

Alberta Municipal Affairs

Guide for the Exchange of Assessment Information: Market Value Properties

Municipal Government Act (MGA)

Purpose of this Guide

The purpose of this guide is to define best practices regarding requests for information by an assessment jurisdiction under Sections 294 and 295 and standards of information that should be provided in response to a request for assessment information under Sections 299 and 300 of the *Municipal Government Act* (MGA). This guide will be utilized as the primary basis of review should a Compliance Review request be filed with Assessment Services Branch (ASB) of Alberta Municipal Affairs. Should the practices recommended herein not be adhered to by assessment jurisdictions in Alberta, they may be found non-compliant and subject to discipline and/or penalty by the Minister. Additionally, this guide should be followed by Assessment Review Boards when hearing complaints on assessment issues regarding the exchange of assessment information.

Intent and Principles of Sections 295 of the MGA

The intent of Section 295 of the MGA and associated regulations is that an assessment jurisdiction should be able to request information regarding an assessed person's property:

- necessary to prepare an assessment;
- determine if property is to be assessed;
- and any information prescribed or described in the regulations for the assessor to carry out his or her duties and responsibilities under parts 9 to 12 of the MGA.

This information may be used to determine the assessment of a specific property and also produce the assessment roll through mass appraisal.

However, any sensitive information collected under Section 295 must be held in confidence by the assessment jurisdiction in order to protect confidentiality.

If an assessed person does not provide the information requested by an assessment jurisdiction by the statutory time frame of 60 days under Section 295(4) of the Act, the assessed person may lose their right to file a complaint regarding their assessment with the local Assessment Review Board (ARB).

Intent and Principles of Sections 299 and 300 of the MGA

The intent of both Sections 299 and 300 of the MGA and associated regulations is that an assessed person should be able to request information about the assessment of property they own as well as other properties in the province in order to understand how their assessment was prepared. In the case of property that an assessed person owns, the intention of the legislation under Section 299 is that they should be able to obtain detailed information about their property assessment; but only summary information on the assessment of comparable properties under Section 300.

The term 'prepared' is intended to mean determined or how the assessed value was arrived at. In other words what are the key metrics used in calculating the assessment (excluding coefficients as per the Matters Relating to Assessment and Taxation Regulation).

For example, on a property valued by way of the income approach this may include the rent, vacancy rate, expense rate, and cap rate applied in valuing the property. At the point of a 299 or 300 request the assessor is not obligated to provide evidence in defence of the numbers used in calculating the assessment but is obligated to show the numbers used.

Recent court decisions in Alberta have broadly interpreted Sections 299 and 300. Sections 299 and 300 were never intended to require an assessment jurisdiction, upon a request for information, to provide an unlimited amount of information, detailed enough information to defend the assessment, nor additional information that became available after the initial request.

The principles guiding Sections 299 and 300 of the MGA and related sections of the Matters Relating to Assessment and Taxation (MRAT) and Matters Relating to Assessment Complaints (MRAC) Regulations are:

- A taxpayer may request information from a municipality at any time during the tax year under Section 299 and 300. A Section 299 and 300 request is meant to provide information for an assessed person to understand how their assessment was arrived at. Information disclosures under MRAC are meant to provide information in defence of an assessment for the assessment review board process. The two processes are distinct, and additional information may be provided in the assessment review board process that supports the preparation of the assessment but was not used to prepare the assessment (e.g. a study of capitalization rates prepared by a third party).
- Information available to taxpayers under Sections 299 and 300 must be accessible, transparent, and complete while protecting confidentiality and privacy.
- Municipalities are not expected to provide information about other properties in the jurisdiction under Section 299 nor unlimited information to a taxpayer about other properties in the municipality under Section 300.
- Municipalities must only provide information under a Section 299 or 300 request that is related to the current tax year.

