AAC 2017-0068 (Lead) to 2017-0115 Various c/o Altus v City of Regina GROUP B Appeals (Properties #22 to #54) Record Book

Lead Appeal: 2017-0068 Abcomp Holdings Ltd. c/o Altus Group Limited v City of Regina

Saskatchewan Municipal Board

AAC 2017-0068 (Lead) to 2017-0115 Various c/o Altus v City of Regina GROUP B Appeals

Saskatchewan Municipal Board

AAC 2017-0068 to 2017-0115
Various c/o Altus Group Limited vs. City of Regina

AAC Revised Schedule A – Properties Under BOR Lead Appeal #2017-28100 (Group "A")

Ppty#	AAC Appeal Number	BOR Appeal Number	Appellant	Civic Address or Legal Description	Roll Number	Original Assessed Value
1	2017-0100	2017-28100 (Lead)	Federated Co-operatives Limited	2216 E Emmett Hall Road	10169644	$1,641,400
2	2017-0113	2017-28112	Huber Enterprises Ltd	4600 E Victoria Avenue	10268140	$1,807,500
3	2017-0115	2017-28117	ProCrane Inc.	570 Mcdonald Street	10022438	$2,153,800
4	2017-0112	2017-28110	Village Financial Limited	4150 E Victoria Avenue	10268975	$5,562,800
5	2017-0106	2017-28090	Dream Saskatchewan Portfolio Inc.	1802 E Stock Road	10226524	$5,958,900
6	2017-0106	2017-28105	Dream Saskatchewan Portfolio Inc.	363 Maxwell Crescent	10018725	$3,325,100
7	2017-0100	2017-28095	Federated Co-operatives Limited	2107 E Turvey Road	10201133	$6,783,400
8	2017-0108	2017-28093	MADELANA HOLDINGS LTD.	202 Solomon Drive	10226517	$3,045,000
9	2017-0101	2017-28071	Halliburton Partners Canada ULC	100 Mcdonald Street	10013951	$4,712,500
10	2017-0103	2017-28079	Saskatchewan Association of Rehabilitation Centres	1301 Fleury Street	10027983	$4,712,500
11	2017-0082	2017-28106	Saskatchewan Telecommunications Holding Corporation	375 N Longman Crescent	10076954	$7,062,100
12	2017-0082	2017-28118	Saskatchewan Telecommunications Holding Corporation	580 Henderson Drive	10018739	$4,122,800
13	2017-0114	2017-28113	Maznur Realty Ltd.	4750 E Victoria Avenue	10268143	$3,854,200
14	2017-0105	2017-28088	Cougar Property Management Inc.	1715 Elliot Street	10033440	$5,018,300
15	2017-0110	2017-28104	Warner Truck Industries	330 E 4th Avenue	10178193	$3,607,500
16	2017-0102	2017-28073	Hazelaar Construction Limited	1111 Mackay Street	10027949	$1,189,000
17	2017-0104	2017-28080	SCR Holdings Inc.	135 Henderson Drive	10013959	$2,668,800
18	2017-0111	2017-28109	Warner Property Holdings Ltd.	415 N Longman Crescent	10013963	$2,562,400
19	2017-0085	2017-28082	CWS Logistics Ltd.	1405 E Pettigrew Avenue	10018693	$3,022,300
20	2017-0107	2017-28091	AG SK Turvey Ltd.	1903 E Turvey Road	10018790	$6,623,000
21	2017-0109	2017-28096	Boquist Developments Inc.	2120 1st Avenue	10250374	$674,500

AAC Schedule A – Properties Under BOR Lead Appeal #2017-28122 (Group "B")

Ppty#	AAC Appeal Number	BOR Appeal Number	Appellant	Civic Address or Legal Description	Roll Number	Original Assessed Value
22	2017-0068	2017-28122 (Lead)	Abcomp Holdings Ltd.	610 Henderson Drive	10018730	$6,163,100
23	2017-0097	2017-28125	Acklands-Grainger Inc.	680 Mcleod Street	10018652	$4,767,400
24	2017-0079	2017-28089	101161069 Saskatchewan Ltd.	1735 Francis Street	10218234	$15,304,400
25	2017-0075	2017-28084	Whiterock Chestemere Regina Inc.	155 N Leonard Street	10018732	$8,638,000
26	2017-0089	2017-28108	Whiterock 402 McDonald Street Regina Inc.	402 McDonald Street	10018639	$6,762,500
27	2017-0094	2017-28121	Whiterock 603 Park Street Regina Inc.	603 Park Street	10022484	$10,422,300
28	2017-0096	2017-28124	Whiterock 651 Henderson Drive Regina Inc.	651 Henderson Drive	10018737	$9,522,400
29	2017-0086	2017-28102	Whiterock 310 Henderson Drive Regina Inc.	310 Henderson Drive	10018701	$30,715,800
30	2017-0077	2017-28086	Ecco Heating Products Ltd.	1600 E Ross Ave	10112642	$6,738,200
31	2017-0093	2017-28119	Consumers Co-operative Refineries Limited	580 Park Street	10018674	$5,945,700
32	2017-0095	2017-28123	Sherwood Co-operative Association Limited	615 N Winnipeg Street	10008850	$7,829,200
33	2017-0099	2017-28127	855 PARK STREET PROPERTIES GP LTD.	855 Park Street	10022488	$15,132,100
34	2017-0090	2017-28111	JOHN DEERE CANADA ULC	455 Park Street	10018672	$14,252,800
35	2017-0069	2017-28074	N & T Properties Ltd.	115 Mcdonald Street	10018734	$5,658,500
36	2017-0078	2017-28087	Loblaw Properties West Inc.	1700 Park Street	10033930	$10,107,600
37	2017-0081	2017-28094	101143561 SASKATCHEWAN LTD.	2101 Fleming Road	10247034	$104,355,400
38	2017-0078	2017-28129	Loblaw Properties West Inc.	921 Broad Street	10151105	$5,214,600
39	2017-0098	2017-28126	MASTERFEEDS GP INC	745 Park Street	10022485	$6,405,700
40	2017-0076	2017-28085	1575 ELLIOTT STREET PROPERTIES LTD.	1575 Elliot Street	10033463	$5,727,300
41	2017-0083	2017-28098	2201 - 1ST AVENUE HOLDINGS LTD.	2201 1st Avenue	10022119	$6,867,100
42	2017-0071	2017-28077	Hoopp Realty Inc.	12202 Ewing Avenue	10264262	$22,529,800
43	2017-0087	2017-28103	Tiger Fera Investment Inc.	316 E 1st Avenue	10241453	$8,648,100
44	2017-0070	2017-28076	605114 Saskatchewan Ltd.	1155 Park Street	10028466	$7,175,500
45	2017-0080	2017-28092	Postmedia Network Inc.	1964 Park Street	10033929	$9,834,800
46	2017-0074	2017-28083	101055353 Saskatchewan Ltd	1450 Park Street	10027989	$11,383,200
47	2017-0072	2017-28078	Ralph McKay (Canada) Limited	130 Hodsman Road	10013949	$5,421,200
48	2017-0073	2017-28081	WestRock Company of Canada Inc.	1400 1st Avenue	10022143	$8,064,500
49	2017-0082	2017-28097	Saskatchewan Telecommunications Holding Corporation	2133 1st Avenue	10022117	$10,152,600
50	2017-0084	2017-28099	3346286 Manitoba Limited	221 N Winnipeg Street	10018625	$10,919,900
51	2017-0091	2017-28114	Warner Bus Industries Ltd.	515 1st Avenue	10022404	$9,133,500
52	2017-0092	2017-28116	Western Limited	555 Henderson Drive	10018759	$9,652,100
53	2017-0088	2017-28107	Sachick Holdings Ltd	4000 E Victoria Avenue	10268997	$8,921,200
54	2017-0085	2017-28101	CWS Logistics Ltd.	250 Henderson Drive	10014005	$25,977,600

Schedule B- Summary of Grounds of Appeal to AAC

	AAC Appeal #																					
	Property Number →		#1	#2	#3	#4	#5	#6	#7	#8	#9	#10	#11	#12	#13	#14	#15	#16	#17	#18	#19	#20	#21
	BOR Appeal Number →		28100	28112	28117	28110	28090	28105	28095	28093	28071	28079	28106	28118	28113	28088	28104	28073	28080	28109	28082	28091	28096
Ground # ↓	Grounds ↓	Lead ↓																					
1	Failing to provide written reasons	28100/28122	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
2	Facts within conclusions	28100/28122	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
3	Lead 2017-28122 - Expert witness	28122																					
4	Applicability of Chebyshev Theorem	28122																					
5	Lead 2017-28100 - Improper reliance biased and unjust criteria	28100	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
6	Lead 2017-28100 - Incorrect acknowledgement of facts	28100/28122		X		X									X								
7	All 54 appeals do not have clearly defined written reasons from the Board leading to a dismissal of the appeals	28100/28122	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X

Additional Notes : Turquoise = Small Industrial, Dark Blue = Large Industrial

Schedule B

	AAC Appeal #																					
	Property Number →		#22	#23	#24	#25	#26	#27	#28	#29	#30	#31	#32	#33	#34	#35	#36	#37	#38	#39	#40	#41	#42
	BOR Appeal Number →		28122	28125	28089	28084	28108	28121	28124	28102	28086	28119	28123	28127	28111	28074	28087	28094	28129	28126	28085	28098	28077
Ground # ↓	Grounds ↓	Lead ↓																					
1	Failing to provide written reasons	28100/28122	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
2	Facts within conclusions	28100/28122	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
3	Lead 2017-28122 - Expert witness	28122	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
4	Applicability of Chebyshev Theorem	28122	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
5	Lead 2017-28100 - Improper reliance biased and unjust criteria	28100																					
6	Lead 2017-28100 - Incorrect acknowledgement of facts	28100/28122																					
7	All 54 appeals do not have clearly defined written reasons from the Board leading to a dismissal of the appeals	28100/28122	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X

Additional Notes : Turquoise = Small Industrial, Dark Blue = Large Industria

Schedule B

	AAC Appeal #												
	Property Number →		#43	#44	#45	#46	#47	#48	#49	#50	#51	#52	#53	#54
	BOR Appeal Number →		28103	28076	28092	28083	28078	28081	28097	28099	28114	28116	28107	28101
Ground # ↓	Grounds ↓	Lead ↓												
1	Failing to provide written reasons	28100/28122	X	X	X	X	X	X	X	X	X	X	X	X
2	Facts within conclusions	28100/28122	X	X	X	X	X	X	X	X	X	X	X	X
3	Lead 2017-28122 - Expert witness	28122	X	X	X	X	X	X	X	X	X	X	X	X
4	Applicability of Chebyshev Theorem	28122	X	X	X	X	X	X	X	X	X	X	X	X
5	Lead 2017-28100 - Improper reliance biased and unjust criteria	28100												
6	Lead 2017-28100 - Incorrect acknowledgement of facts	28100/28122											X	
7	All 54 appeals do not have clearly defined written reasons from the Board leading to a dismissal of the appeals	28100/28122	X	X	X	X	X	X	X	X	X	X	X	X

Additional Notes : Turquoise = Small Industrial, Dark Blue = Large Industria

Saskatchewan Municipal Board

Assessment Appeals Committee
NOTICE OF APPEAL FORM 1
APPEAL FROM A BOARD OF REVISION DECISION

For clarification, refer to the *Assessment Appeals Committee Notice of Appeal Form 1 Sample*.

Application Date:	October 5, 2017

Section 1: Applicant Contact Information (Appellant)

Interest in property (owner, tenant, property manager, assessor, etc.):
Owner

Company name (if applicable):
Abcomp Holdings Ltd. c/o All Fab Building Components Inc.

☑ Mr. ☐ Miss ☐ Mrs. ☐ Ms.	Applicant last name: Friesen	Given name(s): Ken
Street: 1755 Dugald Road		Apartment, suite or unit number:
City/Town: Winnipeg	Province: MB	Postal code: R2J 0H3
Primary telephone: 204-654-5592	Business telephone:	Mobile phone:
Fax: 204-663-4553		
Email Address: kfriesen@all-fab.com		

Section 2: Representative Contact Information

☒ I have a representative ☐ I plan to get a representative ☐ I will represent myself

Company name: Altus Group Limited		Title:
☒ Mr. ☐ Miss ☐ Mrs. ☐ Ms.	Last name: Simpson	Given name(s): Ryan
Street: 311 Albert Street		Apartment, suite or unit number:
City/Town: Regina	Province: SK	Postal code: S4R 2N6
Primary telephone: 306-337-2176	Business telephone:	Mobile phone:
Fax: 306-359-0674		
Email Address: Ryan.simpson@altusgroup.com		

Section 3: Respondent Contact Information

Name of Municipality or Other Party
City of Regina

Contact Person:	☒ Mr. ☐ Miss ☐ Mrs. ☐ Ms.	Last name: Krismer	Given name(s): Gerry
Street: 2476 Victoria Avenue			Apartment, suite or unit number:
City/Town: Regina		Province: SK	Postal code: S4P 3C8
Primary telephone: 306-777-7935	Business telephone:	Mobile phone:	Fax: 306-777-6822
Email Address: gkrismer@regina.ca			

Section 4: Application Details

Indicate the type of appeal:

Your property is within a:

☒ *City* ☐ *Town, Village, Resort Village, Rural Municipality* ☐ *Northern Municipality* ☐ *Other*

and you're appealing:

☒ the Board of Revision's decision **OR** ☐ the Board of Revision's refusal to hear your appeal

Taxing Authority: City of Regina	
Legal Land Description: Lot: 5 Blk: 15 Plan: 78R30133	Civic Address: 610 Henderson Drive
Assessment or Alternate Number: 10018730	Assessment Year: 2017
Board of Revision Appeal No.: 28122	Assessment value under appeal: $6,163,100
This appeal involves:	☒ Property valuation (land or improvement valuation or both)
	☐ Property classification (land or improvement classification or both)
	☐ Exemption
	☐ Preparation or content of the assessment roll
	☐ Preparation or content of the notice of assessment
	☐ Fixed Assessment Agreement
Have you included a copy of your Notice of Assessment?	☒ Yes ☐ No
If no, why?	
Have you included a copy of the Board of Revision's decision or refusal?	☒ Yes ☐ No
If no, why?	

If you are not appealing more than one property, continue to Section 5. If you are appealing more than one property: • How many properties are you appealing? • Which is the lead property? Provide property details below or attach a separate document if necessary.	Number: 54 Lead: BOR # 2017-28122 & 2017-28100

Assessment (Alternate) Number or Roll Number	Legal Land Description or Civic Address	Municipality	Assessment Year	Assessment Value Under Appeal
See Attached	See Attached	See Attached	See Attached	See Attached

Section 5: Dispute Resolution Details

Have the parties discussed the issue(s) in dispute?	☒ Yes ☐ No
If yes, provide the date and outcome of that discussion, including the details of any facts or issues agreed to by the parties.	Nothing has been agreed upon
If no, provide an explanation why a discussion was not held.	

Section 6: Issues, Facts and Proposed Solutions

In point form, based on the Board of Revision decision and record, identify the specific issues in dispute. Outline the relevant facts and law. Tell us your proposed solution.

Issue and Supporting Facts 1:

See Attached Schedule A

Solution 1:

See Attached Schedule A

Issue and Supporting Facts 2:

See Attached Schedule A

Solution 2:

See Attached Schedule A

Issue and Supporting Facts 3:

See Attached Schedule A

Solution 3:

See Attached Schedule A

Section 7: Additional Comments

Section 8: Confidentiality Orders (CO)

Please identify any documents that require a CO or provide a copy of the CO issued by the Board of Revision.

Section 9: Request to Record Hearing

Recordings are for the sole use of the SMB. Hearings are recorded for direct or complex appeals. If you require a transcript of the hearing, you may request your hearing be recorded.

Do you want your hearing recorded: ☒ Yes ☐ No

If yes, provide reasons for your request.

Section 10: Distribution	
Has a copy of this application and attachments been sent to the other party? ***Any additional correspondence sent to the AAC must also be shared with the other party.***	☐ Yes ☒ No
Have you included your appeal fee?	☒ Yes ☐ No

Ryan Simpson
Completed By (Please Print)
A representative may only complete this form if authorized by the owner.

10/05/17
Date (mm/dd/yy)

Please email your completed form and supporting documents to:

If you have not received an acknowledgement from the Saskatchewan Municipal Board within one week of submission, contact us.

For Additional Information:

Schedule A

Grounds of Appeal to the Saskatchewan Municipal Board

Regarding a total of 54 Appeals to the Board of Revision as indicated on the attached 2017 SMB industrial appeal list. Involving two Lead Cases: Namely; BOR #2017- 28122 610 Henderson Drive & BOR #2017 -28100 2216 East Emmett Road.

The Board of Revision erred in the subject appeal in the following manner:

1. Failing to provide written reasons as to how it came to its conclusions in dismissing the appeal. Natural justice dictates that an Appellant has the right to know why an appeal has failed. Further, subsection 210 5 (a) of the *Cities Act* speaks to Board of Revision decisions being sent to each party together with written reasons for the decision.

2. Under what the Board references as being the Board's Analysis and Conclusions there are also Facts thrown into the mix which creates more confusion as to exactly why the Appellant's appeal failed.

