

## **Edmonton Composite Assessment Review Board**

**Citation: Lorenzo Clonfero, Rosedale Manor Holding Corporation v The City of Edmonton, 2013 ECARB 00817**

**Assessment Roll Number:** 9959758

**Municipal Address:** 10053 111 STREET NW

**Assessment Year:** 2013

**Assessment Type:** Annual New

Between:

**Lorenzo Clonfero, Rosedale Manor Holding Corporation**

Complainant

and

**The City of Edmonton, Assessment and Taxation Branch**

Respondent

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**DECISION OF**  
**Shannon Boyer, Presiding Officer**  
**Jack Jones, Board Member**  
**Robert Kallir, Board Member**

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### **Procedural Matters**

[1] At the beginning of the hearing the parties before the Board stated that they had no objection to the Board's composition. In addition, the Board Members stated that they had no bias with respect to this file.

### **Preliminary Matters**

[2] There were no preliminary issues raised by the parties.

### **Background**

[3] The subject property is a 58 suite, 6 story concrete building located at 10053 111 Street. Known as Rosedale Manor, it was constructed as an office building and was converted to an assisted living accommodation.

### **Issue(s)**

Is the 2013 assessment of the subject property at \$6,217,500 correct?

## **Legislation**

### **[4] The *Municipal Government Act*, RSA 2000, c M-26, reads:**

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.

## **Position of the Complainant**

[5] The Complainant presented evidence (C-1 and C-2) and argument for the Board’s review and consideration.

[6] The Complainant stated that the cost approach used by the Respondent in the 2013 assessment is incorrect because it does not reflect market value. The Complainant urged the Board to consider that in all previous appeals a reduction in assessment was granted (Exhibit C-1 p. 3-13 and R-1 p. 14).

[7] The Complainant requested the 2013 assessment be reduced to \$5,049,975, which is 5% higher than the 2012 assessment.

[8] The 5% increase is based on the typical increase of assessment (0-4%) in the subject’s neighbourhood as shown on a City map entitled 2012-2013 Total Assessment Percentage change by Neighbourhood Residential – including only condominiums, townhomes and manufactured homes. (Exhibit C-1 p. 22)

[9] The Complainant argued that Rosedale Manor is a unique building because it is concrete construction and was converted from office space to seniors accommodation. It has insufficient underground parking spaces to convert it to condo or apartment. The building has large areas of common space used for dining, recreation, medical attention and other services. The rent covers a number of services including meals, security, housekeeping and nursing aides. It is licensed as a supported living facility by the Alberta Government.

[10] The Complainant provided three comparable properties. Two are larger senior living facilities of wood frame construction: Riverbend Retirement Seniors Residence and Rosedale Court. The third comparable, Claire Estates, is a converted concrete high rise which is not licensed as a supported living facility, but whose management has a preference for senior tenants. The Complainant stressed that Claire Estates was most similar to the subject property

because it is a concrete conversion and had been licensed and run by his own company as a supported living facility for one year, several years ago, during a seniors housing crisis. (Exhibit C-1 p. 14-21)

[11] The Complainant converted his comparables to price per suite for the purpose of showing that the suite price for the subject was higher than market. (Exhibit C-1 page 2):

- a) Riverbend Retirement Seniors Residence, \$65,364 per suite.
- b) Rosedale Estates, \$88,260 per suite.
- c) Claire Estates, \$70,303 per suite.
- d) Rosedale Manor, subject property, \$107,198 per suite.

[12] The Complainant advised that an increase in assessment beyond that which the Complainant is requesting will be passed on to the seniors residing in the subject.

[13] The Complainant did not provide evidence for use in an income or direct sales approach.

[14] In rebuttal, the Complainant stated that since the Respondent's four comparables are exempt from taxation under the Alberta Housing Act, they did not have incentive to appeal their assessments and they may be incorrectly assessed as well.

[15] The Complainant is seeking a reduction of the assessment from \$6, 217,500 to \$5,049,975.

