

Leasing Process

- Details of all lease negotiations must remain confidential under Section 25.1 of the *Freedom of Information & Protection of Privacy Act (FOIP)*. Below is a brief outline of the leasing process.
- When leasing property, The City is governed by the Municipal Government Act, section 70, and must lease property at market value. If a lease rate is less than market value, it must be advertised to the general public.

The Leasing Process outline

- a) Citizens become aware of City-owned land potentially available for lease through signage at the property, calgary.ca, real estate agents, word-of-mouth, etc.
- b) Citizens submit an expression of interest, or a property inquiry to The City.
- c) The property is circulated through city departments to ensure there is no current municipal need for the property. If none, then The City proceeds to d).
- d) Property valuation
 - this is conducted by an AACI accredited internal appraiser to help The City create a fair market value package based on highest and best use
 - comparable land sales/rates are analyzed
 - the valuation goes to committee for approval
- e) A Proposal letter is the beginning of lease negotiations and is sent to the interested party. Once negotiations are completed, the proposed tenant must sign the proposal letter and return it along with a security deposit.
 - The negotiated lease rate offer may not necessarily coincide with the assessed value placed on the property by Assessment. The process in determining assessed values is carried out using mass appraisal, mass review of sales data, and typical value as of a specific valuation date, while the valuations by Administration include a recent site visit and more direct analysis of attributes of the subject property and comparatives to arrive at a current valuation estimate based on highest and best use.
 - An arbitration clause is included in all lease agreements based on the Alberta Arbitration Act. If the lease rate is disputed on a lease renewal, the fair market value of the property will be determined by two separate AACI appraisals, with an appraiser chosen by each party. If the appraised values differ by more than 10% of the greater appraisal, the fair market value of the property will be determined by three arbitrators – one chosen by each of the parties and the third chosen by the two arbitrators.
- f) A commercial leasing form is submitted by the interested party for approval by the finance department.

- g) Council approval
 - all negotiated transactions are subject to City Council approval if over \$500,000 and a fixed term of 5 years or more. (Bylaw 52M2009)
- h) Fair and reasonable
 - The City's intent in leasing real estate for any purpose is to be fair and reasonable, and to achieve a mutually acceptable result by both parties.

Leasing Value Chain