3. In the particular Lead Case #2017-28122, in the last paragraph on page 6 of the Board's decision, it states that the Appellant's witness, Andrei Volodin was qualified by the Board as an expert in mathematics and statistics. Yet in the very next paragraph, top of page 7, it states that the witness admitted that he does not have any direct knowledge or expertise in the practice of assessment or assessment law. Without proper reasoning being set out by the Board, the Appellant has no idea if the Board relied on this latter point to ignore the witness when he spoke about the Chebyshev's Theorem for an example. If so, that would have been an error by the Board as Mr. Volodin was never qualified as a person with expertise in assessment practice and assessment law in the first place.

4. Put another way, the Board erred by ignoring the rules and principles associated with the applicability of the Chebyshev Theorem whereby the number of K deviations of the mean will result in a cut off for size greater than 50,000 square feet in the determination of capitalization rate adjustments.

5. In Lead Case # 2017-28100, in the very first paragraph, under Analysis and Conclusions, the Board states that the Appellant, Ryan Simpson (who was really the Agent for the Appellant) is not licensed to practice assessment in Saskatchewan nor is he a member of several recognized assessment related organizations that were listed by the Assessor. The fact this was the first comment to be made by the Board under Analysis and Conclusions, it begs the question if this was the mind set of the Board with respect to all 54 appeals and explains for the lack of written reasons. If that is the case, this is clearly another error made by the Board and is not supported by Legislation. Is the Board putting forth the proposition that an Appellant/Tax Agent in Saskatchewan has to carry a license to practice assessment in Saskatchewan in order to appear before a Board of Revision to conduct an assessment appeal?

6. In the first paragraph on page 8 of the Lead Case 2017-28100, the Board addresses a separate issue that pertained to four properties that were recently annexed into the City. The applicable appeal numbers were 28107; 28112; 28110; and, 28113. Again the error here by the Board is not properly stated reasoning. The Board stated that the properties do not have sewer service but that the Assessor disagrees. The facts before the Board was that these properties rely on Septic Tank Pump Out Service which is certainly not being serviced by the City's Sewage system.

7. The bottom line is that the Board of Revision failed to provide its thought process through properly stated written reasons when addressing the evidence and argument that was presented by Altus Group for all 54 Appeals.

REGINA | City of Regina
Infinite Horizons

NOTICE OF ASSESSMENT
2017

001845

ABCOMP HOLDINGS LTD
1755 DUGALD ROAD
WINNIPEG MB R2J 0H3

Property Information

Account Number
10018730

Property Address
610 HENDERSON DRIVE

Assessed Parcel
Plan: 78R30133 Block: 15 Lot: 5

Property Type
IMPROVED PARCEL

Mail Date: Jan. 5, 2017
Appeal Deadline: Mar. 6, 2017

Assessment Information

Assessed Person(s) ABCOMP HOLDINGS LTD

School Support **Public** 71 % **Separate** 29 %

Current Assessed Value **6,163,100**

Subclass (Provincial Percent)	Taxable Assessment	Exemptions
Commercial (100%)	6,163,100	Taxable(100%) From Jan-Dec

Total Taxable Assessment: 6,163,100

If you would like more information about your property characteristics, or to learn more about your Assessment Notice, please visit **Regina.ca** or call **306-777-7000.**

This notice was mailed on **January 5, 2017.** If you wish to appeal your assessment, your appeal should be made on the enclosed form. Your appeal must be filed with the Secretary of the Board of Revision, no later than **March 6, 2017.**

This is <u>not</u> a tax bill. This statement shows the assessment on this property upon which taxes are to be levied. An official tax bill will be forwarded to you or your agent in due course

E.&O.E.

Assessment, Tax and Real Estate Department
Queen Elizabeth II Court | 2476 Victoria Avenue
PO Box 1790 | REGINA SK S4P 3C8
P: 306-777-7000 | F: 306-777-6822
Regina.ca

REGINA BOARD OF REVISION

APPEAL #2017-28122
Account ID: 10018730

In the matter of an appeal under Sections 197 and 198 of *The Cities Act*, S.S. 2002, c. C.-11.1, to the City of Regina, Board of Revision by:

APPELLANT

ABCOMP HOLDINGS LTD
1755 DUGALD ROAD WINNIPEG MB R2J 0H3

respecting the assessment of:

610 HENDERSON DRIVE REGINA SK S4N 5X3

RESPONDENT

City of Regina

for the year 2017;

BEFORE

Joanne Moser, Panel Chair
Walter Antonio, Member
Linda Paidel, Member

Appeared for the Appellant:

Archie Fieldgate, Altus Group Ltd.
Ryan Simpson, Altus Group Ltd.

Appeared for the Respondent:

Gerry Krismer, City Assessor
Scott Miller, Manager, Assessment Research

This appeal was heard at City Hall, 2476 Victoria Avenue, Regina, Saskatchewan on May 15 and 16, 2017.

INTRODUCTION

This is an appeal of the assessment of a commercial property in the City of Regina. In this decision, we refer to Mr. Ryan Simpson and Mr. Archie Fieldgate, Altus Group Limited, as the "Appellants", to Mr. Gerry Krismer and Mr. Scott Miller as the "Assessors" or the "Respondents", to the Board of Revision Panel as the "Board," to *The Cities Act* as the "Act", to the Saskatchewan Assessment Manual as the "Manual", to the Market Value Assessment in Saskatchewan Handbook as the "Handbook", and to the Saskatchewan Assessment Management Agency's Cost Guide, as the "Guide".

PRELIMINARY MATTERS

There was no objection to the jurisdiction or composition of the Board.

A court reporter was present, transcribing the evidence for this appeal.

The Appellant and the Board agreed to recognize Scott Miller as an expert witness. The Assessor stated his intention to introduce a second expert witnesses during the hearing. The Appellant stated that he will also have an expert witness.

The Assessor took exception to what he contended were new grounds contained in the Appellant's 5-day submission. The 5-day submission states: "The Assessor took exception to what he contended were new grounds contained in the Appellant's 5-day submission. The 5-day submission states: Increasing the size adjustment threshold above 50,000 square feet will increase the maximum capitalization rate and therefore address the problem of an ASR above 1.00 by reducing the assessment value. The Board panel chair agreed with the Assessor that this is an issue that did not appear in the Notice of Appeal and ruled that evidence for this issue will not be heard.

The Appellant requested that Appendix B in the 5-day submission be treated as confidential. The Assessor and Board agreed.

The Appellant and the Board agreed that Scott Miller is qualified as an expert witness in tax assessment research and model development and statistical testing.

The Appellant and the Assessor agreed that Appeal 2017-28122 would be heard first, and that all evidence and argument from this appeal would be carried forward to:

Appeal#	Appeal Address	Appeal#	Appeal Address
2017-28125	680 MCLEOD STREET	2017-28126	745 PARK STREET
2017-28289	1735 FRANCIS STREET	2017-28085	1575 ELLIOT STREET
2017-28084	155 N LEONARD STREET	2017-28098	2201 1ST AVENUE
2017-28108	402 MCDONALD STREET	2017-28077	12202 EWING AVENUE
2017-28121	603 PARK STREET	2017-28103	316 E 1ST AVENUE
2017-28124	651 HENDERSON DRIVE	2017-28092	1964 PARK STREET
2017-28102	310 HENDERSON DRIVE	2017-28083	1450 PARK STREET
2017-28086	166 E ROSS AVENUE	2017-28078	130 HODSMAN ROAD
2017-28119	580 PARK STREET	2017-28081	1400 1ST AVENUE
2017-28123	615 N WINNIPEG STREET	2017-28097	2133 1ST AVENUE
2017-28127	855 PARK STREET	2017-28114	515 1ST AVENUE
2017-28111	455 PARK STREET	2017-28116	555 HENDERSON DRIVE
2017-28087	1700 PARK STREET	2017-28107	4000 E VICTORIA AVENUE
2017-28129	921 BROAD STREET	2017-28101	250 HENDERSON DRIVE

ISSUES

The Board identified the issues to be:

A) Did the Assessor err by applying a size adjustment to the base capitalization rate for warehouses?

B) Has Equity been achieved?

C) Has the Market Valuation Standard been achieved?

FACTS

The property that is subject to the lead appeal in this series of appeals is owned by Abcomp Holdings Ltd., which is the assessed owner of the property in the Ross Industrial area of the city at 610 Henderson Drive.

The property is considered a non-regulated property pursuant to subsection 163.4 of the Act.

The total assessed value of the property is $6,163,100 for 2017. The primary use of the property is Industrial and the assessed value was arrived at using the Income Approach to Value.

The application of the Income Approach to Value for the group of properties (which includes the subject property) resulted in the development of the Industrial Model. Therefore, the Industrial Model was applied to the subject property.

The primary building on the property is valued pursuant to the Market Valuation Standard. It is an industrial manufacturing facility that was constructed in 1977.

The zoning of the subject property is 1B medium industrial which allows for 75 per cent site coverage.

The subject property has a main floor area of 53,000 square feet and a lot size of 329,474 square feet that results in site coverage of 16.1%. Because the subject property has a total of 74,000 square feet, it received an adjustment for size. The applied capitalization rate is 7.78740.

The base date is January 1, 2015.

RULES (Legislation, Regulations, Manuals, Handbooks and Guides)

Assessment in Saskatchewan is governed by legislation enacted by the provincial government. The Assessor in Regina, being in a city, is bound by the Act. The Assessor must follow the provisions of the Act, and the Regulations enacted pursuant to it. Legislation as well as the Manual provides rules, formulas and other technical requirements for the Assessor to follow. The Assessor can only use methods prescribed by legislation.

Assessment is a technique applied on a large-scale called mass appraisal. The Saskatchewan Court of Appeal describes the technique as follows:

> The method of valuation remains mass appraisal, the process of valuing a group of properties using standard methods and allowing for statistical testing. Individual appraisals and actual market value of the property being assessed have no place in the process. (*The Cadillac Fairview Corporation Limited et al.* v. *The City of Saskatoon et al.*, 2000 SKCA 84, June 29, 2000, at paragraph 34.)

There is the over-riding principle of equity. The Act requires that all property be assessed as of the applicable base date. Equity is achieved by following the procedure outlined by the Court of Appeal for Saskatchewan, in precedent case law The Act, in subsection 165(3), provides that the "dominant and controlling factor in the assessment of property is equity". To achieve equity, the Assessor must apply the directed method of assessment uniformly and fairly throughout the assessment roll. The Assessor does have a degree of discretion, where appropriate, and the Courts have instructed the Board to pay deference to that discretion, when appropriate. The Saskatchewan Court of Appeal explains this issue in *Estevan Coal Corporation* v. *Rural Municipality of Estevan No. 5 et al.*, 2000 SKCA 82, June 29, 2000, at paragraphs 19 through 23.

The Board of Revision's role is to review the assessment for error. If, on the evidence, the Appellant cannot demonstrate an error in the assessment, the appeal must be dismissed. However, if the Appellant demonstrates an error, then the Board has the power of correction. When the Assessor has assessed a property and achieved equity as prescribed by legislation, the Board is limited by the Act in altering the assessment by virtue of subsection 210(3), which prevents the Board from altering the assessment if equity has been achieved with similar properties in the city. The Board is also restricted from varying an assessment using single property appraisal techniques.

The Board considers the following legal precedents to be relevant:

Sasco Developments Ltd. v. Moose Jaw (City), 2012 SKCA 24,
Agrevo Canada Inc. v. Regina (City), 2008 SKCA 129 (CANLII)
Various c/o Altus Group Limited v. Regina (City) (SMB 2011-0022 et al)

The Board considers the following manuals to be relevant:

Saskatchewan Assessment Manual
Saskatchewan Assessment Appraisers' Association Code of Ethics
Market Value Assessment in Saskatchewan Handbook
The 2015 Cost Guide
International Association of Assessing Officers Fundamentals of Mass Appraisal
Marshall Valuation service and Residential Cost Handbook
Canadian Uniform Standards of Professional Appraisal Practice
Uniform Standards of Professional Appraisal Practice

ANALYSIS AND CONCLUSIONS

In the Notice of Appeal the Appellant stated that the Assessor made several errors regarding the assessment of 610 Henderson Drive. Specifically, an incorrect assessment methodology was applied by the Assessor when capitalization rates for warehouses were adjusted based on the size of the building.

The Appellant stated that the subject property was over-assessed because the base cap rate was adjusted downward within the Assessor's calculations. This increased the assessment.

The Appellant attempted to show that the Assessor's size adjustment is not in keeping with the principle of mass appraisal. On page 11 of their 20-day submission, the Appellant stated that by deriving a size specific cap rate, the Assessor has moved away from Mass Appraisal. Thus, the City of Regina had failed to satisfy mass appraisal principles.

The City of Regina applies the Market Valuation Standard to value non-regulated property. According to clause 163(1) of the Act, the Standard is "achieved when the assessed value of the property:

- is prepared using mass appraisals;
- is an estimate of the value of the estate in fee simple in the property;
- reflects typical market conditions for similar properties; and
- meets quality assurance standards established by order of the agency."

There are three standard appraisal methods included in the definition of Mass Appraisal. The property was appraised using the Income Approach to Value. This Approach is used to estimate market value-based assessments by analyzing the future benefits of income from a property and converting this income into an estimate of present value.

In the case of the property, the Assessor collected pertinent data to determine market rents and market capitalization rates or Gross Income Multipliers (GIM) to estimate the assessed value of a property.

The Assessor requested the rent rolls and income and expense statements for all commercial, industrial and multi-family properties for the years 2013, 2014 and 2015. The final rent model was developed from 2015 rent rolls and is consistent with the base date of January 1, 2015.

To develop the rent model, the Assessor collected and analyzed by Multiple Regression Analysis (MRA) a total of 882 net and effective rents. The model predicts rents based on lease area size, building and space classification, location, and effective building age.

The Assessor reviewed all transfers of titles for commercial properties from Information Services Corporation. Once the sales are determined to be arms-length, the Assessor compares the income and the sales prices to determine a capitalization rate. The economic capitalization rate analysis involved 132 sales. These sales are listed on pages 28, 29, 30 and 31 of the Assessor's 10-day submission.

BOR Appeal No: 2017-28122 (Group B)
Civic Address: 610 Henderson Drive
Abcomp Holdings Ltd. c/o Altus Group Limited v City of Regina

Board of Revision (BOR) Record (Lead for Group B is Property #22 on Revised AAC Schedule A)

a. Notice of Appeal with attached Schedule A with Mar-3-17 Results of Pre-filing Discussion and 2017 Duplicate Notice of Assessment

b. Appellant's (Altus) 20 Day Submission for 2017-28122, including Appendices:
   A. Property Map & Pictures
   B. City of Regina's Industrial Model
   C. Subject Income SPSS Report (Lead)
   D. Multiple Regression Analysis Sources
   E. Altus' Lead Notice of Appeal
   F. Sasco Developments Ltd. COA Decision
   G. **Confidential:** 18(1)(b)
   H. SAMA Warehouse Handbook Excerpts
   I. Sauder School of Business – Chapter 10 – land & Site Analysis
   J. MPAC – "Valuing Land in Transition in Ontario"
   K. Bylaw 9250 – Chapter 5 – Use & Development / Subject Zoning Map
   L. Bylaw 9250 – Chapter 14 – Parking & Loading Regulations
   M. IAAO AVMs excerpts
   N. Industrial Sales Effect Area – Charts
   O. Industrial Sales greater than 10,000 square feet – Chart
   P. Extrapolation Sources
   Q. IAAO textbook *Fundamentals of Mass Appraisal* excerpts
   R. One-Sample t-test online excerpts
   S. *Second Canadian Edition of Statistics* textbook excerpts
   T. Normality Excerpts & Default Alpha Statistic sources
   U. IBM SPSS Normality test & IBM SPSS Descriptive statistics
   V. Authorities 95% Confidence: Decisions and Appeal Documents
   W. Additional IBM SPSS Data Normality & Descriptive tests
   X. 460 Albert Street site coverage pictures & SPSS Report (394)
   Y. Client Income SPSS Reports (399)

. . . 2

c. Respondent's (City) 10 Day Submission for 2017-28122, including Appendices:
   A. BC Assessment (p. 53 of pdf)
   B. City of Edmonton Assessment (p. 65 of pdf)

d. Respondent's (City) 10 Day Submission – "Group B" Carry Forward Documents

e. Appellant's (Altus) 5 Day Submission including Appendices:
   A. Revised Statistical Testing: Normality & Descriptives
   B. **Confidential:** 110 E Pettigrew Avenue Documentation
   C. City of Regina 2017 Multi-Family excerpts
   D. 2017 Assessment Methodology Industrial Warehouses - Edmonton
   E. CV of Dr. Andrei Volodin – Profession of Statistics at the University of Regina

f. May-10-17 Request to Record hearing submitted by Altus Group Limited

g. May-10-17 BOR Request for Court Reporter

h. May-15-17 Hearing Exhibit R-2 for Lead #28122 Qualifications of Robert Gloudemans

i. May-15-17 Hearing Exhibit R-3 for Lead #28122 Email from Robert Gloudemans re Chebyshev Theorem

j. May-16-17 **Confidentiality Order** respecting Appendix G of Appellant's 20-Day Submission for 2017-28122

k. May-15-17 Hearing Transcript (Refer to "Group A" BOR Record – Carried Forward)

l. May-16-17 SK Court of Appeal Decision 2017 SKCA 34 introduced during testimony as per Transcript Volume 2, Page 231, Line 15 (not assigned Exhibit number)

m. Aug-28-17 Decision with Letter with proof of delivery

BOR Record - Other Appeals (Properties #23 - #54 on Revised AAC Schedule A)

a. Notice of Appeal with attached Schedule A with Mar-3-17 Results of Pre-filing Discussion and 2017 Duplicate Notice of Assessment
m. Aug-28-17 Decision with Letter with proof of delivery

Jan-26-18

Notice of Appeal to the Regina Board of Revision

(DEADLINE FOR APPEALS IS March 6, 2017)

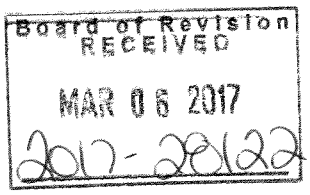
To the Secretary of the Board of Revision of the City of Regina, Saskatchewan:

Section 1:

I request the: ___Simplified appeal process X Regular appeal process *(see reverse)*

I appeal against the: (check beside those which apply)

X Property valuation
___Property classification
___Exemption
___Preparation or content of the Assessment Roll
___Preparation or content of the Notice of Assessment



Of the following property address: 610 Henderson Drive Account Number: 10018730

Assessed Parcel: Lot: 5, Blk: 15, Plan: 78R30133

Section 2:
I make this appeal on the following grounds (nature of alleged error): **(Attach extra sheets if necessary.)**

See Attached Schedule "A"

Section 3:
In support of these grounds, I hereby state the following material facts to be true and accurate: **(Attach extra sheets if necessary.)**

See Attached Schedule "A"

Section 4:

I request that the following change(s) be made to the assessment roll (if known): **(Attach extra sheets if necessary)**

See Attached Schedule "A"

I have discussed my appeal with See Attached (Assessor's name), of the City Assessor's Office, on this date See Attached (month/day/year) and the following is a summary of that discussion: (Include the outcome of the discussion and any details of the facts or issues agreed to by the parties.)

