

Appendix 17

Ryan Simpson

From: Ryan Simpson
Sent: Wednesday, March 05, 2014 9:35 AM
To: Archie Fieldgate (archie.fieldgate@altusgroup.com)
Subject: FW: 440 Henderson Drive (Appeal 2014-27626)

See below – Leasable area

Ryan Simpson

Analyst, Property Tax, Altus Group Limited
311 Albert Street, Regina, Saskatchewan S4R 2N6 Canada
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From: Robert Schultze [mailto:RSCHULTZ@regina.ca]
Sent: Wednesday, March 05, 2014 9:33 AM
To: Ryan Simpson
Subject: RE: 440 Henderson Drive (Appeal 2014-27626)

For the commercial models (office, retail – global, retail – shopping centres), net leasable area is used because the market shows that this is the typical method by which leases are made. For the industrial side (warehouse model), the typical lease is on a gross area basis. Therefore, the warehouse model reflects rents analysed on gross areas and then applied as developed to gross areas.

Rob.

Robert Schultze
Manager, Commercial Assessment
Assessment and Property Taxation Department

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Regina.ca

From: Ryan Simpson [mailto:ryan.simpson@altusgroup.com]
Sent: Wednesday, March 05, 2014 9:21 AM
To: Robert Schultze
Subject: RE: 440 Henderson Drive (Appeal 2014-27626)

Hi Rob,

It may be, I will have to contact Susanne to verify.

Perhaps you can clarify something for me. In 2009 with the introduction of the income approach, the City of Regina is relying on leasable area to determine assessment. The measurements taken at both site locations where from exterior point to exterior point. In what circumstances would the exterior dimensions be used?

Thanks,

Ryan Simpson

Analyst, Property Tax, Altus Group Limited

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From: Robert Schultze [<mailto:RSCHULTZ@regina.ca>]

Sent: Wednesday, March 05, 2014 9:12 AM

To: Ryan Simpson

Subject: RE: 440 Henderson Drive (Appeal 2014-27626)

Ryan, is the tenant leasing only a portion of this building?

Robert Schultze

Manager, Commercial Assessment

Assessment and Property Taxation Department

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From: Ryan Simpson [<mailto:ryan.simpson@altusgroup.com>]

Sent: Wednesday, March 05, 2014 8:50 AM

To: Robert Schultze

Subject: RE: 440 Henderson Drive (Appeal 2014-27626)

Hi Rob,

This is what I was able to dig up so far.

Thanks,

Ryan Simpson

Analyst, Property Tax, Altus Group Limited
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From: Robert Schultze [<mailto:RSCHULTZ@regina.ca>]
Sent: Monday, March 03, 2014 1:32 PM
To: Archie Fieldgate
Cc: Bonnie Runge; Ryan Simpson
Subject: RE: 440 Henderson Drive (Appeal 2014-27626)

Okay.

Robert Schultze
Manager, Commercial Assessment
Assessment and Property Taxation Department

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From: Archie Fieldgate [<mailto:archie.fieldgate@altusgroup.com>]
Sent: Monday, March 03, 2014 11:50 AM
To: Robert Schultze
Cc: Bonnie Runge; Ryan Simpson
Subject: RE: 440 Henderson Drive (Appeal 2014-27626)

Rob – Ryan is away till Weds. We'll get back to you then.

I'm not totally clear where we are at with this matter. I suspect we are waiting on the client but totally sure.

Archie

Archie Fieldgate

Senior Consultant, Property Tax, Altus Group Limited
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From: Robert Schultze [<mailto:RSCHULTZ@regina.ca>]
Sent: Monday, March 03, 2014 9:38 AM
To: Archie Fieldgate; Ryan Simpson
Cc: Bonnie Runge
Subject: 440 Henderson Drive (Appeal 2014-27626)

Ryan/Archie, I have not received any information from you regarding the lease details on this property. Please provide at your earliest convenience.

Thanks,
Rob.