Standards for the Exchange of Assessment Information

The following sections detail the types of information that an assessment jurisdiction may ask of an assessed person under Section 295 and information that should be provided by an assessment jurisdiction in reply to Section 299 and 300 requests. The type of information required by an assessment jurisdiction in preparing the assessment role and that an assessed person requires in order to understand how their assessment was arrived at will vary based on the type of property and the valuation approach used in estimating property assessments. Therefore, the information that can be requested by an assessment jurisdiction under Section 295 and should be provided by an assessment jurisdiction in response to Section 299 and 300 requests will vary.

The following sections will define the types of information that may be requested by an assessment jurisdiction under Section 295 and should be provided by an assessment jurisdiction in reply to Section 299 and 300 requests by property type and the valuation approach applied in the assessment. While the charts throughout this guide provide examples of information that may be common among many municipalities, it is recognized that municipalities may not always record or rely upon the same information. Therefore municipalities are not expected to provide information that they do not have, or have not relied upon in determining an assessment.

Vacant Land (all property types)

Section 295 Requests - Vacant Land

Most information regarding vacant land and its use can be gathered from the Land Registry, municipal records, or by visual inspection under Section 294 of the MGA. However, in some instances an assessment jurisdiction may request information under Section 295 regarding the purchase or sale of the property such as:

| Section 295 Requests | |
|--|---|
| Type of Information | Type of Information |
| Verification of sales price. | Verification of sales date. |
| Determining interim sales date or the beginning of negotiations for the purchase. | Any relationship between the vendor and purchaser i.e., if it was an arms-length transaction. |
| Real estate listing information including the list price and the real estate broker. | Sales conditions, for instance: forced or distressed sale, mortgage foreclosure, court ordered sale, conditional upon rezoning, option to purchase, multiple property transaction, leaseback arrangement. |
| Verification of total area sold including the portion of the subject property sold. | Condition of the property at the time of sale. |
| Current primary use as well as any future planned use of the property or if it was a holding purchase and the land will remain vacant in the short or long term. | If there was an appraisal done on the property for the purpose of the sale or purchase and if so what was the appraised value and the effective date and the value conclusion? |
| A copy of any recently completed appraisal of the property contracted by the current property owner at the time of the request. | Are there any known problems identified for the property at the date of sale? (e.g., environmental contamination, easements, right-of-ways, or covenants). |
| A copy of any recent impact or environmental study completed by the current property owner to investigate the extent of any physical or economic effect the known problems have on the property. | |

Section 299 Requests - Vacant Land

The following information should be provided in response to a Section 299 request for assessment information relating to vacant land where the information is both available and has been used in calculating the assessment of a property:

| Section 299 Requests | |
|--|--|
| Type of Information | Type of Information |
| <u>General Information Pertaining to the Subject Property</u> | |
| Roll Number | Civic Address |
| Legal Description | Total Assessed Value for the current tax year. |
| Valuation approach utilized. | Description and explanation of valuation approach. |
| Subject property sales history (up to 3 years). | Photo(s) of the subject property. |
| Information previously provided by the current owner that has been used in calculating the assessment (if specifically requested). | Access to a map detailing the subject property. |
| <u>Characteristics of the Subject Property</u> | |
| Lot size | Lot zoning |
| Lot configuration | Access |
| Current utilities and site services. | Any known registered easements, right-of-way, or covenants that are believed to affect value. |
| <u>Valuation Information</u> | |
| The value and description of any adjustments (either negative or positive) applied outside of an assessment model; for example, but not limited to, a corner lot or view adjustment. (Adjustments applied within an assessment model as part of the mass regression formula are not subject to disclosure under this guide). | The value and description of any factor (either negative or positive), as defined by the MGA, applied in addition to an assessment model; for example, a neighbourhood or location factor. (Factors applied within an assessment model as part of the mass regression formula are not subject to disclosure under this guide). |
| A list of, access to, or ability to independently search for property sales in the subject property's market area. (The assessor is not obliged to provide direct comparable sales; however, it is the burden of the assessed person to determine which property sales they consider comparable). | |