See Attached

OR I have not discussed my appeal with the City Assessor's Office for the following reasons: **(Provide reasons why no discussion was held. Attach extra sheets if necessary.)**

Section 5:

Appellant's Information:

Appellant's Name: Abcomp Holdings Ltd. c/o All Fab Building Components Inc.
E-mail Address: kfriesen@all-fab.com

Mailing Address: 1755 Dugald Road City/Town: Winnipeg, MB Postal Code: R2J 0H3

Home Phone #: N/A Business Phone #: 204-654-5592 Cell #: N/A Fax #: 204-663-4553

If the Appellant is not the owner, what interest does the Appellant have in the property?

Owner

Agent's Information (if applicable):

Agent's Name: Altus Group Limited E-mail Address: archie.fieldgate@altusgroup.com

Mailing Address: 311 Albert Street City/Town: Regina, SK Postal Code: S4R 2N6

Home Phone #: N/A Business Phone #: (306) 359-0672 Cell #: (306) 539-2368 Fax #: (306) 359-0674

Please list address for service for all appeal correspondence:

Mailing Address: 311 Albert Street City/Town: Regina, SK Postal Code: S4R 2N6

Dated this 6th day of March , 2017

Current Assessed Value under Appeal: $6,163,100 $750 (Enclosed Appeal Fee)

Archie Fieldgate
(Appellant's/Agent's name - please print)

(Appellant's/Agent's signature)

What is the difference between the regular and simplified appeal process?

For regular appeals, any written material and photographs you provide in support of your appeal must be submitted to BOTH the Secretary of the Board of Revision and the City Assessor at least 20 days before the date of your hearing.

If you qualify for a simplified appeal process and request it on the Notice of Appeal, you *can* provide any written material and photographs in support of your appeal to the Board of Revision and City Assessor at your hearing. However, to avoid delays at your hearing, you are encouraged to provide your material to BOTH the Secretary of the Board of Revision and the City Assessor at least 20 days before the date of your hearing. You are eligible for the simplified appeal process if your appeal is for:

- a single family residential property or residential condominium; or
- any property that has a current assessed value assessment of 250,000 or less.

The written material you provide for either process should identify why you feel there is an error in your assessment.

Schedule A

SECTION 2:
The Assessment is too high and in excess of the market value based on the following grounds:

A. The subject assessment appears to have been developed in error through a misapplication of the capitalization rate adjustment for building size. Moreover, the CAP rate size threshold established by the Assessor is maximized or capped at 50,000 square feet appears notwithstanding 65,000 square feet appears to be more appropriate.

B. The subject property is considered by the Assessor to be a non-regulated property pursuant to subsection 163(f.4) of the Cities Act (the Act). As such, the Appellant is alleging that the subject property has been over assessed as a result of the subject's base Cap Rate being adjusted in error within the Assessor's *assessed value* calculation. Subsequently, site coverage has been calculated while failing to account for areas and features that directly limit the availability of extra or excess land.

C. Equity has not been achieved pursuant to subsection 165 (5) of the Act. This legislation speaks to the application of the market valuation standard which in turn speaks to the use of Mass Appraisal. As such, the Appellant is alleging that with the Assessor using site specific Cap Rates, he has moved away from the concept of Mass Appraisal.

D. The Market Valuation Standard has not been achieved for the subject property. The appellant is alleging here again that with the Assessor using site specific Cap Rates, he has moved away from the concept of Mass Appraisal.

SECTION 3:
In support of these grounds, I hereby state the following material facts to be true and accurate:

A. Size Adjustment

- The Industrial model applies an adjustment for size in the sales capitalization rate analysis and in the rent analysis.
- The CAP rate size threshold is maximized or capped at 50,000 square feet.
- The current maximum capitalization rate adjustment for size is 1.76. An adjustment of 0.044 per every 1,000 square feet above 10,000 square feet.
- The rent model applies a size adjustment of -$2.53 per square foot greater than or equal to 65,000 square feet.
- The sales with site coverage larger than 30% and net building areas greater than or equal to 65,000 square feet less the -$2.53 psf adjustment have cap rates that continue to trend upwards.

- There are no industrial sales between 50,462 square feet and 87,760 square feet with site coverages greater than 30%.

B. Issue of Site Coverage

- The City of Regina has employed a new methodology whereby a special *site specific coverage adjustment* is being applied to the Assessor's Modeled Base Cap Rate with the intention of reflecting extra and excess land that is on a site.

- In determining the percentage of site coverage, being a major factor within the *site specific coverage formula*, the Assessor only considers the foot print of the buildings that are located on site. Such areas of a site that are covered with canopy's, fuel tanks(above or below ground), business signage, garbage bins, docking zones, storage area, etc. are not being considered within the *site specific coverage formula.*

- Nor, what has not been considered within the *site specific coverage formula* is the fact that there are City Bylaws that require a property owner to provide a certain level of parking areas for both tenants and customers. This also means that a certain area of the land would also be required for the movement of automobiles.

C. Equity

- Subsection165 (5) of the Act states that: *equity in non-regulated property assessments is achieved by applying the market valuation standard so that the assessments bear a fair and just proportion to the market value of similar properties as of the applicable base date.*

D. Market Value Standard

- Subsection 163 (f.1) of the Act states: *market valuation standard means the standard achieved when the assessed value of property is prepared using mass appraisal.*
- Subsection 163 (f3) defines the term mass appraisal as: *the process of preparing assessments for a group of properties as of the base date using standard appraisal methods, employing common data and allowing for statistical testing.*
- In the Saskatchewan Court of Appeal case, Sasco Developments Ltd. vs. The City of Moose Jaw, 2012 SKCA 24, the Court on pg. 5, made it clear of its understanding of mass appraisal vs site specific values when it stated on pg. 5, *the techniques associated with mass appraisal are grounded in data common to a group of properties, whereas the techniques associated with single property appraisal are grounded in the main in data specific to a particular property.*

Results of Pre-filing Discussion with the Assessor's Office @ City Hall – 9: 30 AM March 3rd, 2017.

Assessor's Present: Gerry Krismer & Aaron Homes - Binns.

Altus Agent's Present: Archie Fieldgate and Ryan Simpson.

Issue: Site Coverage/ Moving Cap Rate

Discussion: Altus is questioning the validity of the moving Cap Rate that is triggered by a site coverage formula.

The City holds the position that what they are doing is correct and claims to have plenty of data to support the Methodology.

Result of Discussion: This issue would need to proceed through the Appeal process.

Altus: Archie Fieldgate

NOTICE OF ASSESSMENT
2017 DUPLICATE

000001

ABCOMP HOLDINGS LTD
1755 DUGALD ROAD
WINNIPEG MB R2J 0H3

Property Information
Account Number
10018730
Property Address
610 HENDERSON DRIVE
Assessed Parcel
Plan: 78R30133 Block: 15 Lot: 5
Property Type
IMPROVED PARCEL

Mail Date: Jan. 5, 2017
Appeal Deadline: Mar. 6, 2017

Assessment Information

Assessed Person(s) ABCOMP HOLDINGS LTD

School Support **Public** 71 % **Separate** 29 %

Current Assessed Value **6,163,100**

Subclass (Provincial Percent)	Taxable Assessment	Exemptions
Commercial (100%)	6,163,100	Taxable(100%) From Jan-Dec

Total Taxable Assessment: 6,163,100

If you would like more information about your property characteristics, or to learn more about your Assessment Notice, please visit **Regina.ca** or call **306-777-7000.**

This notice was mailed on **January 5, 2017**. If you wish to appeal your assessment, your appeal should be made on the enclosed form. Your appeal must be filed with the Secretary of the Board of Revision, no later than **March 6, 2017**.

This is not a tax bill. This statement shows the assessment on this property upon which taxes are to be levied. An official tax bill will be forwarded to you or your agent in due course.

E.&O.E.

Assessment, Tax and Real Estate Department
Queen Elizabeth II Court | 2476 Victoria Avenue
PO Box 1790 | REGINA SK S4P 3C8
P: 306-777-7000 | F: 306-777-6822
Regina.ca

2017-28122 (lead) et al.

CITY OF REGINA
BOARD OF REVISION

BETWEEN:

Abcomp Holdings Ltd.

APPELLANT

- and –

THE CITY OF REGINA

RESPONDENT

****

WRITTEN SUBMISSION ON BEHALF OF
THE APPELLANT

HEARING DATE: MAY 15th, 2017

****

Prepared by:
Altus Group Limited
311 Albert Street
Regina, Saskatchewan
S4R 2N6
Phone: (306) 522-5628

20 Day Submission
BOR Received: April 25, 2018

Appeal #	Appellant	Civic Address	Roll #	2017 Assessment
28122	Abcomp Holdings Ltd.	610 Henderson Drive	10018730	$6,163,100
28125	Acklands-Grainger Inc.	680 McLeod Street	10018652	$4,767,400
28089	101161069 Saskatchewan Ltd.	1735 Francis Street	10218234	$17,836,100
28084	Whiterock Chestemere Regina Inc.	155 N. Leonard Street	10018732	$8,638,000
28108	Whiterock 402 McDonald Street Regina Inc.	402 McDonald Street	10018639	$6,762,500
28121	Whiterock 603 Park Street Regina Inc.	603 Park Street	10022484	$10,422,300
28124	Whiterock 651 Henderson Drive Regina Inc.	651 Henderson Drive	10018737	$9,522,400
28102	Whiterock 651 Henderson Drive Regina Inc.	310 Henderson Drive	10018701	$30,715,800
28086	Ecco Heating Products Ltd.	1600 E Ross Ave	10112642	$6,728,200
28119	Consumers Co-operative Refineries Limited	580 Park Street	10018674	$5,945,700
28123	Sherwood Co-operative Association Limited	615 N Winnipeg Street	10008850	$7,829,200
28127	855 PARK STREET PROPERTIES GP LTD.	855 Park Street	10022488	$15,132,100
28111	JOHN DEERE CANADA ULC	455 Park Street	10018672	$14,252,800
28074	N & T Properties Ltd.	115 and 111 McDonald Street	10018734	$5,658,500
28087	Loblaw Properties West Inc.	1700 Park Street	10033930	$10,107,600
28094	101143561 SASKATCHEWAN LTD.	2101 Fleming Road	10247034	$104,355,400
28129	Loblaw Properties West Inc.	921 Broad Street	10151105	$5,214,600
28126	MASTERFEEDS GP INC	745 Park Street	10022485	$6,405,700
28085	1575 ELLIOTT STREET PROPERTIES LTD.	1575 Elliot Street	10033463	$5,727,300
28098	2201 - 1ST AVENUE HOLDINGS LTD.	2201 1st Avenue	10022119	$6,867,100
28077	Hoopp Realty Inc.	12202 Ewing Avenue	10264262	$22,529,800
28103	Tiger Fera Investment Inc.	316 E 1st Avenue	10241453	$8,648,100

Appeal #	Appellant	Civic Address	Roll #	2017 Assessment
28076	605114 Saskatchewan Ltd.	1155 Park Street	10028466	$7,175,500
28092	Postmedia Network Inc.	1964 Park Street	10033929	$9,834,800
28083	101055353 Saskatchewan Ltd	1450 Park Street	10027989	11,383,200
28078	Ralph McKay (Canada) Limited	130 Hodsman Road	10013949	$5,421,200
28081	WestRock Company of Canada Inc.	1400 1st Avenue	10022143	$8,064,500
28097	Saskatchewan Telecommunications Holding Corporation	2133 1st Avenue	10022117	$10,152,600
28099	3346286 Manitoba Limited	221 N Winnipeg Street	10018625	$10,919,900
28114	Warner Bus Industries Ltd.	301 1st Ave (515 1st Ave)	10022404	$9,133,500
28116	Western Limited	555 Henderson Drive	10018759	$9,652,100
28107	Sachick Holdings Ltd	4000 E Victoria Avenue	10268997	$8,921,200
28101	CWS Logistics Ltd.	250 Henderson Drive	10014005	$25,977,600

TABLE OF CONTENTS

I. INTRODUCTION

1. This appeal stems from issues surrounding the 2017 assessment for industrial properties in the City of Regina. Specifically, the City of Regina's use of multiple regression, the site coverage adjustment, the size adjustment to income sales data (capitalization rate building size adjustment) and what appears to be a more reflective building size adjustment threshold for the sales.

2. The subject is 54,600 square foot industrial property located at 610 Henderson Drive in Regina. The site comprised 5,000 square feet of unheated warehouse, 1,600 square feet of upper floor warehouse space and 48,000 square feet of storage warehouse. The subject is located in the Ross Industrial neighbourhood and is zoned as medium industrial IB. The site has a lot size of 329,473.995 square feet with a building footprint of 53,000 square feet resulting in a site coverage ratio of 16.086%[1]

3. The method used in the valuation of the subject is the Income approach through the use of the City of Regina Industrial Market Model.[2] The property assessment Income SPSS Detail Report lists the number of units, vacancy, shortfall, space classification and the corresponding assessment values.[3]

4. Altus intends to demonstrate that assessor has erred in the following regard:

a. the application of a single property assessment capitalization rate is unwarranted pursuant to legislation and case law,

b. the site coverage calculation omits relevant market variables, legal requirements, surplus land utility and other attributing market factors,

c. that the building size capitalization rate adjustment threshold of 50,000 square feet is too low and should be expanded up to 65,000 square feet.

[1] Appendix A – pg.24 - Property Map & Pictures
[2] Appendix B – pg.29 – City of Regina Industrial Model
[3] Appendix C – pg.48 – Subject Property SPSS Report

II. LEGISLATIVE AND ASSESSMENT BACKGROUND

5. The relevant provisions of *The Cities Act* are as follows:

6. 163 In this Part:

(f.1) "market valuation standard" means the standard achieved when the assessed value of property:

(i) is prepared using **mass appraisal**;

(ii) is an estimate of the market value of the estate in fee simple in the property;

(iii) reflects typical market conditions for **similar properties**; and

(iv) meets quality assurance standards established by order of the agency;

(emphasis added)

(f.2) "market value" means the amount that a property should be expected to realize if the estate in fee simple in the property is sold in a competitive and open market by a willing seller to a willing buyer, each acting prudently and knowledgeably, and assuming that the amount is not affected by undue stimuli;

(f.3) "mass appraisal" means the process of preparing assessments for a group of properties as of the base date using standard appraisal methods, employing common data and allowing for statistical testing; *(emphasis added)*

(f.4) "non-regulated property assessment" means an assessment for property other than a regulated property assessment;

165(1) An assessment shall be prepared for each property in the city using only mass appraisal.

(2) All property is to be assessed as of the applicable base date.

(3) The dominant and controlling factor in the assessment of property is equity.

(3.1) Each assessment must reflect the facts, conditions and circumstances affecting the property as at January 1 of each year as if those facts, conditions and circumstances existed on the applicable base date.

(5) Equity in non-regulated property assessments is achieved by applying the market valuation standard so that the assessments bear a fair and just proportion to the market value of similar properties as of the applicable base date.

203(1) Boards of Revision are not bound by the rules of evidence or any other law applicable to court proceedings and have power to determine the admissibility, relevance and weight of any evidence.

226(1) After hearing an appeal, the appeal board may:

(a) confirm the decision if the board revision;

(b) modify the decision of the board of revision to ensure that:

i. errors in and omissions from the assessment roll are corrected;

ii. an accurate, fair and equitable assessment for the property is placed on the assessment roll.