Robert Schultze
Manager, Commercial Assessment
Assessment and Property Taxation Department

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Ryan Simpson

From: Gerry Krismer <GKRISMER@regina.ca>
Sent: Thursday, January 29, 2015 2:22 PM
To: Ryan Simpson
Subject: RE: Warehouse Appeals

We rely on the rent returns submitted by the owners to set the gross leasable areas.

Gerry Krismer
Assistant City Assessor
Assessment Branch

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Regina.ca



From: Ryan Simpson [mailto:ryan.simpson@altusgroup.com]
Sent: Thursday, January 29, 2015 11:29 AM
To: Gerry Krismer
Subject: RE: Warehouse Appeals

Good morning Gerry,

I am triple checking our calculations and am waiting on updated blue prints from our client to provide you the most accurate calculations. You will receive a response to your question shortly.

If I may, would it be possible to get clarification on gross leasable area? How do you go about calculating that?

With kind regards,

Ryan Simpson
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From: Gerry Krismer [mailto:GKRISMER@regina.ca]
Sent: Tuesday, January 27, 2015 11:59 AM
To: Ryan Simpson
Cc: Archie Fieldgate
Subject: Warehouse Appeals

Ryan, I am following up on an email I had sent to you a while back in regards to the warehouse appeals.

I have now had a chance to work through the issues under appeal and I want to ensure you are aware of the results.

1135 8th Ave – you were concerned that the NOI used to calculate the CAP rate did not include the mezzanine space. In reality, the NOI did include the mezzanine space. However, based on the rent roll supplied by the owner, it was treated as main floor space. I have changed that to be mezzanine space and the NOI of the property actually decreases and as such so does the CAP rate. The new CAP rate for at sale is 10.27% down from 10.41. This change in itself does not impact the median CAP rate of 9.43%.

144 Henderson – you had suggested that the NOI of this property was incorrect as we had treated a 4000 sqft building as heated space. Again, on my review you are correct. With the space changed to unheated, the NOI of the property decreases and so too does the CAP rate. The CAP rate for this sale drops to 9.15% from 9.43%. Since this is the median, the new CAP rate for that stratification drops to 9.15% from 9.43%.

144 Henderson – you had suggested that due to renovations, the effective year built should be greater than 1990. Earlier, I had asked what effective year built you think it should be and how you had come up with the new effective year built. However, I have not heard back from you on this. I have since re-calculated the effective year built using 9 different tests and based on two procedures identified in various assessment / valuation publications on how to calculate an effective age on a property which has multiple additions and years of construction. In all cases, the calculation leads to an effective year built of 1988 and in one or two cases 1989. I am unable to determine an effective year built of 1990 or newer. As such, this property's NOI would not increase and therefore, with the changes noted above, the CAP rate is 9.15 which, again, reduces the median CAP rate for this group.

290 Henderson – you have suggested the sale did not include the unheated warehouse. We are currently verifying what was included in the sale and as well, what option were included in the purchase of the property. At the time of the last sale, the purchaser was aware of the building and in fact indicated they did purchase the property with the option of purchasing the unheated warehouse. Therefore, it could be a simple sale price adjustment (upwards) which would leave the sale in the current groupings. Regardless, even if the sale is removed, it has no impact on the CAP rate analysis as it was not used to establish the CAP rate.

1500 5th – you had suggested that, if 290 Henderson is removed, this sale should be included in the CAP rate analysis since the rental rate takes into account the unheated adjustment. As we spoke, the Board in 2014 ruled that this sale is atypical and should not be included in the analysis to set a typical CAP rate. As well, we have many assessment / valuation publications supporting the non-inclusion of these types of sales (physical characteristics) in setting a typical CAP

rate. One question you may want to ask yourself, would you use a sale of house that has no plumbing or heating (none, not even the water lines or heating ducts) to set the value of a typical house? In any event, this sale property is so atypical it cannot be used in the CAP rate analysis to set a typical CAP rate.

In the end, the CAP rate for this group drops from 9.43 to 9.15 based on the changes noted above.

Can you please respond with your effective age calculations for 144 Henderson.

Gerry Krismer
Assistant City Assessor
Assessment Branch

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