Section 300 Requests – Vacant Land

The following information should be provided in response to a Section 300 request for assessment information relating to vacant land where the information is both available and has been used in calculating the assessment of a property:

| Section 300 Requests | |
|--|--|
| Type of Information | Type of Information |
| <u>General Information Pertaining to the Property</u> | |
| Roll Number | Civic Address |
| Legal Description | Total Assessed Value for the current tax year. |
| Valuation approach utilized. | Description and explanation of valuation approach. |
| Access to a map detailing the property. | Photo(s) of the subject property. |
| <u>Characteristics of the Property</u> | |
| Lot size | Lot zoning |
| <u>Valuation Information</u> | |
| The value and description of any adjustments (either negative or positive) applied outside of an assessment model; for example, but not limited to, a corner lot or view adjustment. (Adjustments applied within an assessment model as part of the mass regression formula are not subject to disclosure under this guide). | The value and description of any factor (either negative or positive), as defined by the MGA, applied in addition to an assessment model; for example, a neighbourhood or location factor. (Factors applied within an assessment model as part of the mass regression formula are not subject to disclosure under this guide). |

Residential Properties – Including Single Family Dwellings, Townhouses, and Duplexes

Section 295 Requests – Residential Properties

Most information regarding residential properties can be gathered from the Land Registry, municipal records, or by visual inspection under Section 294 of the MGA. However, in some instances an assessment jurisdiction may request information under Section 295 regarding construction of the property or the purchase or sale of the property such as:

| Section 295 Requests | |
|--|---|
| Type of Information | Type of Information |
| <u>General Information and Construction Details Pertaining to the Subject Property</u> | |
| Construction completion date. | Total cost of construction (either a detailed itemized breakdown or simply total gross cost). |
| Name of the general contractor or builder. | |
| <u>Sales and General Information Pertaining to the Subject Property</u> | |
| Verification of sales price. | Verification of sales date. |
| Determining interim sales date or the beginning of negotiations for the purchase. | Any relationship between the vendor and purchaser i.e., if it was an arms-length transaction. |
| Real estate listing information including the list price and the real estate broker. | Sales conditions, for instance: forced or distressed sale, mortgage foreclosure, court ordered sale, conditional upon rezoning, option to purchase, multiple property transaction, leaseback arrangement. |
| Verification of total area sold including the portion of the subject property sold. | Current primary use as well as any future planned use of the property or if it was a holding purchase. |
| Condition of the property at the time of sale. | Details of any repairs, renovations, or upgrades done to the property recently by the current owner, including associated construction costs. |
| If there was an appraisal done on the property for the purpose of the sale or purchase and if so what was the appraised value and the effective date and the value conclusion? | A copy of any recently completed appraisal of the property contracted by the current property owner at the time of the request. |
| If there were any known problems identified for the property at the date of sale? (e.g., environmental contamination, easements, right-of-ways, or covenants). | A copy of any recent impact or environmental study completed by the current property owner to investigate the extent of any physical or economic effect the known problems have on the property. |

Section 299 Requests – Residential Properties

The following information should be provided in response to a Section 299 request for assessment information relating to residential properties where the information is both available and has been used in calculating the assessment of a property:

| Section 299 Requests | |
|--|--|
| Type of Information | Type of Information |
| <u>General Information Pertaining to the Subject Property</u> | |
| Roll Number | Civic Address |
| Total Assessed Value for the current tax year. | Valuation approach utilized . |
| Subject property sales history (up to 3 years). | Description and explanation of valuation approach. |
| Information previously provided by the current owner that has been used in calculating the assessment (if specifically requested). | Indication of costing manual (if utilized as the basis of assessment). |
| Reference where an assessed person can find a copy of the indicated costing manual. (The assessor is not obliged to provide access to, a copy of, or excerpts from the indicated manual; this is the burden of an assessed person). | Exterior and Interior photos of the subject property. |
| Sketch of Improvements (not including blueprints or approved building plans). | Access to a map detailing the subject property. |
| <u>Characteristics of the Subject Property</u> | |
| Defined style, manual class, and quality | Description of style, manual class, and quality |
| Year built | Effective year |
| Lot size | Lot zoning |
| Foundation type | Finished basement area |
| Total size of improvement | Number of Bedrooms |
| Number of Bathrooms | Garage Type |
| <u>Valuation Information</u> | |
| The value and description of any adjustments (either negative or positive) applied outside of an assessment model; for example, but not limited to, a corner lot or view adjustment. (Adjustments applied within an assessment model as part of the mass regression formula are not subject to disclosure under this guide). | The value and description of any factor (either negative or positive), as defined by the MGA, applied in addition to an assessment model; for example, a neighbourhood or location factor. (Factors applied within an assessment model as part of the mass regression formula are not subject to disclosure under this guide). |
| The value and description of all attributes, rates, adjustment, modifiers, and multipliers utilized in the valuation of a property if a costing manual has been utilized as the basis of the valuation. | A list of, access to, or ability to independently search for property sales in the subject property's market area (The assessor is not obliged to provide direct comparable sales; it is the burden of the assessed person to determine which property sales they consider comparable). |

Section 300 Requests – Residential Properties

The following information should be provided in response to a Section 300 request for assessment information relating to residential properties where the information is both available and has been used in calculating the assessment of a property:

| Section 300 Requests | |
|--|--|
| Type of Information | Type of Information |
| <u>General Information Pertaining to the Property</u> | |
| Roll Number | Civic Address |
| Total Assessed Value for the current tax year. | Valuation approach utilized. |
| Description and explanation of valuation approach. | Indication of costing manual (if utilized as the basis of assessment). |
| Reference where an assessed person can find a copy of the indicated costing manual. (The assessor is not obliged to provide access to, a copy of, or excerpts from the indicated manual; this is the burden of an assessed person). | Photo(s) of the subject property. |
| Access to a map detailing the subject property. | |
| <u>Characteristics of the Property</u> | |
| Defined style, manual class, and quality | Description of style, manual class, and quality |
| Year built | Effective year |
| Lot size | Lot zoning |
| Foundation type | Finished basement area |
| Total size of improvement | Number of Bedrooms |
| Number of Bathrooms | Garage Type |
| <u>Valuation Information</u> | |
| The value and description of any adjustments (either negative or positive) applied outside of an assessment model; for example, but not limited to, a corner lot or view adjustment. (Adjustments applied within an assessment model as part of the mass regression formula are not subject to disclosure under this guide). | The value and description of any factor (either negative or positive), as defined by the MGA, applied in addition to an assessment model; for example, a neighbourhood or location factor. (Factors applied within an assessment model as part of the mass regression formula are not subject to disclosure under this guide). |
| The value and description of all attributes, rates, adjustment, modifiers, and multipliers utilized in the valuation of a property if a costing manual has been utilized as the basis of the valuation. | |

Condominium Units

Section 295 Requests – Condominium Units

Most information regarding residential properties can be gathered from the Land Registry, municipal records, or by visual inspection under Section 294 of the MGA. However, in some instances an assessment jurisdiction may request information under Section 295 regarding the purchase or sale of the property such as:

| Section 295 Requests | |
|--|---|
| Type of Information | Type of Information |
| <u>Sales and General Information Pertaining to the Unit</u> | |
| Verification of sales price. | Verification of sales date. |
| Determining interim sales date or the beginning of negotiations for the purchase. | Any relationship between the vendor and purchaser i.e., if it was an arms-length transaction. |
| Real estate listing information including the list price and the real estate broker. | Sales conditions, for instance: forced or distressed sale, mortgage foreclosure, court ordered sale, conditional upon rezoning, option to purchase, multiple property transaction, leaseback arrangement. |
| Verification of total area sold. | Condition of the unit at the time of sale. |
| Details of any repairs, renovations, or upgrades done to the unit recently by the current owner, including associated construction costs. | Current primary use as well as any future planned use of the unit or if it was a holding purchase and will remain vacant in the short or long term. |
| If there was an appraisal done on the unit for the purpose of the sale or purchase and if so what was the appraised value and the effective date and the value conclusion? | A copy of any recently completed appraisal of the unit contracted by the current property owner at the time of the request. |
| If there were any known problems identified for the unit at the date of sale, such as deferred maintenance or otherwise that affected the sales price. | |