III. ASSESSMENT ROLL BACKGROUND

7. The capitalization rate (CAP) is a ratio developed by taking the Modeled Net Operating Income and dividing it by the Adjusted Sale Price.

$$\text{Capitalization Rate} = \frac{\text{MODELED INCOME}}{\text{ADJUSTED SALE PRICE}}$$

8. The Model indicates the following stratification (pg.45) :

Overall Capitalization Rates

Description	Rate
Base Cap Rate	6.862
Condo	-1.101
Site Coverage Adjustment, Less than 30%, to minimum 9%	-.060
Area Adjustment, from 10,000, per 1000sqft, to 50,000	.044
Industrial Light Manufacturing Type Adjustment	-.940

9. The sales stratification adjustment for site coverage applies a negative 0.060 per every percent below the 30% industry standard imposed by the City of Regina to a minimum of 9%. In effect, the model applies a maximum of 21% difference in site coverage before a lump sum value for excess is derived. 21 x -0.060 = -1.26 added to the base CAP rate of 6.862% results in a CAP rate of 5.602%, when site coverage is the only factor.

10. The sales stratification adjustment for building size applies a positive 0.044 per 1,000 square feet of building area starting at 10,000 square feet up to a threshold cut-off of 50,000 square feet. A maximum capitalization rate adjustment for building size is +1.76 applied to the base constant capitalization rate of 6.862 resulting in a combined maximum capitalization rate value of 8.622%.

11. The rent model developed by the City applies a negative $2.53 per square foot adjustment for single tenant properties greater than or equal to 65,000 square feet. There is a zone between 50,000 square feet and 65,000 square feet of building area where size is not accounted for by either the rental analysis or sales analysis.

12. The City of Regina relied on multiple regression analysis (MRA), which is a statistical tool used to derive the value of criterion from several independent or predictor variables. It is the simultaneous combination of multiple factors to assess how and to what extent they affect a certain outcome. The statistic used to ascertain how well the model fits the data is the R-Squared value. MRA does not use medians but rather averages in establishing the Beta Coefficients (Predictor Variables) that are either included or excluded depending on the confidence of the model; which relates to where the significant variables fall in relation to the indicated alpha statistic.[4]

IV. APPEAL TO THE BOARD OF REVISION

13. Altus raises four grounds of appeal to the Board of Revision[5]:

A. The subject assessment appears to have been developed in error through a misapplication of the capitalization rate adjustment for building size. Moreover, the CAP rate size threshold established by the Assessor is maximized or capped at 50,000 square feet appears notwithstanding 65,000 square feet appears to be more appropriate.

B. The subject property is considered by the Assessor to be a non-regulated property pursuant to subsection 163(f.4) of the Cities Act(the Act). As such, the Appellant is alleging that the subject property has been over assessed as a result

[4] Appendix D – pg.50– MRA Sources
[5] Appendix E – pg.62 – Altus' Lead Notice of Appeal

of the subject's base CAP rate being adjusted in error within the Assessor's assessed value calculation. Subsequently, site coverage has been calculated while failing to account for areas and features that directly limit the availability of extra or excess land.

C. Equity has not been achieved pursuant to subsection 165(5) of the Act. This legislation speaks to the application of the market valuation standard which in turn speaks to the use of Mass Appraisal. As such, the Appellant is alleging that with the Assessor using site specific Cap Rate, he has moved away from the concept of Mass Appraisal.

D. The Market Valuation Standard has not been achieved for the subject property. The appellant is alleging here again that with the Assessor using site specific Cap Rates, he has moved away from the concept of Mass Appraisal.

V. SITE COVERAGE MASS APPRAISAL

14. This portion of Altus's submission pertains to an issue of legality as to whether the City of Regina's new methodology of attempting to recognize extra or excess land on a site, by developing a site specific Cap Rate, is conducted in accordance with the Legislation and Saskatchewan case law.

15. The City of Regina has employed a new methodology whereby a special site specific coverage adjustment is being applied to the Assessor's Modeled Base Cap Rate with the intention of reflecting excess or extra land that is on a site.

16. In determining the percentage of site coverage, being a major factor within the site specific coverage formula, the Assessor only considers the foot print of the buildings that are located on site. Such areas of a site that are covered with canopy's, fuel tanks(above or below ground), business signage, garbage bins, etc. are not being considered within the site specific coverage formula.

17. An example of this footprint issue is that the property that is found in Appendix X, is that there is around 4,840 square feet of total canopy area and 5 underground tanks and one horizontal tank. All of which occupy land area but have not been considered in the site coverage calculation.

Yet, as seen on the SPSS Report, there is also a cost value for the canopies and tanks, which means on one hand they are being recognized for valuation purposes but not recognized for site coverage calculation.

18. Subsection 163 (f.1) of the Cities Act (the Act) states: market valuation standard means the standard achieved when the assessed value of property is prepared using mass appraisal.

19. Subsection 163 (f3) of the Act defines the term mass appraisal as: the process of preparing assessments for a group of properties as of the base date using standard appraisal methods, employing common data and allowing for statistical testing.

20. Subsection 165 (1) of the Act states: An assessment shall be prepared for each property in the city using only mass appraisal.

21. Subsection 210 (1.1) of the Act states: ……. a non-regulated property assessment shall not be varied on an appeal using single property appraisal techniques.

22. In the Saskatchewan Court of Appeal case, Sasco Developments Ltd. vs. The City of Moose Jaw, 2012 SKCA 24[6], the Court on pg. 5, made it clear of its understanding of mass appraisal vs site specific values when it stated on pg. 5, the techniques associated with mass appraisal are grounded in data common to a group of properties, whereas the techniques associated with single property appraisal are grounded in the main in data specific to a particular property.

23. The Court in the Sasco case basically ruled that the Board of Revision had originally erred when it revised the property's 2009 assessment by using the property's own site specific income/expense/occupancy data.

[6] Appendix F – pg.68 – Sasco Developments Ltd. COA Decision

VI. ARGUMENT

Site Coverage Issue

24. When Altus first became aware of the site specific cap rate method at an informational meeting with the Regina Assessors, we were told that this methodology was being used in other jurisdictions in Canada. Notwithstanding Altus has been unable to establish who are these others jurisdictions, in para. 54 of the Sasco case, the Court said "these provisions prohibiting variation using single property appraisal techniques appear to be unique to Saskatchewan."

25. In para. 12, under the heading of The New Assessment Scheme, the Court spoke in detail of the process surrounding Mass Appraisal. It emphasized such terms as "a group of properties"; a group of "similar" properties; and, "the term "common data" may be taken to mean pieces of information in the form of facts and statistics pertaining to market value and common to a group of similar properties."

26. Altus certainly understands how the Assessor derived the City's base Cap Rate for the Industrial Model though the use of Multi- Regression. From our perspective, this was being consistent with the Mass Appraisal process.

27. It's when that City then went further by adjusting the base Cap Rate, that had been derived from a grouping of similar properties, to setting a site specific Cap Rate that concerns Altus.

28. Put another way, this act of deriving a site specific cap rate, for whatever reason, the Assessor has moved away from the grouping concept that is fundamental to the Mass Appraisal according to the Court of Appeal in Sasco.

29. From Altus's perspective, the Assessor seems to be moving to using single property appraisal techniques which the Court in Sasco observed that the prohibition to use same appears to be unique to Saskatchewan.

30. Should the Board of Revision not agree with Altus on this matter by concluding the Assessors site specific Cap Rates does fall within the frame work of Mass Appraisal, Altus then has concerns with the methodology itself. Altus will address these concerns as follows.

Surplus Land, Required Storage & Bylaw Requirements

31. The local market demonstrates that industrial land leased for storage rents at significantly lower levels than what the City of Regina's Industrial model applies. This is illustrated through industrial land leases[7] and indicated through assessment and real estate authorities.[8]

32. Authorities have demonstrated that Surplus Land typically may reflect lower value than excess land[9] in addition to the restrictions and limited availability due to market influencers[10] such as:

- Site dimensions
- Site location
- Geotechnical issues
- Topography proximity to sensitive uses
- Access
- Zoning
- Development applications
- Required Exterior Storage for Industrial Properties

33. The adjustments derived by the City of Regina in its Industrial model appear to have omitted zoning restrictions, required exterior storage areas and other market predictors in determining the site coverage.

[7] Appendix G– pg.100 – Confidential: 18(1)(b)
[8] Appendix H – pg.127 - SAMA Warehouse Handbook Excerpts
[9] Appendix I – pg.141– Sauder School of Business – Chapter 10 "Land and Site Analysis"
[10] Appendix J – pg.171– Municipal Property Assessment Corporation (MPAC) – "Valuing Land in Transition in Ontario"

34. The subject is zoned IB Medium Industrial.[11] This is found on Henderson Drive in Ross Industrial, north of Ring Road and just south of McDonald Street. The Industrial Zoning Bylaw Chapter 5 describes the classification, permitted and discretionary uses as well as limitations for Industrial properties.[12]

35. Parking and Loading Regulations[13] from Bylaw 9250 Chapter 14 explicitly points to the minimum dimension requirements for industrial properties. Specifically, Table 14.7 discusses off-street parking requirements. Section 14C describes Loading Regulations For All Land Uses and in Table 14.8 provides the specific dimensions required for Industrial docking locations. This necessary land use in support of the existing improvement is legally binding pursuant to legislation passed by local council. This area is not accounted for in the determination of the site coverage calculation. Further, these industrial locations in many instances require outdoor area for storing supplies. As directed by industry authorities, surplus land is different from excess land. As a result, much of the area found in the sites in question, ie: *the sales*, do not in fact have extra land.

36. Land attributed to the zoning regulations and parking requirements are functionally required for the operation of the property and therefore should be accounted in the site coverage calculation as neither surplus nor excess land.

37. Sources from the Sauder School Business Land analysis state[14]:

> *"Surplus land is not currently needed to support the existing improvement and cannot be separated from the property and sold off. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel."*

38. Sources from MPAC state[15]:

> *"Surplus land is not currently needed to support the existing improvement, but it cannot be severed or separated from the property and sold off. Surplus land does not have an independent market value and may or may not contribute value to the improved parcel."*

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[11] Appendix B – pg.29– City of Regina Industrial Model – Model Zoning descriptions
[12] Appendix K – pg.197– Zoning Map - Bylaw 9250 Chapter 5 Use & Development Regulations (213-218)
[13] Appendix L – pg.234– Bylaw 9250 - Parking and Loading Regulations – Chapter 14 (265-266)
[14] Appendix I – pg.152– Sauder School of Business – Chapter 10 "Land and Site Analysis"
[15] Appendix J – pg.180&195– Municipal Property Assessment Corporation (MPAC) – "Valuing Land in Transition in Ontario"

Size Adjustment

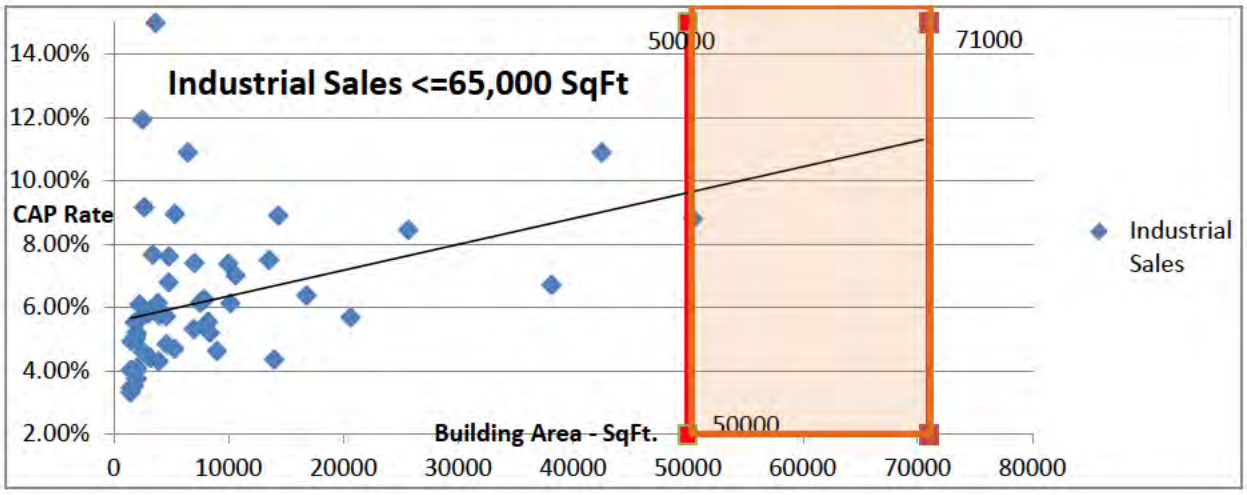
39. The Notice states: *The subject assessment appears to have been developed in error through a misapplication of the capitalization rate adjustment for building size. Moreover, the CAP rate size threshold established by the Assessor is maximized or capped at 50,000 square feet appears notwithstanding 65,000 square feet appears to be more appropriate.*

40. Properties in the size range of 50,000 to 65,000 square feet receive no capitalization rate adjustment. There is no clear indication as to why the 50,000 square foot threshold was imposed.

41. Two sales located at 1110 E Pettigrew, account number 10014003 and 580 Park Street, account number 10018674; are 126,800 and 87,760 square feet respectively. They are larger than the 65,000 square foot single tenant requirement that receive the -$2.53 per square foot adjustment to its modeled income.

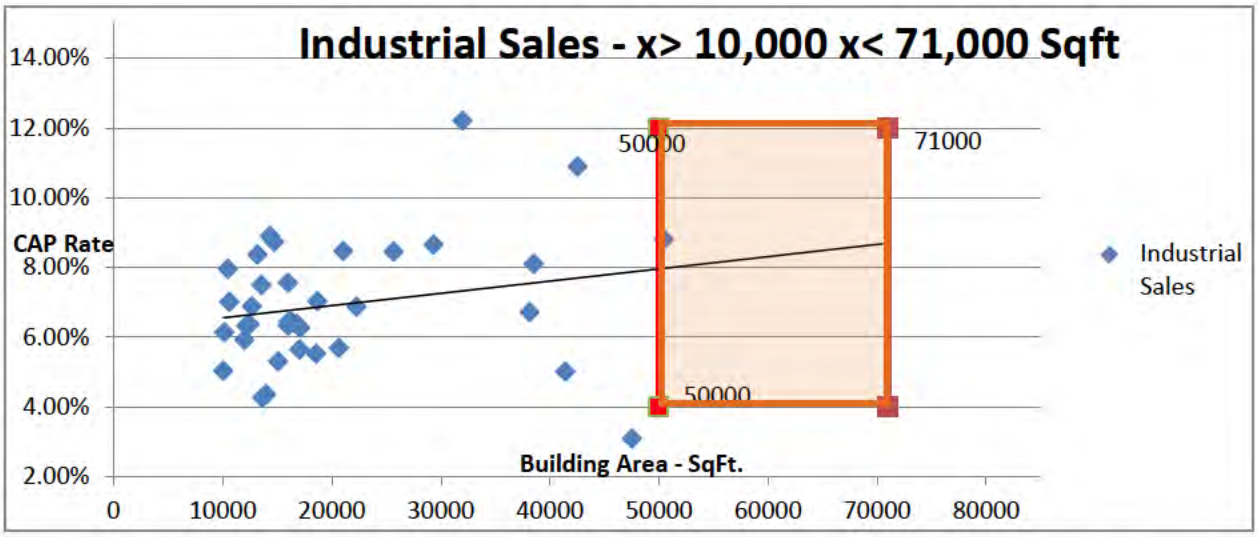
42. Due to the unique adjustment applied to these specific sales they cannot be accurately included in the sales study.[16]

43. Sales less than 71,000 square feet demonstrate an extrapolated trend that continues to increase above the 50,000 square foot size adjustment threshold. The highlighted area represents the range between the sales cut-off and the rental analysis size adjustment benchmark.[17]



[16] Appendix M – pg.270 – IAAO AVMs excerpts
[17] Appendix N – pg.276 – Industrial Sales Effect Area Chart

44. An overview of the Industrial building size beginning at 10,000 square feet and continuing to 71,000 square feet pursuant to Chebyshev's Theorem; clearly shows a continued rise beyond 50,000 square feet for building area.[18]



45. It is clear that capitalization rates continue to trend upward when analyzing building size. The question of why apply the new cut-off at 71,000 square feet is answered through the use of hypothesis testing, confidence intervals and data distribution.

46. Assessment authorities have used extrapolation methods when data is incomplete. Extrapolation is the estimation of a value based on extending a known sequence of value or facts beyond the area that is certainly known. Extrapolation is used to estimate values that go beyond a set of given data or observations.[19]

47. Authoritative information in deriving a break-point can be found in the IAAO Standard on Ratio Studies and in the IAAO textbook Fundamentals of Mass Appraisal. These documents discuss the type of variable data utilized, associated tests and what criteria need to be met. Excerpts from these documents state[20]:

[18] Appendix O – pg.278 – Industrial sales greater than 10,000sqft & less than 71,000 sqft.
[19] Appendix P – pg.280 – Extrapolation Sources
[20] Appendix Q – pg.285 – IAAO textbook Fundamentals of Mass Appraisal excerpts

"To understand the role of confidence intervals, it is important to recall the difference between statistics (such as the mean and standard deviation) and parameters. Statistics are calculated from samples and serve as point estimates of corresponding population parameters. The true value of the parameters is unknown and must be estimated. Confidence intervals quantify the range in which the analyst can conclude that population parameters lie with a stated level of confidence."

48. Additional online sources which state[21]:

"The one-sample t-test is used to determine whether a sample comes from a population with a specific mean. This population mean is not always known, but is sometimes hypothesized."

