Assessments of Unique Properties

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Brief History of the Assessment Process in Newfoundland and Labrador (Special Purpose Properties)

- Until 2006 an assessor shall assess a property at market value.
- After 2006 the Assessment Act was changed to assess certain types of property at Special Purpose Value.
- Supreme Court of Newfoundland overturned the Assessment Act regarding Special Purpose Properties.
- Assessment Act is currently under review.
Brief History of the Assessment Process in Newfoundland and Labrador (Special Purpose Properties)

• Why did the legislator change the Act to introduce SPP (twice)?
• Why did the Supreme Court of Newfoundland reject the amended act regarding SPP (twice)?
Special Purpose Property (examples)

Labatt Brewery

Molson Brewery
Special Purpose Property (examples)

St. John’s International Airport

Gander International Airport
Special Purpose Property (Labatt)

- Labatt Brewery, St. John’s, NL
- Located in inner city on a hillside.
- Constructed in the 1930’s. The property has a disjointed and rambling floor plan spread over five levels. Under its current industrial function, the building is extremely inefficient.
Special Purpose Property (Labatt)

- Property was assessed at $7M by the City of St. John’s.
- The assessment was completed using the Cost Approach only.
- We considered the properties Highest and Best Use.
Highest and Best Use Analysis

Highest and best use may be defined as: "The reasonably probable and legal use of vacant land or improved property which is physically possible, appropriately supported, financially feasible and which results in the highest value."
Highest and Best Use Analysis

Our conclusion of the properties Highest and best was as follows:

• No demand from the brewing industry.
• Transitional or adaptive-use property use.
• The primary motivation for occupancy would be the low cost associated with use of such a property.
• We therefore applied the Direct Comparison Approach.
Comparable One
Comparable Two
Comparable Three
### Sales Chart

<table>
<thead>
<tr>
<th>Description</th>
<th>Comparable 1</th>
<th>Comparable 2</th>
<th>Comparable 3</th>
<th>Subject</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Location</strong></td>
<td>22 Sudbury Street</td>
<td>26 Alexander Street</td>
<td>60 O’Leary Avenue</td>
<td>56 Leslie Street</td>
</tr>
<tr>
<td><strong>Consideration</strong></td>
<td>$225,000</td>
<td>$125,000</td>
<td>$1,200,000</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Gross Floor Area (sf)</strong></td>
<td>75,644</td>
<td>35,000</td>
<td>101,897</td>
<td>110,343</td>
</tr>
<tr>
<td><strong>Sales Price Per SF</strong></td>
<td>$3</td>
<td>$4</td>
<td>$12</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Final estimate of market value was $5 psf or $550,000.
Special Purpose Property (Airports)
Gander Airport

- Located in central Newfoundland.
- Constructed in the 1940’s as the first international airport for NL.
- Known as the “Lifeboat of the Atlantic”.
Highest and Best Use Analysis

Highest and best use may be defined as:
"The reasonably probable and legal use of vacant land or improved property which is physically possible, appropriately supported, financially feasible and which results in the highest value."
Our conclusion of the property’s Highest and Best User was as follows:

- No demand from the market for use as an airport.
- Losing money for decades.
- Value is in its current use as Floating Value.
- No Market Value in exchange.
Gander Airport Conclusion

• Original assessed at $22M.
• Following appeal to the Supreme Court of Newfoundland Appeals Division the assessment was reduced to $1.
St. John’s Airport

- Request for leave to the Supreme Court of Canada under appeal.
- Does not have sufficient revenue to maintain its “first class condition” as per the lease agreement with the Federal Government.
- Currently seeking leave to the Supreme Court of Canada.
Thank you