Section 299 Requests – Condominium Units

The following information should be provided in response to a Section 299 request for assessment information relating to condominium units where the information is both available and has been used in calculating the assessment of a property:

| Section 299 Requests | |
|--|--|
| Type of Information | Type of Information |
| <u>General Information Pertaining to the Subject Unit</u> | |
| Roll Number | Civic Address |
| Total Assessed Value for the current tax year. | Valuation approach utilized. |
| Subject unit sales history (up to 3 years). | Description and explanation of valuation approach |
| Information previously provided by the current owner that has been used in calculating the assessment (if specifically requested). | Exterior and Interior photos of the subject property. |
| Sketch of floor plan (not including blueprints or approved building plans). | Access to a Map detailing the subject building. |
| <u>Characteristics of the Subject Unit</u> | |
| Defined style, manual class, and quality. | Description of style, manual class, and quality. |
| Year built | Effective year |
| Unit size | Lot zoning |
| Number of Bedrooms. | Number of Bathrooms. |
| # of assigned parking stalls. | Location of parking stalls – Interior or Exterior. |
| <u>Valuation Information Pertaining to the Subject Unit</u> | |
| The value and description of any adjustments (either negative or positive) applied outside of an assessment model; for example, but not limited to, a corner lot or view adjustment. (Adjustments applied within an assessment model as part of the mass regression formula are not subject to disclosure under this guide). | The value and description of any factor (either negative or positive), as defined by the MGA, applied in addition to an assessment model; for example, a neighbourhood or location factor. (Factors applied within an assessment model as part of the mass regression formula are not subject to disclosure under this guide). |
| A list of, access to, or ability to independently search for property sales in the subject property's market area. (The assessor is not obliged to provide direct comparable sales; however, it is the burden of the assessed person to determine which property sales they consider comparable). | Redacted market studies to support adjustments, such as corner view or location in a building, which must not include any information that can identify the property, unit, owner, or tenant from which any confidential information was obtained. |

Section 300 Requests – Condominium Units

The following information should be provided in response to a Section 300 request for assessment information relating to condominium units where the information is both available and has been used in calculating the assessment of a property:

| Section 300 Requests | |
|--|--|
| Type of Information | Type of Information |
| <u>General Information Pertaining to the Unit</u> | |
| Roll Number | Civic Address |
| Total Assessed Value for the current tax year. | Valuation approach utilized. |
| Description and explanation of valuation approach. | Exterior photos of the subject property. |
| Access to a Map detailing the subject property. | |
| <u>Characteristics of the Unit</u> | |
| Defined style, manual class, and quality. | Description of style, manual class, and quality. |
| Year built | Effective year |
| Unit size | Lot zoning |
| Number of Bedrooms. | Number of Bathrooms. |
| # of assigned parking stalls. | Location of parking stalls – Interior or Exterior. |
| <u>Valuation Information</u> | |
| The value and description of any adjustments (either negative or positive) applied outside of an assessment model; for example, but not limited to, a corner lot or view adjustment. (Adjustments applied within an assessment model as part of the mass regression formula are not subject to disclosure under this guide). | The value and description of any factor (either negative or positive), as defined by the MGA, applied in addition to an assessment model; for example, a neighbourhood or location factor. (Factors applied within an assessment model as part of the mass regression formula are not subject to disclosure under this guide). |