"The one-sample t-test is used when we want to know whether our sample comes from a particular population but do not have full population information available to us. For instance, we may want to know if a particular sample of college students is similar to or different from college students in general"

49. Common Statistical tools in analyzing a sample population's break point are the Empirical Rule and Chebyshev Theorem. The Empirical Rule, also known as the three-sigma rule of 68-95-99.7 rule, provides an estimate of the spread of data in a normal distribution using the mean and standard deviation. More specifically, the empirical rule states that for a normal distribution[22]:

68% of the data will fall within one standard deviation of the mean.

95% of the data will fall within two standard deviations of the mean.

Almost all (99.7%) of the data will fall within three standard deviations of the mean.

50. If the distribution was not accepted to be normal, the Chebyshev's Theorem should be used to determine the break point. Chebyshev's Theorem is used for the same purpose as the Empirical Rule, but is useful for making inferences about data sets that do not follow a normal distribution.[23]

[21] Appendix R – pg.295 – One-Sample T-test online excerpts
[22] Appendix S – pg.301 – Second Canadian Edition of Statistics textbook excerpts
[23] Appendix T – pg.305 – Normality Excerpts & Default Alpha Statistic of 5%

51. The industrial sales data greater than 10,000 square feet and less than 71,000 square feet when statistically tested for normality in addition to the descriptive statistics outlining the Sample Population Mean and Sample Population Standard Deviation results in the following[24]:

Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Total Net Area	.243	37	.000	.795	37	.000

a. Lilliefors Significance Correction

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Total Net Area	37	10057	50462	20593.03	11334.497
Valid N (listwise)	37				

52. The test shows that the data is not normally distributed and therefore requires Chebyshev's Theorem to be used in determining the breakpoint maximum for the capitalization rate size adjustment.

53. The default significance level (alpha) is 5% which corresponds to a 95% confidence level.[25] Assessment in Saskatchewan has relied on the 5% alpha in the past and currently still.[26] In establishing a 95% confidence in determining an appropriate break-point for industrial sales, the following formula is used:

We require a 95% confidence therefore; $0.95 = 1 - \frac{1}{K^2}$ → K = 4.47

Break Point = $\bar{X}$ + K∗ σ → 20593.03 + 4.47 * 11334.497 = **71,258.23 sqft**.

54. Analysis of the sales data using Chebyshev's Theorem indicate an upward threshold or capped building size of 71,258.23 square feet in which the capitalization rate adjustment for size is to be applied. The City of Regina has implemented a rental adjustment to single-tenant properties 65,000 square feet and greater. Given the statistical results and the clear upward trend in

[24] Appendix U – pg.322 – IBM SPSS Normality test & Descriptive Statistics
[25] Appendix T – pg.305 – Normality Excerpts & Default Alpha Statistic of 5%
[26] Appendix V – pg.328 – Authorities 95% Confidence (342, 361-363)

capitalization rates beyond 50,000 square feet it would be appropriate to amend the 50,000 square foot threshold to 71,000 square feet or at minimum 65,000 square feet.[27]

CONCLUSION

55. The Assessor's transition away from Mass Appraisal is apparent through the use of site specific variables and contradicts what the Court has found in the Sasco case. If the Board of Revision finds that the Assessor did not err in its methodology of applying curves then the Appellant asserts that error has been demonstrated by way of exclusion of market factors that limit or reduce the value surplus land, omitting differences in the value achievable for secured storage area as well as the exclusion of bylaw and zoning requirements.

56. The industry has recognized the difference between industrial and surplus land. Various authorities support the consideration and inclusion of site influencing factors including zoning bylaw requirements as well as the recognition that surplus land may or may not add value to the parcel the same way purely vacant land would in the marketplace due to its limited utility.

57. Land lease information provided shows that industrially zoned parcels do not achieve the same level of value that vacant land would garner in the marketplace. It is for this reason that industrial exterior storage areas must be valued in a manner consistent with the reduced utility of the land and its relationship to market value for similar properties.

58. Additionally, if the Board of Revision finds that the Assessor did not err in its methodology of applying curves then the Appellant asserts that error has been demonstrated through the improper capitalization rate size threshold of 50,000 square feet. The sales larger than 65,000 square feet when adjusted to allow for a comparable analysis demonstrate an upward trend resulting in a higher capitalization rate for properties greater than 50,000 square feet.

59. The distribution of the data is clearly identified as being non-normal resulting in the reliance on the Chebyshev statistical theorem. The theorem illustrates that at 95% confidence the appropriate range for the sales indicated in this submission result in a threshold maximum greater than 65,000

[27] Appendix W – pg.368 – Additional IBM SPSS data sets: Normality & Descriptive Analysis

square feet. Therefore, the application of the capitalization rate size adjustment should be applied to at least 65,000 square feet.

VII. SUMMARY

- The sales data illustrate an upward trend in capitalization rates beyond 50,000 square feet when accounting for the unique rental adjustment for single tenant properties greater than or equal to 65,000 square feet.
- At 95% Confidence the extrapolated range in which the capitalization rate size adjustment is to be considered is over 65,000 square feet.
- Assessment Authorities emphasize the difference between surplus and excess land and suggest that the value may or may not be the same between the different types.
- Land leases show that land is being rented for significantly less than what one would achieve if the industrial parcel was completely bare or considered excess land.
- Zoning restrictions and limitations must be considered in the determination of surplus and excess land and in the determination of the site coverage calculation.

VIII. REMEDY

60. That the Board of Revision find the Assessor has erred in the valuation of the subject property and that Altus has met its onus in demonstrating an error with the model.

61. The Appellant respectfully requests the Board of Revision find that the Assessment is found in excess and that variables limiting site coverage and influencing market value be accounted for in the various capitalization rate calculations. That the Assessor extends the building size threshold of 50,000 square feet to 71,000 square feet or at minimum 65,000 square feet to account for the upward trend in capitalization rates as well as the statistical testing establishing an upward limit.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 25th day of April, 2017.

ALTUS GROUP LIMITED

Per: _____

Agent for the Appellant

APPENDICES

A. Property Map & Pictures

B. City of Regina's Industrial Model

C. Subject Income SPSS Report (Lead)

D. Multiple Regression Analysis Sources

E. Altus' Lead Notice of Appeal

F. Sasco Developments Ltd. COA Decision

G. Confidential: 18(1)(b)

H. SAMA Warehouse Handbook Excerpts

I. Sauder School of Business – Chapter 10 – Land & Site Analysis

J. MPAC – "Valuing Land in Transition in Ontario"

K. Bylaw 9250 – Chapter 5 – Use & Development / Subject Zoning Map

L. Bylaw 9250 – Chapter 14 – Parking & Loading Regulations

M. IAAO AVMs excerpts

N. Industrial Sales Effect Area - Charts

O. Industrial Sales greater than 10,000 square feet - Chart

P. Extrapolation Sources

Q. IAAO textbook *Fundamentals of Mass Appraisal* excerpts

R. One-Sample t-test online excerpts

S. *Second Canadian Edition of Statistics* textbook excerpts

T. Normality Excerpts & Default Alpha Statistic sources

U. IBM SPSS Normality test & IBM SPSS Descriptive statistics

V. Authorities 95% Confidence: Decisions and Appeal Documents

W. Additional IBM SPSS Data Normality & Descriptive tests

X. 460 Albert Street site coverage pictures & SPSS Report (394)

Y. Client Income SPSS Reports (399)

Appendix A

Civic Address: 610 Henderson Drive Account Number: 10018730

Civic Address: 610 Henderson Drive Account Number: 10018730

Civic Address: 610 Henderson Drive Account Number: 10018730

Civic Address: 610 Henderson Drive Account Number: 10018730

Appendix B

Industrial

IDENTIFICATION of MODEL AREA

The Industrial model is an income model that values the majority of properties that are zoned for industrial uses (IA, IA1, IB, IP, IT, RR and WH). Properties with these zoning designations that are considered special purpose in nature or for which there is little or no available market data (rents or sales) are valued outside of this model using the Cost Approach to Value.

The Industrial model is applied to those properties which are primarily located within the City of Regina's (the City's) industrial study areas (5201, 5203, 5204, 5205, 5206, 5207 and 5208). As a result of the market analysis for the 2017 revaluation it was determined that there were five distinct industrial study neighbourhoods located within the City's municipal boundaries, each with varying types and ages of commercial buildings, land sizes and locational characteristics. These neighbourhoods are defined on the enclosed map and individually described below.

Zoning Descriptions

Properties valued by the Industrial model reflect numerous zoning classifications. The following are cursory, generalized descriptions only and are not meant to reflect complete details concerning the predominant zonings found within the City's industrial study area:

- IA, IA1 – Light Industrial: accommodates the manufacturing of finished products or parts predominantly from previously prepared materials. The IA1 zone is confined to existing industrial properties that are located on the fringes of the Inner City
- IB, IB1 – Medium Industrial: allows for manufacturing, processing, assembly, distribution, service and repair activities that require outdoor use and storage. This zoning is restricted to locations on the interior of industrial neighbourhoods along collector roadways
- IC, IC1 – Heavy Industrial: industrial uses which, due to appearance, noise, odour, risk of emission of toxic waste, risk of fire or explosion hazards, etc. are incompatible with commercial, residential and other land uses. Accordingly, new office, business and retail uses within this zone are limited. Development with direct access to local and collector residential streets is not allowed in this zone
- IP – Prestige Industrial Service: accommodates industrial and related business service uses that incorporate high standards of design, landscaping and open space. The IP zone is found in locations that are visible, have adequate facilities and services and will provide a buffer for adjacent residential and commercial uses
- IT – Industrial Tuxedo Park: provides for light to medium industrial uses, including commercial and service, on those properties located in Tuxedo park
- LP – Logistics Park: specialized industrial park that supports transportation and logistics related development and complementary industrial and commercial uses.
- WH – Dewdney Avenue Warehouse: intent is the preservation of the warehouse character through retention and reuse of existing warehouses. Accommodates a wide range of administrative, service, retail, wholesale and light manufacturing uses

- RR – Railway Zone: regulate land uses that are directly associated with transportation by railroad, switching and terminal operations

Neighbourhood 5201

Neighbourhood 5201 is comprised of three small pockets encompassing all industrial zoned parcels located within the boundaries of North Central Regina. The west most pocket is located on the south side of the CN tracks, west of Albert Street and North of 1st Avenue. The central pocket is situated on the north side of the CN tracks between the laneway east of Albert Street and the laneway immediately west of Scarth Street with 1st Avenue North providing its northern boundary. The east pocket is likewise located north of the CN tracks with Winnipeg Street as its eastern boundary and 5th Avenue North as its northern most boundary.

The properties situated in this neighbourhood are zoned IA, IA1 (light industrial) and IB (medium industrial) and feature, for the most part, small light industrial properties.

64% of the industrial buildings found in this neighbourhood were constructed in the 1960s and 1970s reflecting an average year built of 1976. Buildings range in size from approximately 600 square feet to 45,500 square feet with an average size of approximately 7,500 square feet.

Improved lot sizes range from approximately 2,000 square feet to 4.40 acres with an average lot size of 21,500 square feet.

Neighbourhood 5203

Neighbourhood 5203 is known as the Ross Industrial Park and is the largest industrial area in the city. This area encompasses the City's northeast corner and is roughly bordered by Winnipeg Street to the west, the CN tracks to the southwest, CP tracks to the southeast, the eastern municipal boundary of the city to the east and the northern municipal boundary of the city to the north.

The northern one-third of this neighbourhood is almost entirely occupied by the Consumers' Co-operative Refineries (CCRL). Imperial Oil, Enbridge Pipelines and several other large oil tank farms are located along the west boundary of this neighbourhood and abut the southern boundary of the CCRL property. The Ross Industrial Park features a broad mixture of zones with the majority of properties (85%) zoned IA (light industrial) or IB (medium industrial). There are 36 IC (heavy industrial), 15 IP (prestige industrial) and 22 properties zoned RR (railway). This neighbourhood comprises a broad range of property sizes, types and uses from light to heavy and prestige industrial. Property uses include small workshops to large manufacturing operations, chemical processing, mega warehousing (>200,000 square foot buildings), industrial, office, retail and restaurant uses necessary to service the area.

The majority of the buildings situated in this neighbourhood (52%) were constructed in the 1970s and 1980s with a further 29% being constructed since 2000. The average year built for buildings in this neighbourhood is 1982. Buildings range in size from approximately 110 square feet to 395,000 square feet with an average size of 25,500 square feet.

Improved lot sizes range from approximately 6,000 square feet to 337 acres with an average lot size of eight acres.

Neighbourhood 5204

Neighbourhood 5204 is located immediately adjacent to the southwest corner of the Ross Industrial Park and encompasses all industrial zoned properties that are located along its west, south and eastern borders. Specifically along the east side of Winnipeg Street (west border), between the CP tracks and 7th Avenue (south border), and along the west side of McDonald Street (east border). These properties are primarily zoned IA and IA1 (light industrial). Three of the 127 properties in this neighbourhood are zoned IB (medium industrial).

71% of the buildings in this neighbourhood are small industrial buildings which were constructed in the 1950s through 1980s reflecting an average year built of 1969. Buildings in this neighbourhood range in size from approximately 222 square feet to 28,000 square feet with an average size of 4,750 square feet.

Improved lot sizes range from approximately 3,100 square feet to 1.83 acres. The average lot size in this neighbourhood is 12,500 square feet.

The analysis completed for the 2017 revaluation resulted in a decision to combine the 31 available rents for neighbourhood 5204 with the 201 rents from neighbourhood 5205.

Neighbourhood 5205

Neighbourhood 5205 is located in central Regina just north of the downtown core. This area is referred to as the Old Warehouse District and is bordered on its south side by the CP tracks abutting the north side of Saskatchewan Drive, 4th Avenue to the north, Albert Street to the west and Winnipeg Street to the east. This area is somewhat transitional in nature with many properties being used for a mix of general commercial uses including retail, office, nightclubs and residential condominiums.

The majority of the properties on this neighbourhood (85%) are zoned IA, IA1 (light industrial) and IB (medium industrial) and feature, for the most part, small light industrial properties with buildings constructed from the 1910s to 2015 with the majority (64%) being built in the 1950s through the 1980s, reflecting an overall average year built of 1960. The area along Dewdney Avenue abutting the CP rail yards (between Albert and Broad Streets) features larger mill style warehouses constructed in the early 1900s. This section is zoned WH which as noted earlier, is a zoning designation that is intended to preserve the character of these buildings, many of which are now used for restaurant, nightclub, office and residential uses. Five of the properties in this neighbourhood are zoned RR.

Buildings range in size from approximately 150 square feet to 333,000 square feet with an average size of 18,500 square feet. Improved lot sizes range from approximately 2,200 square feet to 22.50 acres with an average lot size of 45,950 square feet.

As noted above, Neighbourhoods 5204 and 5205 have been combined for analysis purposes for the current revaluation. The following data supported the decision to combine these two industrial neighbourhoods for market analysis purposes.

Report

NET_PSF

Study_Area	N	Median	Mean	Minimum	Maximum	% of Total N	Std. Deviation
5204.00	31	8.8836	9.2132	5.08	22.27	13.4%	3.21711
5205.00	201	9.0500	9.1982	1.09	22.75	86.6%	3.62171
Total	232	9.0195	9.2002	1.09	22.75	100.0%	3.56380

Neighbourhood 5206

Neighbourhood 5206 is sandwiched between Neighbourhoods 5201 and 5205 in North Central Regina. This area is roughly bordered by McIntyre Street to the west, Winnipeg Street to the east, the CN tracks to the north and 4th Avenue to the south. As well, this neighbourhood extends north up Winnipeg Street from Ross Avenue (south) to the Ring Road (north). This northerly arm encompasses the former Imperial Oil Refinery site that ceased operations in the late-1970s and is now occupied by the City's Transit Operations and the local Food Bank, among other uses.

This neighbourhood primarily features a mixture of IA (light industrial) and IB (medium industrial) zoning and is generally developed with medium to large property sizes featuring mostly warehousing and manufacturing uses.

This neighbourhood has had the majority of its buildings constructed steadily since the 1950s, reflecting an average year built of 1975. Buildings range in size from approximately 400 square feet to 194,000 square feet with an average size of 60,000 square feet.

Improved lot sizes range from approximately 11,000 square feet to 31 acres with an average lot size of 5.15 acres.

Neighbourhood 5207

Neighbourhood 5207 is known as Tuxedo Park and is located in East Central Regina immediately south of Neighbourhoods 5204 and 5205 and the most southerly portion of Neighbourhood 5203. This area is roughly bordered by Broad Street to the west, Park Street to the east, the CP tracks to the north and 10th Avenue, Arcola Avenue and Victoria Street to the south.

This neighbourhood is predominantly zoned IT (light to medium industrial), features a small pocket (41 properties) of IA1 (light industrial) zoning in its west arm, and three IC (heavy industrial) sites. There is a mixture of small, medium and large property sizes featuring a mixture of industrial and general commercial uses, including retail and office uses. Although there has been steady construction in this neighbourhood from the 1950s to present day, the majority of the buildings (61%) were constructed in the 1960s, 1970s and 1980s, reflecting an overall average year built for this neighbourhood of 1977.

Buildings range in size from approximately 150 square feet to 170,000 square feet with an average size of 16,100 square feet.

Improved lot sizes range from approximately 1,900 square feet to 12.30 acres. The average lot size in this neighbourhood is 1.47 acres.

