs are done plus other upgrades.

Grounds 2, 3, and 4:

13. After inspection and speaking with the Appellant, the City acknowledges that the square footage of the main floor is not correct. This can be adjusted for assessment purposes.

14. When speaking with the Appellant during the inspection, the Assessors learned that there is no heat in the basement of the Property and heat is costed into the assessment. This can be adjusted.

15. Upon inspection, the City discovered that there is a part of the basement that is unfinished and that needs to be accounted for in the assessment.

16. A verbal agreement to adjust the 2024 assessment for issues 2, 3, and 4 was reached by the Assessor and the Appellant.

[21] Final Questions, Comments, and Rebuttals

1. Appellant pointed out that the City pictures of the Property are taken too far away. Closer pictures would show the deterioration of the foundation and other issues with the Property.
2. The Assessor: If this 1900 built Property received an 'average' condition rating, it would be completely depreciated, lived its life, and would not be useable anymore. It is being used so adjustments must be made according to things being repaired. The repairs are not original - all things must be considered since year of build. In essence, we are no longer looking at a 1900 build, but a more recent build. Yes, assessors are aware that repairs depreciate over time as well and this is also taken into consideration.
3. The Assessor: If all repairs, including those for which the appellant provided estimates, were done, an evaluation would take place as to what is still 1900 build and what is the age of the renovated parts. Effective Age assessments would then come into play and condition ratings could change based on new evaluations.
4. The Appellant emphasized that the condition ratings seem to be in relation to cosmetic items rather than the 'heart and soul' of a building - electrical, plumbing, foundation, etc.

5. The Appellant asked what the depreciation amount if for a 'very good' condition rating. The response was 44 % depreciation. 36% is the depreciation of a 'good' condition rating.
6. The Appellant challenged assessment values based on sale prices. The first time the Property sold (2016) it was \$439,000 and purchase price in 2021 was around \$240,000 after it sat on the market for two years.
7. The Assessors reminded that Appellant that sales from 2021 are not a part of this assessment cycle. Base dates must be followed - a legal requirement.
8. When the Assessors were asked if the dollar amounts on building permits reflect actual expenditures and answer was no.
9. The basement has a different condition rating than the main floor. The main floor is rated 'very good' and the basement is 'good.' Both are being costed differently.
10. The Appellant stated that the foundation and the roof should be considered part of the main floor and as they are both leaking, they should not receive a condition rating of 'very good'.
11. The lack of heat on the main floor can be addressed in next year's assessment, 2025. The Appellant feel this is unfair.
12. The Board questioned if the long lived and short-lived items are black and white in assessments. The Assessors response indicated that several things need to be taken into consideration. The main aspect is looking at what has been done since the time of construction. What is original and what is new/renovated is considered. Also, if buildings are completely depreciated, they cannot be in use. Older buildings need upgrades into order to be considered usable.

Board Analysis

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

1. The Assessor and Appellant came to an agreement to adjust for the following
 - a) the main floor square footage.
 - b) the cost for heat in basement
 - c) the cost of the area in the basement that is unfinished.
2. The Assessment team followed guidelines for assessment as set out in *The Cities Act*.

3. The Assessors inspected the building and spoke at length to the Appellant prior to this Appeal.

4. The Assessors provided a clear list of renovations done under the permit taken out by the previous owners and acknowledged that amounts on permits are suggestions and not a guarantee that a certain dollar amount was spent.

5. Depreciation on renovated items occurs and these were accounted for in the assessment. A higher condition rating would result if the renovations increased the 'age' of the Subject.

6. The Appellant understands the required repairs needed for the leaking roof and foundation. Having an estimate for the cost will assist the Appellant in making the decision as to what to get done.

7. The basement is costed differently than the main floor. The foundation is part of the basement, and it received a different costing amount.

8. The Assessor's considered all the dimensions of depreciation to keep this Property in use and not age the building out.

9. The Assessor explained how condition ratings are considered in all aspects of an assessment. Older buildings require repairs and yet still have value.

[23] The Board rules that the Assessor is correct in making an assessment adjustment based on the corrected square footage of the main floor.

[24] The Board rules that the Assessor is correct in removing the costing of heat for the basement.

[25] the Board rules that the Assessor is correct in costing the basement as semi-finished to account for the part that is unfinished.

[26] The Board rules that a 'very good' condition rating for assessment purposes is correct.

Decision

[27] The Board grants the Appeal on partial grounds, namely grounds 2, 3 and 4.


[28] The assessment will be adjusted to reflect the granted partial grounds.

[29] The filing fee shall be returned.

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

CITY OF PRINCE ALBERT BOARD OF REVISION

I concur:



Ralph Boychuk, Vice-Chair

I concur:



Dan Christakos, Member