Apartments and Multi-Residential Properties

Section 295 Requests – Apartments and Multi-Residential Properties

Some information regarding apartments and multi-residential properties can be gathered from the Land Registry, municipal records, or by visual inspection under Section 294 of the MGA. However, in many instances an assessment jurisdiction requires more detailed information regarding the construction of a property, the purchase or sale of the property, or the income and expense information such as:

| Section 295 Requests | |
|--|---|
| Type of Information | Type of Information |
| <u>General Information and Construction Details Pertaining to the Subject Property</u> | |
| Construction completion date. | Total cost of construction (either a detailed itemized breakdown or simply total gross cost). |
| Confirmation of distribution of unit types e.g., studio/bachelor, one bedroom, two bedrooms etc. as well as number of parking stalls. | Who the general contractor was. |
| <u>Sales Information Pertaining to the Subject Property</u> | |
| Verification of sales price. | Verification of sales date. |
| Determining interim sales date or the beginning of negotiations for the purchase. | Any relationship between the vendor and purchaser i.e., if it was an arms-length transaction. |
| Real estate listing information including the list price and real broker. | Sales conditions, for instance: forced or distressed sale, mortgage foreclosure, court ordered sale, conditional upon rezoning, option to purchase, multiple property transaction, leaseback arrangement. |
| Verification of total area sold. | Condition of the property at the time of sale. |
| Details of any repairs, renovations, or upgrades done to the property recently by the current owner, including associated construction costs. | Current primary use as well as any future planned use of the unit or if it was a holding purchase and will remain vacant in the short or long term. |
| If there was an appraisal done on the property for the purpose of the sale or purchase and if so what was the appraised value and the effective date and the value conclusion? | A copy of any recently completed appraisal of the property contracted by the current property owner at the time of the request. |
| If there were any known problems identified for the unit at the date of sale, such as deferred maintenance or otherwise that affected the sales price. | Total annual rental income, including breakdown of parking and rental unit revenue for the property at the time of sale. |
| Detailed or general expense break-down for the property at the time of sale. | Stabilized actual vacancy rate at the time of sale. |

Section 295 Requests – Apartments and Multi-Residential Properties Cont'd

| Section 295 Requests | |
|---|---|
| Type of Information | Type of Information |
| <u>Income and Expense Information for the Subject Property</u> | |
| Property manager contact information. | Rental rates by each unit type e.g., studio/bachelor, one bedroom, two bedrooms etc. as well as number of parking stalls. |
| Detailed rent roll including unit number, tenant name, sub-tenant name, leased property address, occupier, lease status (i.e., new lease, renewal, extension, month to month, annual), lease type, and total leased area. | Details of any tenant inducements that were provided in negotiating lease arrangements by tenant and unit number. |
| Total annual revenue for the property from all sources (rent, laundry, expense recoveries, and parking for example). | Total annual expenses as itemized by the assessment jurisdiction (examples include, but not limited to, management, utility, building maintenance, common area expenses, and insurance expenses). |
| Typical expense recoveries by unit type. | Typical vacancy and collection loss for the year. |

Section 299 Requests – Apartments and Multi-Residential Properties

The following information should be provided in response to a Section 299 request for assessment information relating to multi-residential properties where the information is both available and has been used in calculating the assessment of a property:

| Section 299 Requests | |
|---|--|
| Type of Information | Type of Information |
| <u>General Information Pertaining to the Subject Property</u> | |
| Roll Number | Civic Address |
| Total Assessed Value for the current tax year. | Valuation approach utilized . |
| Subject property sales history (up to 3 years). | Description and explanation of valuation approach. |
| Information previously provided by the current owner that has been used in calculating the assessment (if specifically requested). | Exterior and Interior photos of the subject property. |
| Sketch of floor plan (not including blueprints or approved building plans). | Access to a map detailing the subject property. |
| <u>Characteristics of the Subject Property</u> | |
| Defined style, manual class, and quality. | Description of style, manual class, and quality. |
| Year built | Effective year |
| Number of stories. | Total Building Size. |
| Total unit count. | Unit mix by number of bedrooms. |
| Average unit size. | Average number of bedrooms/unit. |
| Total Land Size. | Site coverage. |
| # of parking stalls. | Parking stall mix – Interior and Exterior. |
| <u>Valuation Information Pertaining to the Subject Property</u> | |
| Market Rental rates by unit type and unit count. | Total potential gross income (PGI). |
| Overall vacancy rate applied in the valuation. | Expense rate applied in the valuation. |
| Effective gross income (EGI) by unit type. | Total effective gross income calculation. |
| Total net operating income (NOI) calculation. | Cap rate or gross income modifier utilized. |
| A list of, access to, or ability to independently search for property sales in the subject property's market area. (The assessor is not obliged to provide direct comparable sales; however, it is the burden of the assessed person to determine which property sales they consider comparable). | Redacted market studies to support adjustments, such as location etc., or income variables used in the valuation. These reports must not include any information that can identify the property, owner, or tenant from which any confidential information was obtained nor the lease end date or term. |