Neighbourhood 5208

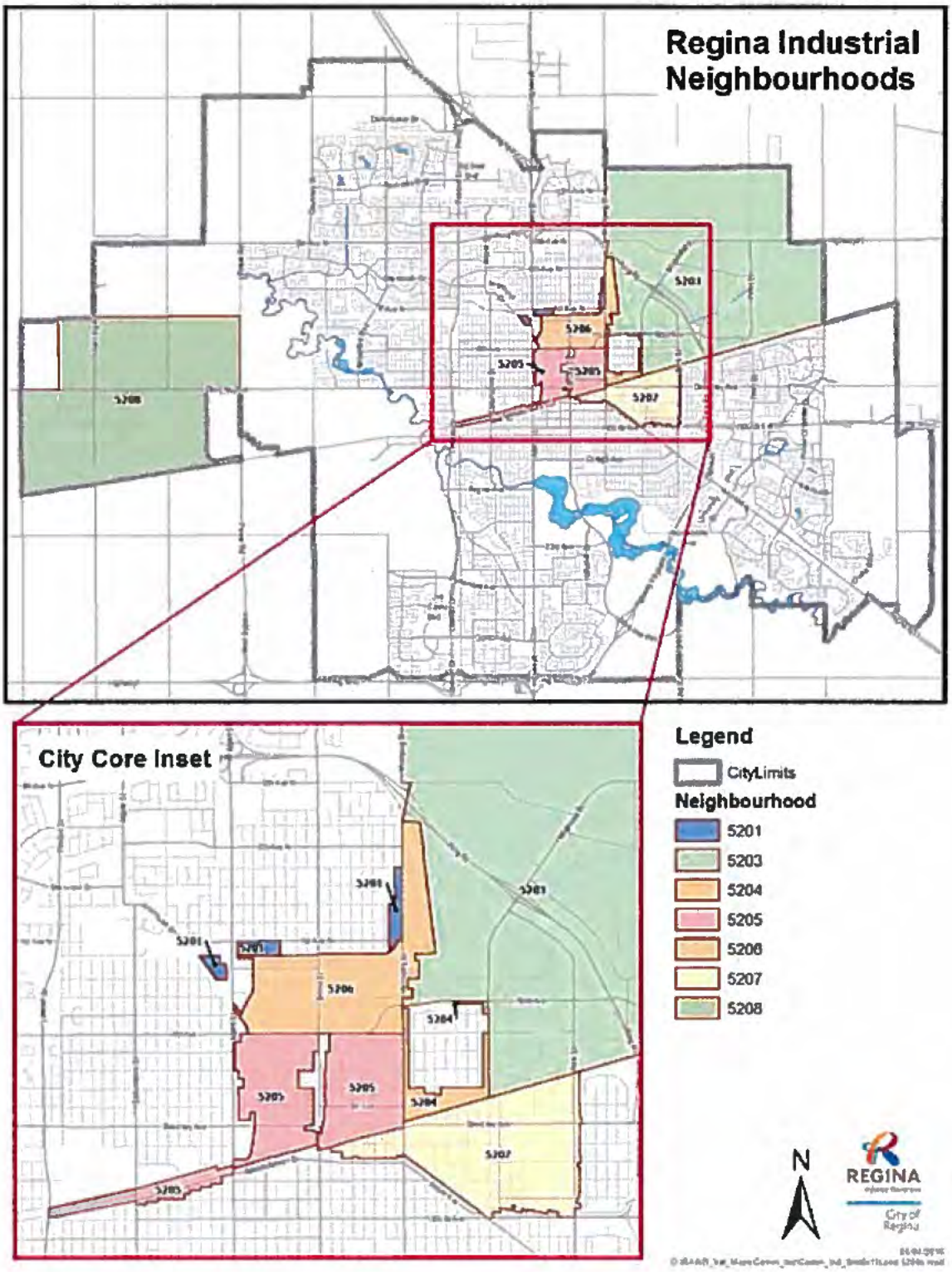
Neighbourhood 5208 is the City's newest industrial area and is located on land annexed to the City extending west of the city along the CP tracks. This area, now referred to as the Global Transportation Hub or GTH, is bordered by West Boundary Road to the west, the Saskimay Reserve to the east, Dewdney Avenue to the north and the CP tracks to the south.

The majority of this neighbourhood is zoned LP (logistics park) and is intended to accommodate inter-modal shipping, trucking and mega-style warehousing on large sites. Loblaws has developed and is operating a one-million+ square foot inter-modal shipping centre in this neighbourhood. Smaller distribution facilities have been developed over the past six years. The southern portion of this neighbourhood is zoned RR (railroad) and houses Canadian Pacific Railway's inter-modal facility.

Buildings range in size from approximately 100 square feet to 1,054,000 square feet with an average size of 252,000 square feet.

Improved lot sizes range from approximately 1,100 square feet to 298.81 acres. The average lot size in this neighbourhood is 58.8 acres.

MAP



EXECUTIVE SUMMARY

Industrial Model

Appraisal Cycle Date – January 1, 2017 to December 31, 2020

Effective Date of Valuation – January 1, 2015

Date of Report – December 8, 2016

Rent Model

Description:	**Rate per sqft**
Base Rent	$8.88
Positive Adjustments to Base Rent:	
Office space In a Loft Building	$6.36
Restaurant or Retail space In a Loft Building	$3.91
All space in a Retail Building	$1.30
All space in an Office Building	$3.81
Fast Food Restaurant Building	$18.90
Buildings built in 1980 to 1999, inclusive	$0.97
Buildings built in 2000 or newer	$2.83
Negative Adjustments to Base Rent:	
Space located in a Basement	-$2.86
Upper Floor space including finished Mezzanine	-$1.79
Buildings Located in Neighbourhood 5201	-$1.20
Buildings Located in Neighbourhoods 5204 and 5205	-$0.60
Buildings built before 1950	-$2.22
Single-tenant Warehouse space >= 65,000 sqft	-$2.53
Other Adjustments:	
Unheated Warehouse space	-43%

SCOPE of DATA and ANALYSIS

Industrial Rent Model

Each year, the City Assessor requests copies of rent rolls for all non-residential properties in the City of Regina. The data for the development of the mass appraisal net rent model came from the data provided in these returned rent rolls.

A total of 882 net and effective net rents were analyzed using multiple regression analysis. The rent model is an additive model that predicts rents based on the lease area size, building and space classification, location and effective age of building. The following table provides a breakdown of these rents along with general statistical measurements.

Industrial Rent Statistics

Strata	Count	Mean	Median	Minimum	Maximum
Overall	882	$9.79	$9.52	$1.09	$36.17
Office Lease Space in a Loft Building	19	$10.83	$12.50	$3.24	$18.00
Restaurant or Retail Lease Space in a Loft Building	24	$9.09	$8.14	$4.60	$16.00
Warehouse Lease Space in a Loft Building	3	$2.33	$1.39	$1.09	$4.50
Single Tenant Retail Lease Space	73	$10.57	$10.68	$4.13	$15.00
Single Tenant Office Lease Space	71	$12.82	$11.44	$2.35	$36.17
Freestanding Fast Food Restaurant	3	$29.36	$29.00	$26.00	$33.09
Single Tenant Warehouse Lease Space	365	$9.25	$9.19	$2.08	$22.75
Single Tenant Industrial Flex Lease Space	313	$9.51	$9.50	$3.20	$21.94
Single Tenant Service Repair Lease Space	6	$9.38	$8.75	$4.07	$17.55
Single Tenant Unheated Warehouse Lease Space	5	$5.68	$5.75	$5.00	$6.36

Vacancy and Shortfall

Typical 2015 base date vacancy and shortfall adjustments were estimated from the returned rent rolls from property owners. The overall industrial vacancy rate were estimated as follows:

Rent Type	N	Sum (sqft)
OWNER	170	1,055,810
TENANT	1,109	7,025,273
VACANT	93	403,808

Total	1,372	8,484,891

Vacancy = 403,808/8,484,891 = 0.0476 (4.76%)

The estimates for main floor vacancies are as follows:

Rent Type	**N**	**Sum (sqft)**
OWNER	150	946,528
TENANT	982	6,181,932
VACANT	71	382,569
Total	1,203	7,511,029

Vacancy = 382,569/7,511,029 = 0.0509 (5.09%)

The upper floor and mezzanine vacancies were determined as follows:

Rent Type	**N**	**Sum (sqft)**
OWNER	12	19,889
TENANT	69	143,859
VACANT	19	20,037
Total	100	183,785

Vacancy = 20,037/183785 = 0.1090 (10.90%)

The typical operational costs reported as a ratio to typical net rents for warehouse properties is 41%. The historic ratio of costs associated with vacant space in comparison to costs associated with occupied space (dark space ratio) was 67%. The shortfall adjustment is calculated as follows:

Shortfall = (op cost/net rent ratio) x (dark space ratio) x (typical Vacancy)

= 0.41 x 0.67 x 0.0476

= 0.0131 (1.31%)

Overall Capitalization Rates and Adjustments

Economic Capitalization Rates were estimated by dividing the predicted base date net operating income (generated from the net rent model) by the adjusted sale prices for all qualified industrial sales. Sales used in this analysis occurred between January 1, 2011 and December 31, 2014. These sales have been confirmed as appropriate for sales analysis purposes through a sales verification process which included the mailing of questionnaires to all vendors and purchasers with further follow-up and field inspection of the sold properties, as required.

Sales have been adjusted for non-realty items and other significant factors, when warranted. Sales were also adjusted to the base date of January 1, 2015. The indicated time adjustment was approximately 1.3% per month for the first 28 months (January 2011 to April 2013) and no further adjustment for sales occurring after April 2013.

The economic capitalization rate analysis involved 136 sales, detailed in the following table.

ACCOUNT	ADDRESS	SALE YEAR	SALE MONTH	ADJUSTED SALE PRICE	PREDICTED INCOME	ECONOMIC CAP
10013922	290 HODSMAN ROAD	2012	8	1,180,931	57,876	4.90
10013945	315 HODSMAN ROAD	2013	2	1,026,167	64,200	6.26
10013946	325 HODSMAN ROAD	2014	5	999,998	62,000	6.20
10013951	100 N MCDONALD STREET	2012	12	14,005,179	432,300	3.09
10013957	125 HENDERSON DRIVE	2011	3	1,201,585	60,700	5.05
10013976	370 N LONGMAN CRESCENT	2014	5	574,999	29,500	5.13
10013978	350 N LONGMAN CRESCENT	2011	1	992,093	61,300	6.18
10013978	350 N LONGMAN CRESCENT	2012	8	1,194,481	61,300	5.13
10013990	235 N MCDONALD STREET	2014	2	1,649,997	113,600	6.88
10014003	1110 E PETTIGREW AVENUE	2012	11	13,013,865	868,100	6.67
10018417	502 QUEBEC STREET	2011	4	381,754	14,300	3.75
10018420	464 QUEBEC STREET	2013	6	711,999	31,400	4.41
10018435	353 QUEBEC STREET	2014	3	150,000	17,900	11.93
10018441	370 QUEBEC STREET	2014	8	275,000	13,800	5.02

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10018633	420 HOFFER DRIVE	2012	2			
				5,212,196	458,700	8.80
10018657	515 MCDONALD STREET	2011	7	708,258	41,500	5.86
10018662	435 MCDONALD STREET	2011	11	1,382,556	60,300	4.36
10018674	580 PARK STREET	2013	10			
				8,949,984	502,500	5.61
10018682	264 E 1ST AVENUE	2012	3	1,685,532	99,700	5.92
10018688	909 E PETTIGREW AVENUE	2012	10	2,323,242	123,100	5.30
10018689	1105 E PETTIGREW AVENUE	2011	9	1,821,351	115,200	6.32
10018690	1117 E PETTIGREW AVENUE	2011	6	4,384,509	355,200	8.10
10018693	1405 E PETTIGREW AVENUE	2011	7	2,728,104	153,800	5.64
10018705	380 HENDERSON DRIVE	2013	4	1,579,997	69,700	4.41
10018717	445 MAXWELL CRESCENT	2011	2	2,042,667	88,900	4.35
10018718	435 MAXWELL CRESCENT	2011	4	3,067,669	174,500	5.69
10018733	205 N LEONARD STREET	2013	6	2,794,995	154,300	5.52
10018736	705 HENDERSON DRIVE	2012	7	7,469,747	374,000	5.01
10018744	380 MAXWELL CRESCENT	2011	7	1,606,696	66,300	4.13
10018745	1150 E WEAVER STREET	2011	9	1,246,187	62,700	5.03
10018747	1130 E WEAVER STREET	2011	12	983,649	41,500	4.22
10018752	470 MAXWELL CRESCENT	2013	9	1,149,998	68,300	5.94
10021967	645 ANGUS STREET	2013	11	945,998	50,300	5.32
10021970	620 ANGUS STREET	2012	11	777,632	43,100	5.54

10022100	2350 2ND AVENUE	2013	5	2,599,995	220,285	8.47
10022138	805 TORONTO STREET	2011	10	1,110,330	78,700	7.09
10022390	805 WINNIPEG STREET	2012	6	1,251,660	65,100	5.20
10022453	310 E 4TH AVENUE	2012	3	2,483,941	209,800	8.45
10022463	942 PARK STREET	2012	2	2,186,726	139,500	6.38
10022516	1750 E MACRAE DRIVE	2014	1	849,998	35,200	4.14
10022528	1507 E ROSS AVENUE	2012	3	2,353,830	165,500	7.03
10026892	1835 5TH AVENUE	2013	11	1,249,998	111,300	8.90
10026894	1140 ROSE STREET	2013	6	364,999	16,800	4.60
10026927	1430 MCINTYRE STREET	2012	12	1,579,531	73,100	4.63
10026930	1374 MCINTYRE STREET	2012	9	333,861	11,600	3.47
10026936	1324 MCINTYRE STREET	2011	2	349,772	26,816	7.67
10026940	1333 MCINTYRE STREET	2012	10	226,921	20,800	9.17
10026960	1428 LORNE STREET	2012	10	302,562	15,500	5.12
10026998	1366 CORNWALL STREET	2013	5	384,999	15,800	4.10
10027014	1355 CORNWALL STREET	2012	11	789,366	34,000	4.31
10027017	2139 8TH AVENUE	2013	1	453,745	16,000	3.53
10027056	1431 SCARTH STREET	2013	4	389,999	15,700	4.03
10027119	1255 CORNWALL STREET	2012	2	539,193	31,000	5.75
10027154	1401 ST JOHN STREET	2013	6	1,049,998	77,500	7.38

10027197	1361 HALIFAX STREET	2012	5	461,066	50,200	10.89
10027200	1625 8TH AVENUE	2013	1	1,507,286	76,000	5.04
10027246	1516 6TH AVENUE	2011	4	327,218	29,300	8.95
10027247	1136 ST JOHN STREET	2011	11	871,882	34,200	3.92
10027266	1162 OSLER STREET	2013	2	2,869,572	192,700	6.72
10027267	1148 OSLER STREET	2012	8	1,219,741	79,100	6.48
10027272	215 7TH AVENUE	2013	4	741,999	42,800	5.77
10027290	555 7TH AVENUE	2013	11	159,499	7,400	4.64
10027298	1335 BRODER STREET	2013	5	374,999	23,900	6.37
10027321	1326 ATKINSON STREET	2014	6	250,000	25,100	10.04
10027327	1349 WALLACE STREET	2012	5	219,006	11,400	5.21
10027343	1337 WINNIPEG STREET	2013	3	229,612	12,700	5.53
10027348	980 DEWDNEY AVENUE	2013	4	1,899,997	79,700	4.19
10027354	728 DEWDNEY AVENUE	2014	9	416,999	16,800	4.03
10027919	1025 WINNIPEG STREET	2012	11	357,988	10,500	2.93
10027920	1037 WINNIPEG STREET	2011	5	483,115	29,700	6.15
10027925	135 6TH AVENUE	2013	5	1,628,247	103,600	6.36
10027980	1420 FLEURY STREET	2013	11	2,669,995	183,400	6.87
10027982	1410 FLEURY STREET	2014	11	1,999,996	80,100	4.01
10027987	580 E DEWDNEY AVENUE	2013	8	1,465,997	77,500	5.29

10032066	2825 SASKATCHEWAN DRIVE	2012	6	1,678,362	117,700	7.01
10032088	2901 SASKATCHEWAN DRIVE	2012	9	990,633	44,100	4.45
10032114	1873 CAMERON STREET	2014	5	275,000	41,200	14.98
10032130	3426 SASKATCHEWAN DRIVE	2012	5	945,185	82,600	8.74
10033263	1500 WINNIPEG STREET	2013	3	769,879	37,300	4.84
10033272	1160 9TH AVENUE	2013	10	349,999	11,600	3.31
10033335	1600 TORONTO STREET	2013	12	304,999	18,600	6.10
10033463	1575 ELLIOTT STREET	2013	2	2,154,951	282,300	13.10
10033464	1539 ELLIOTT STREET	2014	9	770,999	57,100	7.41
10033800	1601 MCARA STREET	2012	3	1,052,718	83,800	7.96
10033807	500 E 10TH AVENUE	2014	5	3,599,984	392,000	10.89
10033814	715 E DEWDNEY AVENUE	2011	9	1,310,094	109,700	8.37
10033823	305 E DEWDNEY AVENUE	2011	5	2,113,081	135,800	6.43
10033828	101 DEWDNEY AVENUE	2013	3	1,012,998	62,400	6.16
10033847	1920 MCARA STREET	2012	8	1,006,840	46,900	4.66
10033876	1818 MCARA STREET	2011	12	368,869	20,736	5.62
10033878	1774 MCARA STREET	2011	8	550,272	41,900	7.61
10033885	1705 MCARA STREET	2013	5	474,999	27,600	5.81
10033897		2014	12			