### **Position of the Respondent**

[16] The Respondent presented evidence (R-1 and R-2) and argument for the Board's review and consideration.

[17] The Respondent advised that the subject property was assessed using the cost approach because the subject is a unique building. The building assessment is \$5,490,980 and the land assessment is \$726,906. (Exhibit R-1 p. 17)

[18] There are insufficient sales to apply the sales comparable approach because assisted living buildings have not recently sold in the market.

[19] The income approach is not applicable due to the wide variety of rents and services provided to tenants in assisted living facilities.

[20] In answer to the Complainant's equity argument using price per suite, the Respondent said it is appropriate to use price per square foot instead. The Respondent explained that typical suite size includes the common area so the large common areas in assisted living buildings would skew the value per suite. The Respondent suggested that the best way to capture the value of the subject is to use cost per square foot rather than cost per suite on the basis that the price should be expressed in terms of a common denominator. (Exhibit R-1 p.9-14 and Exhibit C-1 p. 21-23).

[21] When comparing the price per square foot, the subject is valued at \$75 per square foot, which is less than the Complainant's comparables 1, at \$89 per square foot, and 2, at \$78 per square foot. Comparable 3 is not an assisted living facility. (Exhibit R-1 p.26).

[22] The Respondent submitted four comparables, all in similar locations to the subject, all of similar building construction and age, and all operating as designated assisted living facilities. (Exhibit R-1 p. 27-32). The Respondent was of the view that its comparable 2, 11020 – 99<sup>th</sup> Ave., was the best comparable property.

[23] The Respondent used the cost approach to determine the assessment value of its four comparables. The cost approach was also used to assess the Complainant's comparables, Riverbend Retirement Seniors Residence and Rosedale Estates. The income approach was used to assess Claire Estates on the basis that it is an apartment building. (Exhibit C-1 p. 26).

[24] The Respondent said that the purpose of the 2013 assessment is to value the property as opposed to the business. The Respondent explained that when assessing the value of the subject and other buildings with similar use, it does not consider whether the building management has a license to operate a supportive living facility. The Respondent suggested that the level of licensing is irrelevant in determining the value of the property as it is a management decision and can depend on many factors, such as services, not related to the value of the building.

[25] The Respondent used the authority Marshall and Swift, to categorize the subject property as Home Elderly Class B (concrete).

[26] The Respondent's comparables are all categorized as Home Elderly Class B (concrete). The Complainant's comparable, Riverbend Retirement Seniors Residence, is categorized as Home Elderly Class D (wood frame). Also using Marshall and Swift, Rosedale Estates is categorized as Multiple Residence and Claire Estates is categorized as High Rise Apartment.

[27] The Respondent submitted that the Board is not bound by its previous decisions; however the Respondent has followed the direction of the Board in previous decisions and assessed the subject using the cost approach.

[28] The Respondent directed the Board to R-2 which states that each property in the municipality must be assessed on an annual basis. Assessments are not based on previous year's assessments.

[29] The Respondent stated that it has recognized that the subject is operating as a senior's designated assisted living facility and has been valued as such using the cost approach. It has provided equity comparables of similar location, construction, age and designations to prove that the subject has been assessed fairly and equitably. The Respondent requests the the 2013 assessment be confirmed.

### **Decision**

[30] The decision of the Board is to confirm the 2013 property assessment in the amount of \$6,217,500.

## **Reasons for the Decision**

[31] In determining the appropriate assessment, there are three methods of valuation: the income approach, the direct sales approach and the cost approach. The Complainant did not request the use of the income approach and there is insufficient evidence to apply this approach. The Board accepts the Respondent's position that there are insufficient sales to apply the direct sales approach.

[32] The Board has determined that the correct method of valuation is the cost approach. This approach best captures the unique qualities of building and the operation.

[33] As set out in R-1 p. 6:

The cost approach tends to be the most appropriate in the appraisal of special purpose properties, due to the distinctive nature of such properties and the general absence of adequate sales or income data.