Section 300 Requests – Apartments and Multi-Residential Properties

The following information should be provided in response to a Section 300 request for assessment information relating to multi-residential properties where the information is both available and has been used in calculating the assessment of a property:

| Section 300 Requests | |
|--|---|
| Type of Information | Type of Information |
| <u>General Information for the Property</u> | |
| Roll Number | Civic Address |
| Total Assessed Value for the current tax year. | Valuation approach utilized. |
| Description and explanation of valuation approach. | Exterior photos of the subject property. |
| Access to a map detailing the subject property | |
| <u>Characteristics of the Property</u> | |
| Defined style, manual class, and quality | Description of style, manual class, and quality |
| Year built | Effective year |
| Number of stories | Total Building Size |
| Total unit count | Unit mix by number of bedrooms |
| Total Land Size | # of parking stalls |
| Parking stall mix – Interior and Exterior | |
| <u>Valuation Information for the Property</u> | |
| Market Rental rates by unit type and unit count | Total potential gross income (PGI) |
| Overall vacancy rate applied in the valuation | Expense rate applied in the valuation |
| Effective gross income (EGI) by unit type | Total effective gross income calculation |
| Total net operating income (NOI) calculation | Cap rate or gross income modifier utilized |

Commercial and Industrial Properties

Section 295 Requests – Commercial and Industrial Properties

Some information regarding commercial and industrial properties can be gathered from the Land Registry, municipal records, or by visual inspection under Section 294 of the MGA. However, in many instances an assessment jurisdiction requires more detailed information regarding the construction of a property, the purchase or sale of the property, or the income and expense information such as:

| Section 295 Requests | |
|--|---|
| Type of Information | Type of Information |
| <u>General Information and Construction Details Pertaining to the Subject Property</u> | |
| Construction completion date. | Total cost of construction (either a detailed itemized breakdown or simply total gross cost). |
| Who the general contractor was. | Building information including standard of measurement used, number of buildings, total gross area, number of floors and total rentable and vacant areas. |
| <u>Sales Information Pertaining to the Subject Property</u> | |
| Verification of sales price. | Verification of sales date. |
| Determining interim sales date or the beginning of negotiations for the purchase. | Any relationship between the vendor and purchaser i.e., if it was an arms-length transaction. |
| Real estate listing information including the list price and real broker. | Sales conditions, for instance: forced or distressed sale, mortgage foreclosure, court ordered sale, conditional upon rezoning, option to purchase, multiple property transaction, leaseback arrangement. |
| Verification of total area sold. | Condition of the property at the time of sale. |
| Details of any repairs, renovations, or upgrades done to the property recently by the current owner, including associated construction costs. | Current primary use as well as any future planned use of the unit or if it was a holding purchase and will remain vacant in the short or long term. |
| If there was an appraisal done on the property for the purpose of the sale or purchase and if so what was the appraised value and the effective date and the value conclusion? | A copy of any recently completed appraisal of the property contracted by the current property owner at the time of the request. |