	1842 MACKAY STREET			824,999	47,200	5.72
10033920	1740 FRANCIS STREET	2012	3	650,556	44,200	6.79
10033928	535 E 12TH AVENUE	2012	10	994,130	62,300	6.27
10059440	127 HODSMAN ROAD	2013	6	215,000	9,100	4.23
10059441	129 HODSMAN ROAD	2013	7	180,000	8,900	4.94
10059451	332 HODSMAN ROAD	2014	6	266,865	11,600	4.35
10059725	1135 E WEAVER STREET	2011	12	555,762	33,000	5.94
10065679	1347 WINNIPEG STREET	2013	9	280,000	13,826	4.94
10070876	1168 WINNIPEG STREET	2012	10	270,144	19,000	7.03
10070876	1168 WINNIPEG STREET	2012	11	373,349	19,000	5.09
10070877	1170 WINNIPEG STREET	2013	6	528,999	33,900	6.41
10070879	1180 WINNIPEG STREET	2014	2	499,999	25,500	5.10
10086976	1301 OSLER STREET	2013	10	1,549,997	95,100	6.14
10091137	1330 OSLER STREET	2013	10	1,149,998	63,800	5.55
10091223	1201 LORNE STREET	2013	7	1,399,998	105,000	7.50
10093003	390 N LONGMAN CRESCENT	2012	8	1,718,725	91,200	5.31
10093276	310 E 6TH AVENUE	2012	5	1,757,814	132,900	7.56
10093276	310 E 6TH AVENUE	2014	5	2,099,996	132,900	6.33
10113530	505 PARK STREET	2013	9	2,589,995	166,900	6.44
10113531	535 PARK STREET	2014	1	3,699,993	320,200	8.65

10120535	602 DEWDNEY AVENUE	2013	4	138,000	14,200	10.29
10120676	1800 GARNET STREET	2012	12	579,162	27,200	4.70
10133583	1355 LORNE STREET	2014	10	459,999	17,300	3.76
10136588	722 DEWDNEY AVENUE	2014	2	417,499	16,800	4.02
10147651	2102 E TURVEY ROAD	2012	10	594,318	26,300	4.43
10167385	20 2206 DEWDNEY AVENUE	2012	7	207,805	10,300	4.96
10167387	22 2206 DEWDNEY AVENUE	2012	7	247,119	9,700	3.93
10213813	1660 REYNOLDS STREET	2013	5	848,998	63,200	7.44
10226517	202 SOLOMON DRIVE	2014	2	3,499,994	149,500	4.27
10256290	1 1801 E TURVEY ROAD	2012	2	461,309	28,700	6.22
10256291	2 1801 E TURVEY ROAD	2012	2	461,309	28,400	6.16
10256292	3 1801 E TURVEY ROAD	2012	8	426,909	28,400	6.65
10256294	5 1801 E TURVEY ROAD	2012	10	416,022	28,400	6.83
10256295	6 1801 E TURVEY ROAD	2013	2	399,179	28,400	7.11
10256296	7 1801 E TURVEY ROAD	2013	6	388,999	28,700	7.38
10259150	730 DEWDNEY AVENUE	2014	8	416,999	16,800	4.03
10271843	412 DEWDNEY AVENUE	2014	1	639,999	29,000	4.53
10271844	410 DEWDNEY AVENUE	2012	5	393,382	16,500	4.19
10271845	408 DEWDNEY AVENUE	2012	10	414,423	16,300	3.93
10271846	406 DEWDNEY AVENUE	2013	12	374,999	16,300	4.35

10271847	404 DEWDNEY AVENUE	2013	12	321,599	16,500	5.13
10271848	402 DEWDNEY AVENUE	2013	10	324,999	16,500	5.08
10271849	414 DEWDNEY AVENUE	2014	10	689,999	32,300	4.68
10271850	400 DEWDNEY AVENUE	2014	9	409,999	18,400	4.49

The reconciliation process for determining the industrial economic capitalization rates applied to each property involved the use of Multiple Regression Analysis. The variables that were determined to affect the economic capitalization rate were the Industrial Light Manufacturing building type, effective age, site coverage ratio and total building area <> 10,000 square feet, which was supported by a consultation process with individuals active in the Regina real estate market. Industry recognized published capitalization rate data were also reviewed. The economic capitalization rates are as follows:

Overall Capitalization Rates

Description	Rate
Base Cap Rate	6.862
Condo	-1.101
Site Coverage Adjustment, Less than 30%, to minimum 9%	-.060
Area Adjustment, from 10,000, per 1000sqft, to 50,000	.044
Industrial Light Manufacturing Type Adjustment	-.940

Adjustments Outside the Model

Extra Land

Extra Land is the difference between a property's actual parcel size, and the maximum parcel size that would be required to accommodate the existing improvement. Page 79 of 1961

Site coverage in the Industrial model ranges from 6% to 88%. The median site coverage is 30%. When site coverage is less than the median value, the Capitalization Rate for the building is adjusted according to the results of the regressed Capitalization Rate model, to a minimum of 9% site coverage.

When the site coverage ratio is less than 9%, then:

Extra Land Value = (Lot Size-(building foot print / .09))/Lot Size*Land Assessment

MODEL TESTING

In mass appraisal, the most effective means of evaluating the accuracy of assessed values is a ratio study. A ratio study compares the assessed values produced by the valuation models to arm's length sale transactions in the marketplace.

The legislated statistical requirement affecting the assessment of commercial properties in Saskatchewan is for the median ratio of a city-wide assessment-to-sales study to be within the range of 0.95 to 1.05.

The median assessment-to-sales ratio and Coefficient of Dispersion for this Industrial valuation model is provided below:

Assessment to Sales Summary Results

Number of Sales	136
Median Assessment to Sale Price Ratio (ASR)	0.976
Coefficient of Dispersion (COD)	23.20%

Other Adjustments

Extra Land

Extra Land is the difference between a property's actual parcel size, and the maximum parcel size that would be required to accommodate the existing improvement.

Site coverage in the Industrial model ranges from 6% to 88%. The median site coverage is 30%. When site coverage is less than the median value, the Capitalization Rate for the building is adjusted according to the results of the regressed Capitalization Rate model, to a minimum of 9%.

When the site coverage ratio is less than 9%, then:

Extra Land Value = ((9 – site coverage ratio) / 9) x Land Value

Appendix C

City of Regina - Production v7.04 - Taxation and Assessment Suite
Income (SPSS) Detail Report

Account: 10018730 **Nbhd:** 1999 - Ross Industrial **Asmt Period:** 2003 / **Type:** REGULAR **As of:** Jan. 17, 2017

Filing #: 475406600 **Zoning:** IB **EVZ:** IB **LUC1:** **LUC2:** **For:** 2017

Land Use: 3720: (100%) Storage and Warehousing ; TAXABLE (100%)

Mkt Area: **Master:** N **Bldg Only:** N **Reinspect:** 2015 **Approach:** INCOME

Study Area: 5203 **Lease:** N **Mobile Home:** N **Lot Size:** 329,473.995 **UOM:** IMP

Address: 610 HENDERSON DRIVE
REGINA SK
S4N 5X3

Legal: Plan: 78R30133 Block: 15 Lot: 5

Parcel: Plan: 78R30133 Block: 15 Lot: 5

SPSS Calculation Output

Building - 1	Warehouse Main	52,999.99680	521,469
Building - 1	Warehouse Upper	1,599.99990	12,878
Building - 1	Unheat Adjustment	4,999.99969	-21,153
Vacancy - 1	Main Floor and BMT Vacancy	-5.09000	-25,466
Vacancy - 1	Upper Vacancy	-10.90000	-1,403
Shortfall - 1	Shortfall	-1.31000	-6,370
Building - 1	NOI		479,952
Building - 1	Cap Rate	7.78740	6,163,195
Building - 1	Total Building Value		6,163,195

Final Assessment: 6,163,100

Appendix D

Fundamentals of Mass Appraisal

Robert Gloudemans
Richard Almy

International Association of Assessing Officers

Kansas City, Missouri

Chapter 7
Multiple Regression Analysis

Multiple regression analysis (MRA) is a statistical technique for estimating unknown data on the basis of known and available data. MRA is the workhorse of mass appraisal. It can be used to help determine the relationship between two variables, for example, between sale price per unit and time of sale or between percent good and effective age, as illustrated in Chapter 4, "Key Issues in Mass Appraisal." At a more sophisticated level, MRA can be used to estimate market values or income parameters (rent per unit, expense ratios, gross income multipliers, and capitalization rates) from an analysis of many variables. This chapter provides a primer on MRA in mass appraisal and provides the bridge between the mass appraisal concepts and methods described previously and the specification and calibration of MRA models for various property types taken up in Chapters 8, "Land and Residential Models," and 9, "Commercial Models."

MRA models can be additive, multiplicative, or hybrid. Additive models are the least flexible but the simplest and most common. This chapter illustrates MRA using additive model structures and then discusses multiplicative and hybrid models.

The general structure of an additive MRA model in which sale price is the dependent variable is

$$S = b_0 + b_1X_1 + b_2X_2 + \ldots + b_pX_p, \quad (1)$$

where

S = sale price (dependent variable)
$X_1, X_2, \ldots, X_p$ = the independent variables
$b_1, b_2, \ldots, b_p$ = coefficients or prices assigned by the algorithm to the independent variables
b_0 = a constant determined by the algorithm.

This general model structure can be used to estimate any dependent variable, usually abbreviated Y in statistical textbooks. S is used throughout this discussion because it is the dependent variable of interest in sales comparison models.

As a simplified illustration, consider the equation,

$$S = 45{,}600 + 124.20 \times X_1 - 1{,}400 \times X_2$$

where

X_1 = square feet of living area

X_2 = effective age.

In this case, b_0 is 45,600, b_1 is 124.20, and b_2 is −1,400. For a house with 2,000 square feet and an effective age of 15 years, the predicted value is

$$S = 45{,}600 + (124.20 \times 2{,}000) - (1{,}400 \times 15)$$

$$S = 45{,}600 + 248{,}400 - 21{,}000 = 273{,}000.$$

The coefficients calculated for the variables are derived from sales analysis and reflect their respective contributions to the estimation of sale price. A more realistic example would contain additional independent variables.

As with any valuation technique, accurate MRA models require reliable market and property characteristics data. MRA tends to work well when sales are sufficient and property characteristics are coded consistently. Predicted values are particularly accurate for parcels with typical characteristics. Predicted values for parcels with atypical characteristics can have high margins of error and should be reviewed.

Theory and Method

The objective of MRA applications of the sales comparison approach is to model the relationship between property characteristics and value, so that unknown property values can be estimated from known property characteristics. Using the 35 sales in Table 7-1, Figure 7-1 graphs the relationship between living area and sale price and fits a trend line to the data. The sale price of an unsold property can be estimated by noting its size and reading the corresponding estimated sale price from the trend line. For example, to estimate the value of an unsold house with 2,000 square feet of living area, a vertical reference line is drawn at 2,000 square feet. Then a horizontal reference line is drawn through the point at which the vertical line intersects the trend line. This process is illustrated by the dashed lines in Figure 7-2. The estimated value of the house is approximately $170,000.

Regression analysis fits the trend line to the data using the principle that a straight line can be determined by one point on the line and its slope. In fact, the regression equation to estimate sale price based on only one independent variable is

$$S = b_0 + b_1 X_1, \qquad (2)$$

Table 7-1. Regression Data

Sale Number	Square Feet	Sale Price
1	750	109,500
2	778	75,900
3	860	132,000
4	924	105,000
5	1,020	160,000
6	1,116	100,00(
7	1,190	129,90(
8	1,292	945,0(
9	1,350	140,00
10	1,487	128,3(
11	1,500	169,5(
12	1,555	130,0(
13	1,650	119,5
14	1,724	219,0
15	1,750	159,9
16	1,800	185,(
17	1,842	110,
18	1,912	146,
19	2,110	185
20	2,297	145
21	2,450	22(
22	2,504	16(
23	2,524	18
24	2,590	21
25	2,638	14
26	2,773	2(
27	2,876	1
28	2,940	2
29	3,042	2
30	3,110	2
31	3,288	
32	3,430	
33	3,498	
34	3,740	
35	3,910	

is large. One means of minimizing $\sum e_i^2$ is to add additional variables. In Figures 7-1 and 7-2, some points lie below the regression line because they represent properties with negative features, such as minimal construction quality or poor physical condition. Other points lie above the line because they represent properties with positive attributes, such as above-average construction quality or good physical condition.

The model might be respecified as

$$\sqrt{I} = b_0 + b_1X_1 + b_2X_2 + b_3X_3, \quad (4)$$

where

X_2 = construction quality
X_3 = physical condition.

Again, MRA would calculate the regression coefficients b_0, b_1, b_2, and b_3 to minimize $\sum e_i^2$, where, in this case, the predicted values are a function of living area, construction quality, and physical condition. Note that the importance of any one variable in the regression equation is directly related to its contribution in reducing $\sum e_i^2$.

Evaluation of Regression Results

Users of MRA should be familiar with key statistics that help evaluate the accuracy and reliability of models. Some of these are measures of *goodness of fit* and relate to evaluation of the predictive accuracy of the equation. The most important are the coefficient of determination (R^2), the standard error of the estimate (*see*), the coefficient of variation (*COV*), and the average percentage error. In different ways, each indicates how well the equation succeeds in minimizing $\sum e_i^2$ and predicting the dependent variable. Other regression statistics relate to the importance and reliability of individual variables in the model. They include the coefficient of correlation (r), t-statistic, F-statistic, and beta coefficient.

Coefficient of Determination

The coefficient of determination, R^2, is the percentage of the variation in the dependent variable explained by the regression model. Assuming that no records are kept of the physical description, site amenities, or other characteristics of properties, other than sale prices, how would the market value of any given property be estimated? One obvious answer is the average sale price. For properties that have sold, the sum of the squared errors, *SSE*, associated with this estimate is

$$SSE = \sum(S_i - \bar{S})^2 \quad (5)$$

where $\bar{S}$ = the average sale price.

t-Statistic

The *t*-statistic is a measure of the significance or importance of a regression variable in explaining differences in the dependent variable (sale price). It is calculated as the ratio of the regression coefficient, b_j, to its standard error, s_j (not to be confused with *see*):

$$t_j = b_j \div s_j. \tag{16}$$

The standard error of b_j, s_j, is akin to a standard deviation; it measures the error associated with using b_j as an estimator of the true but unknown relationship between X_j and the dependent variable in the model.

When t_j is large, we can be confident that X_j is a significant predictor. Conversely, when t_j is small, we cannot reject the null hypothesis that $b_j = 0$ and thus we cannot conclude that X_j is an important predictor. However, this does not mean that X_j is not correlated with the dependent variable. The *t*-value measures the *marginal contribution* of an independent variable in predicting the dependent variable when all other variables included in the model are held constant. Because some variables duplicate information provided by others, they may be highly correlated with sale price, but are insignificant predictors as indicated by their *t*-values. Conversely, other variables possess the peculiarity of predicting sale prices in combination, although individually none may be highly correlated with sale prices.

The significance of *t*-statistics can be evaluated by reference to a *t* table (see Table A-2 in Appendix A), where degrees of freedom = $n - p - 1$ and p is the number of independent variables in the model. In general, provided that sample size is large (at least 50), a *t*-value in excess of ±2.00 indicates that we can be 95 percent confident that $b_j = 0$ and therefore that X_j is a significant predictor variable. Similarly, a *t*-value in excess of ±2.58 indicates that we can be 99 percent confident that X_j is a significant predictor. Most statistical software reports a probability statistic that indicates the significance of the *t*-value, sparing the need to reference a *t*-table.

For the 35 sales in Table 7-1, the regression coefficient for square feet of living area is 61.884 and the standard error is 6.799 (see Table 7-2). Thus the *t*-value is

$$t = 61.884 \div 6.799 = 9.102.$$

The associated significance value, namely 0.000, is the probability that $b_j = 0$, that is, that square feet of living area is *not* a significant predictor of sale price. Thus, in this case, we can be virtually 100 percent confident that square feet of living area is a significant predictor of sale prices.

F-Value

The *F*-value is directly related to the *t*-value and is also used to test whether or not individual regression variables are significant predictors of the dependent variable. *F*-values are based on the ratio

$$F = \text{variance explained by } X_j \div \text{unexplained variance.} \quad (17)$$

Additional variance refers to the amount by which the inclusion of X_j reduces unexplained variance. Obviously, the larger this amount relative to unexplained variance, the more important is X_j in reducing $\sum e_i^2$ and the more confident we can be of the variable's significance in predicting the dependent variable. As is the case with the *t*-value, however, the *F*-value provides a measure of the marginal importance of an individual variable in explaining the dependent variable when all other variables are also taken into account (by including them in the regression equation).

In MRA, the *F*- and *t*-values are mathematically related:

$$F = t^2. \quad (18)$$

That is, the *F*-value is the square of the *t*-value. Provided that sample size is large, *F*-values of approximately 4.0 or larger indicate that a variable is significant at the 95 percent confidence level. Again, the probability statistic indicates the exact confidence level.