[34] The Complainant has not met the onus of proving that the assessment is incorrect or that it is unfair and inequitable. He objected to using the cost approach, but did not provide the Board with reasonable alternative methods of calculating the assessment.

[35] The Board is of the view that the 2012-2013 Total Assessment Percentage Change by Neighbourhood Residential (Exhibit C-1 p.22) does not apply to the subject or properties of its kind. Further, two of the Complainant's equitable comparables were assessed using the cost approach. The Claire was assessed using the income approach on the basis that it operates as an apartment building.

[36] It is the Board's view that for the purpose of determining the value of the subject, it is irrelevant if the subject property and comparables are licensed supported living facilities by the Alberta Government. The Board is satisfied that the level of licensing is a management issue. The medical, security, food facilities, recreation programs and other services are unique to each facility and are not helpful in determining property values.

[37] The Respondent properly relied on the authority Marshall and Swift to classify the subject property as Home Elderly Class B (concrete). Two of three of the Complainant's comparables and all of the Respondent's comparables were assessed using this classification. This is the standard and accepted classification of properties of this nature in this community.

[38] The Board is satisfied that the subject property is equitably assessed with similar properties for the followings reasons. The Complainant did not supply comparables which are of similar location, construction, and age. Only one comparable had a similar designation. While Claire Estates prefers senior renters, it operates as an apartment building, it is assessed using the income approach and is a poor comparable. The Complainant's comparables 1 and 2 are substantially newer than the subject building and are of lesser quality wood frame construction. Both are assessed using the cost approach and both are considered of average quality, but only comparable 1 is classed as Home Elderly Class D (wood construction).

[39] The Board prefers the Respondent's equitable comparables for the reason that each of the comparables is of concrete construction and of similar age. Like the subject building, all operate with a similar designation in a similar location. The Respondent's comparable 2, assessed at \$98 per square foot, is located 2 blocks away from the subject and is coded as class B

and of average quality, similar to the subject building and supports the subject assessment at \$75 per square foot. All of the Respondent's comparables are classed, using Marshall and Swift, as Homes for the Elderly Class B (concrete).

[40] The Board is not persuaded that it should compare the price per suite to determine whether the subject property comparable to market. The Board accepts the Respondent's argument that the best determiner of value is by comparing price per square foot. Having regard to the unique buildings, common area sizes, staffing, services and rents, it would be impractical to compare price per unit. The Board agrees that the price should be expressed in terms of a common denominator. Comparing the Complainant's two best comparables on a cost per square foot basis, the Board is of the opinion that the subject is at market value. Using the Respondent's comparables on a cost per square foot basis, the subject is assessed below market value.

[41] It is the Complainant's responsibility to present sufficiently compelling evidence to convince the Board that the assessment is incorrect. In the opinion of the Board, the Complainant did not discharge this responsibility.

[42] The Board finds that the correct method of valuation of the subject property is using the cost approach using the classification Housing for the Elderly Class B (concrete).

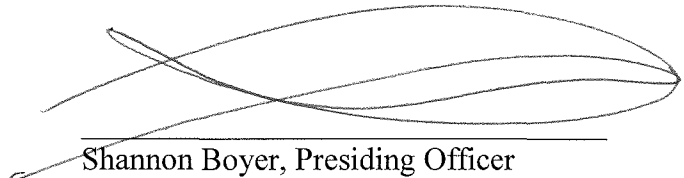
[43] The Board concluded that the current assessment of the subject was correct, fair and equitable.

### **Dissenting Opinion**

[44] There was no dissenting opinion.

Heard on June 24, 2013.

Dated this 4<sup>th</sup> day of July, 2013, at the City of Edmonton, Alberta.



Shannon Boyer, Presiding Officer

### **Appearances:**

Lorenzo Clonfero, Rosedale Manor Holding Corporation  
for the Complainant

Amy Murphy, Assessor, City of Edmonton  
for the Respondent

*This decision may be appealed to the Court of Queen's Bench on a question of law or jurisdiction, pursuant to Section 470(1) of the Municipal Government Act, RSA 2000, c M-26.*