Some regression programs report *t*-values, and others report *F*-values. However, both measure the same thing, and some software gives the user the ability to select one or the other (SPSS software reports *t*-values by default, although this can be changed to *F*-values in syntax mode).

Beta Coefficients

Beta coefficients are *standardized* regression coefficients that measure the relative importance of the independent variables in explaining or predicting the dependent variable. Beta coefficients are obtained by transforming the dependent and independent variables so that they all have a mean of zero and standard deviation of one. For each variable, this is accomplished by subtracting its mean and dividing by its standard deviation. A beta coefficient, B_j, thus measures the relative influence or leverage that an independent variable exerts on the dependent variable. Beta coefficients can be loosely thought of as representing the percentage change in the dependent variable associated with a percentage change in the independent variable

with all other variables held constant. Beta coefficients are related to regr coefficients by the formula

$$B_j = b_j \times (s_j \div s_y),$$

where

s_j = the standard deviation of X_j

s_y = the standard deviation of the dependent variable in the model.

(In a one-variable linear regression, B_j equals the correlation coefficient betwe the independent and dependent variables.)

Beta coefficients are useful in evaluating the relative importance of independen variables in the model. Assume the data shown in Table 7-4 for the variables SFLA (square feet of living area), QUAL (construction quality), and EFFAGE (effectiv age). Because all three variables are measured in different units, their regression coefficients cannot be meaningfully compared. However, based on their beta values, we can conclude that SFLA is the dominant variable in the model, followed by EFFAGE, and then QUAL.

Table 7-4. Beta Coefficients for Three Variables

Variable	Mean	Coefficient	Beta
SFLA	1,534	84.68	.585
QUAL	3.48	15,459	.183
EFFAGE	33.10	−2,785	−.266

Stepwise and Backward Regression

Model builders have several options in applying MRA. The default method in most software is automatic inclusion of all candidate variables. Two useful alternatives that filter redundant or otherwise insignificant variables are *stepwise regression* and *backward regression*.

In stepwise regression, variables are entered one at a time until all significant predictors have been included. The variable entered first, say, X_1, is that variable most highly correlated with the dependent variable. A least-squares regression is performed, the residuals (errors) are saved internally, and a search is made to determine the remaining variable most highly correlated with and thus able to reduce the errors from the first model. Suppose that this variable is X_4. A second regression is performed with X_1 and X_4 as independent variables. The remaining

variables are searched to determine which has the highest correlation with the residuals from the second regression. That variable, say, X_6, is then included in a third regression. The process continues until all variables have been included or the remaining variables fail to meet some predetermined significance level for inclusion (0.05, which implies 95 percent confidence, is the most common default level). At each step the algorithm may either add a new variable or delete a variable that falls below a minimum significance level for retention in the model. (The significance level for entry must be set stricter than the significance level for retention to prevent the repeated entry and removal of the same variable.) The procedure eliminates insignificant variables and helps prevent the model from being more complex than necessary.

In backward elimination, the algorithm begins with all variables and iteratively eliminates those that are not significant while adding back any that were previously eliminated but subsequently achieve significance. Aside from the possibility of a variable being deleted and then added back, backward regression leaves the variables in the same order that the modeler listed or entered them. Stepwise regression output, on the other hand, lists variables in the sequence in which they entered the final model, so that the most important or significant variables are listed first and the least significant are listed last.

For illustrative purposes, consider the statistics for 667 residential sales shown in Table 7-5. The mean sale price is $255,898, and there are 16 potential predictor variables. Some of these, such as SFLA and FINBSMT, are quantitative variables. QUAL is a discrete (categorical) qualitative variable. The air conditioning, pool, masonry exterior, and neighborhood variables are binaries, coded 1 if the feature or condition is present and 0 if not. For these variables, the mean represents the percentage of cases with the feature. For example, 29.7 percent of the homes have air conditioning, 9.8 percent have swimming pools, and 10.6 percent have masonry exterior walls. In this example, neighborhood 403 represents the *base*, or *reference*, neighborhood. It is a neighborhood with typical sale prices and good market activity. Regression coefficients determined for the other neighborhoods thus reflect market preferences relative to neighborhood 404.

Table 7-6 displays the correlation matrix for the variables. It shows the correlation coefficients between the independent variables and the dependent variable, PRICE, as well as with each other. The correlations of PRICE with SFLA and QUAL are particularly strong. The matrix also reveals potential information overlaps or interrelationships among the independent variables. For example, QUAL is rather highly correlated with SFLA, UNFBSMT, GARSIZE, and NBHD_406.

Property Appraisal and Assessment Administration

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The International Association of Assessing Officers

the tax rate is expressed as
lar. For example, a 2 percent
per $100, $20 per $1000, or
dollar.

. The right to extract ore, pe-
:her minerals from a property.

etric. Any of a family of
; of measuring distance. **Eu-**
nce, a member of this fam-
traight-line distances (as the
quared. In mass appraisal
g, Minkowski metric usually
sum of absolute differences
in each dimension, and
uxicab" or city block pattern.
:ives are possible, including
as calculated only for the
greatest difference, but the
tance is most common.

lue most often assumed by
extension for grouped **data**,
hich a plurality of the ob-

esentation of how some-
or purposes of appraisal, a
(in words or an equation)
the relationship between
ted sale price and **variables**
pply and demand factors

The interaction of buyers
ort-term credit instrumen

term used in land survey-
to mean a permanent ob-
e ground marking a poi
which is known, or
rth. *See also* **geodetic**

Mortgage coefficient. A component of the basic rate in the Ellwood variant of **mortgage-equity analysis**.

Mortgage constant. Annual **debt service** expressed as a percentage of the initial principal amount of the loan.

Mortgage-equity analysis. A technique used to estimate the value of a property from a knowledge of the equity **yield rate**, typical mortgage terms (including the interest rate, the loan-to-value ratio, the term of the loan, and the amortization provisions), the **holding period**, and the percentage by which the property will **appreciate** or **depreciate** over the holding period.

Moving average. A **statistic** used to smooth the values of a **variable** when those values are erratic over distance or time, as in the case of land values and mortgage commitments. For example, a five-block simple moving average of land values along a major street would assign to block 16 the average of the values for blocks 14–18; it would assign to block 17 the average of the values for blocks 15–19, and so on.

Multicollinearity. The phenomenon of two or more **variables** being correlated. If the two correlated variables are both **independent variables** (note that if they are correlated they are not truly *independent* in the relationship sense) used to predict the value of some other, dependent variable, then modeling problems will arise. If the multicollinearity is perfect, the **multiple regression** algorithms simply will not work; if the multicollinearity is serio imperfect, the coefficients generated b **algorithm** will be individually mear less (although the **model** as a whole still be useful).

Multiple regression, multiple regressi analysis (MRA). A particular statisti technique, similar to **correlation**, used analyze **data** in order to predict the val of one **variable** (the **dependent variable** such as **market value**, from the know values of other variables (called **indepen dent variables**), such as lot size, numbe of rooms, and so on. If only one indepen dent variable is used, the procedure is called simple regression analysis and differs from correlation analysis only in that correlation measures the strength of rela tionship, whereas regression predicts the value of one variable from the value of the other. When two or more variables are used, the procedure is called multiple regression analysis. *See* **linear regression.**

Multiplicative model. A model in which the **coefficients** of **independent vari ables** serve as powers (**exponents**) to which the independent variables are raised or in which independent variables them selves serve as exponents; the results are then multiplied to estimate the value of the **dependent variable**.

Multiplicative transformation. A **trans formation** of a set of **variables** accom plished by multiplying a variable by one or more other variables. For example, room area is a multiplicative transforma tion of length and width.

Linear regression. A kind of statistical analysis used to investigate whether a **dependent variable** and a set of one or more **independent variables** share a linear **correlation** and, if they do, to predict the value of the dependent variable on the basis of the values of the other variables. Regression analysis of one dependent variable and only one independent variable is called simple linear regression, but it is the word *simple* (not *linear*) that distinguishes it from **multiple regression analysis** with its multiple independent variables.

Listing. The process by which the assessor ensures that records for the taxable property identified during **discovery** are preserved with **integrity**, available for use in **valuation** activities, and ultimately reflected in the **assessment roll**.

Locational obsolescence. A component of **economic obsolescence**; loss in value due to suboptimal siting of an **improvement**.

Location variable. A **variable**, such as the distance to the nearest commercial district or the traffic count on an adjoining street, that seeks to measure the **contribution** of locational factors to the total property value.

Logarithm; log. The number that, when used as an **exponent** for another number (called the base), results in a third number of some practical interest (called the antilogarithm). There are two bases that are used with any frequency; the base 10 produces what are called common logarithms, and the base 2.71828 (e) produces what are called natural logarithms. For example, $\log_{10} 100 = 2$; $10^2 = 100$. Logarithms were originally used to simplify complex calculations involving multiplications inasmuch as two numbers can be multiplied by adding their logarithms and taking the antilog of the result. Logarithms are also used as means of transforming variables in regression analysis.

Log-linear relationship. A **correlation** between two **variables** such that if the **value** of one variable changes by a certain percentage, the value of the other changes by a certain amount. (Recall that **logarithms** permit multiplication to be done by means of adding logs.) For example, there is a log-linear relationship between x and y in the following sequence:

x	5	6	7	8
y	20	30	45	67.5

Long run. A planning period long enough for a firm to be able to vary quantities of all resources it uses.

Macroeconomics. The economics of the economy as a whole—the forces causing recession, depression, and inflation together with the forces resulting in economic growth.

Mann-Whitney test. A test in **inferential statistics**, similar to the **Kruskal-Wallis test**, that seeks to determine whether the differences in values between two sets of observations from any population are statistically significant.

Map book and page system. A system for parcel identification in which a code (usually numeric) is used to identify each parcel, each code containing four elements: the volume or book of maps in which the parcel is to be found, the page on which it is to be found, the block, and the individual parcel on the block.

Appendix E

Notice of Appeal to the Regina Board of Revision

(DEADLINE FOR APPEALS IS March 6, 2017)

To the Secretary of the Board of Revision of the City of Regina, Saskatchewan:

Section 1:

I request the: ___Simplified appeal process X_Regular appeal process *(see reverse)*

I appeal against the: (check beside those which apply)

X_Property valuation
___Property classification
___Exemption
___Preparation or content of the Assessment Roll
___Preparation or content of the Notice of Assessment

Of the following property address: 610 Henderson Drive Account Number: 10018730

Assessed Parcel: Lot: 5, Blk: 15, Plan: 78R30133

Section 2:
I make this appeal on the following grounds (nature of alleged error): **(Attach extra sheets if necessary.)**

See Attached Schedule "A"

Section 3:
In support of these grounds, I hereby state the following material facts to be true and accurate: **(Attach extra sheets if necessary.)**

See Attached Schedule "A"

Section 4:

I request that the following change(s) be made to the assessment roll (if known): **(Attach extra sheets if necessary)**

See Attached Schedule "A"

I have discussed my appeal with See Attached (Assessor's name), of the City Assessor's Office, on this date See Attached (month/day/year) and the following is a summary of that discussion: (Include the outcome of the discussion and any details of the facts or issues agreed to by the parties.)

See Attached

OR I have not discussed my appeal with the City Assessor's Office for the following reasons: **(Provide reasons why no discussion was held. Attach extra sheets if necessary.)**

Section 5:

Appellant's Information:

Appellant's Name: Abcomp Holdings Ltd. c/o All Fab Building Components Inc.

E-mail Address: kfriesen@all-fab.com

Mailing Address: 1755 Dugald Road City/Town: Winnipeg, MB Postal Code: R2J 0H3

Home Phone #: N/A Business Phone #: 204-654-5592 Cell #: N/A Fax #: 204-663-4553

If the Appellant is not the owner, what interest does the Appellant have in the property?

Owner

Agent's Information (if applicable):

Agent's Name: Altus Group Limited E-mail Address: archie.fieldgate@altusgroup.com

Mailing Address: 311 Albert Street City/Town: Regina, SK Postal Code: S4R 2N6

Home Phone #: N/A Business Phone #: (306) 359-0672 Cell #: (306) 539-2368 Fax #: (306) 359-0674

Please list address for service for all appeal correspondence:

Mailing Address: 311 Albert Street City/Town: Regina, SK Postal Code: S4R 2N6

Dated this 6th day of March , 2017

Current Assessed Value under Appeal: $6,163,100 $750 (Enclosed Appeal Fee)

Archie Fieldgate

(Appellant's/Agent's name - please print)

(Appellant's/Agent's signature)

*What is the difference between the regular and simplified appeal process?

For regular appeals, any written material and photographs you provide in support of your appeal must be submitted to BOTH the Secretary of the Board of Revision and the City Assessor at least 20 days before the date of your hearing.

If you qualify for a simplified appeal process and request it on the Notice of Appeal, you *can* provide any written material and photographs in support of your appeal to the Board of Revision and City Assessor at your hearing. However, to avoid delays at your hearing, you are encouraged to provide your material to BOTH the Secretary of the Board of Revision and the City Assessor at least 20 days before the date of your hearing. You are eligible for the simplified appeal process if your appeal is for:

- a single family residential property or residential condominium; or
- any property that has a current assessed value assessment of 250,000 or less.

The written material you provide for either process should identify why you feel there is an error in your assessment.

Schedule A

SECTION 2:
The Assessment is too high and in excess of the market value based on the following grounds:

A. The subject assessment appears to have been developed in error through a misapplication of the capitalization rate adjustment for building size. Moreover, the CAP rate size threshold established by the Assessor is maximized or capped at 50,000 square feet appears notwithstanding 65,000 square feet appears to be more appropriate.

B. The subject property is considered by the Assessor to be a non-regulated property pursuant to subsection 163(f.4) of the Cities Act (the Act). As such, the Appellant is alleging that the subject property has been over assessed as a result of the subject's base Cap Rate being adjusted in error within the Assessor's *assessed value* calculation. Subsequently, site coverage has been calculated while failing to account for areas and features that directly limit the availability of extra or excess land.

C. Equity has not been achieved pursuant to subsection 165 (5) of the Act. This legislation speaks to the application of the market valuation standard which in turn speaks to the use of Mass Appraisal. As such, the Appellant is alleging that with the Assessor using site specific Cap Rates, he has moved away from the concept of Mass Appraisal.

D. The Market Valuation Standard has not been achieved for the subject property. The appellant is alleging here again that with the Assessor using site specific Cap Rates, he has moved away from the concept of Mass Appraisal.

SECTION 3:
In support of these grounds, I hereby state the following material facts to be true and accurate:

A. Size Adjustment

- The Industrial model applies an adjustment for size in the sales capitalization rate analysis and in the rent analysis.
- The CAP rate size threshold is maximized or capped at 50,000 square feet.
- The current maximum capitalization rate adjustment for size is 1.76. An adjustment of 0.044 per every 1,000 square feet above 10,000 square feet.

- The rent model applies a size adjustment of -$2.53 per square foot greater than or equal to 65,000 square feet.
- The sales with site coverage larger than 30% and net building areas greater than or equal to 65,000 square feet less the -$2.53 psf adjustment have cap rates that continue to trend upwards.

- There are no industrial sales between 50,462 square feet and 87,760 square feet with site coverages greater than 30%.

B. Issue of Site Coverage

- The City of Regina has employed a new methodology whereby a special *site specific coverage adjustment* is being applied to the Assessor's Modeled Base Cap Rate with the intention of reflecting extra and excess land that is on a site.

- In determining the percentage of site coverage, being a major factor within the *site specific coverage formula*, the Assessor only considers the foot print of the buildings that are located on site. Such areas of a site that are covered with canopy's, fuel tanks(above or below ground), business signage, garbage bins, docking zones, storage area, etc. are not being considered within the *site specific coverage formula*.

- Nor, what has not been considered within the *site specific coverage formula* is the fact that there are City Bylaws that require a property owner to provide a certain level of parking areas for both tenants and customers. This also means that a certain area of the land would also be required for the movement of automobiles.

C. Equity

- Subsection165 (5) of the Act states that: *equity in non-regulated property assessments is achieved by applying the market valuation standard so that the assessments bear a fair and just proportion to the market value of similar properties as of the applicable base date.*

D. Market Value Standard

- Subsection 163 (f.1) of the Act states: *market valuation standard means the standard achieved when the assessed value of property is prepared using mass appraisal.*
- Subsection 163 (f3) defines the term mass appraisal as: *the process of preparing assessments for a group of properties as of the base date using standard appraisal methods, employing common data and allowing for statistical testing.*
- In the Saskatchewan Court of Appeal case, Sasco Developments Ltd. vs. The City of Moose Jaw, 2012 SKCA 24, the Court on pg. 5, made it clear of its understanding of mass appraisal vs site specific values when it stated on pg. 5, *the techniques associated with mass appraisal are grounded in data common to a group of properties, whereas the techniques associated with single property appraisal are grounded in the main in data specific to a particular property.*

Results of Pre-filing Discussion with the Assessor's Office @ City Hall – 9: 30 AM March 3rd, 2017.

Assessor's Present: Gerry Krismer & Aaron Homes - Binns.

Altus Agent's Present: Archie Fieldgate and Ryan Simpson.

Issue: Site Coverage/ Moving Cap Rate

Discussion: Altus is questioning the validity of the moving Cap Rate that is triggered by a site coverage formula.

The City holds the position that what they are doing is correct and claims to have plenty of data to support the Methodology.

Result of Discussion: This issue would need to proceed through the Appeal process.

Altus: Archie Fieldgate