Section 295 Requests – Commercial and Industrial Properties Cont'd

| Section 295 Requests | |
|---|--|
| Type of Information | Type of Information |
| <u>Sales Information Pertaining to the Subject Property Cont'd</u> | |
| If there were any known problems identified for the unit at the date of sale, such as deferred maintenance or otherwise, that affected the sales price. | Total annual rental income, including breakdown of parking and rental unit revenue for the property at the time of sale. |
| Detailed or general expense break-down for the property at the time of sale. | Stabilized actual vacancy rate at the time of sale. |
| <u>Income and Expense Information for the Subject Property</u> | |
| Property manager contact information. | Rental rates by unit type e.g., retail or office etc. as well as number of parking stalls. |
| Total annual revenue for the property from all sources (rent, expense recoveries, and parking for example). | Detailed rent roll including unit number, tenant name, sub-tenant name, leased property address, occupier, lease status (i.e. new lease, renewal, extension, month to month, annual), lease type, and total leased area. |
| Details of any tenant inducements that were provided in negotiating lease arrangements by tenant and unit number. | Total annual expenses as itemized by the assessment jurisdiction (examples include, but not limited to, management, utility, building maintenance, common area expenses, and insurance expenses). |
| Typical expense recoveries by unit type. | Typical vacancy and collection loss for the year. |

Section 299 Requests - Commercial and Industrial Properties – Cost Approach

The following information should be provided in response to a Section 299 request for assessment information relating to commercial and industrial properties, by way of the cost approach to value, where the information is both available and has been used in calculating the assessment of a property:

| Section 299 Requests | |
|---|--|
| Type of Information | Type of Information |
| <u>General Information Pertaining to the Subject Property</u> | |
| Roll Number | Civic Address |
| Valuation approach utilized. | Description and explanation of valuation approach. |
| Subject property sales history (up to 3 years). | Total land value for the current tax year. |
| Total improvement value for the current tax year. | Total Assessed Value for the current tax year. |
| Information previously provided by the current owner that has been used in calculating the assessment (if specifically requested). | Indication of costing manual (if utilized as the basis of assessment). |
| Reference where an assessed person can find a copy of the indicated costing manual. (The assessor is not obliged to provide access to, a copy of, or excerpts from the indicated manual; this is the burden of an assessed person). | Exterior and Interior photos of the subject property. |
| Sketch of floor plan of each building (not including blueprints or approved building plans). | Access to a map detailing the subject property. |
| <u>Characteristics of the Subject Property</u> | |
| Defined style, manual class, and quality. | Description of style, manual class, and quality. |
| Year built | Effective year |
| Number of stories. | Total area of building of each building on site. |
| Building quality applied to each building or area. | Area of mezzanines by mezzanine type. |
| Overall site coverage. | |

Section 299 Requests - Commercial and Industrial Properties – Cost Approach Cont'd

| Section 299 Requests | |
|--|---|
| Type of Information | Type of Information |
| <u>Valuation Information</u> | |
| All variables and attributes applied in the valuation including the quality and value assigned to each in the valuation. | The value and description of any manual adjustment (either negative or positive) applied in the valuation; for example, but not limited to, a corner lot, location, or site configuration. |
| The value and description of any factor (either negative or positive), as defined by the MGA, applied in the valuation; for example, a neighbourhood or location factor. | The value and description of all attributes, rates, adjustment, modifiers, and multipliers utilized in the valuation of a property if a costing manual has been utilized as the basis of the valuation. |
| Total replacement cost new (RCN) of all improvements. | Total depreciation applied to the RCN of all improvements. |
| Redacted market studies to support adjustments, such as location etc., or income variables used in the valuation. These reports must not include any information that can identify the property, owner, or tenant from which any confidential information was obtained nor the lease end date or term. | |

Section 299 Requests - Commercial and Industrial Properties – Income Approach

The following information should be provided in response to a Section 299 request for assessment information relating to commercial and industrial properties, by way of the income approach to value, where the information is both available and has been used in calculating the assessment of a property:

| Section 299 Requests | |
|--|---|
| Type of Information | Type of Information |
| <u>General Information Pertaining to the Subject Property</u> | |
| Roll Number | Civic Address |
| Total Assessed Value for the current tax year. | Valuation approach utilized. |
| Subject property sales history (up to 3 years). | Description and explanation of valuation approach. |
| Information previously provided by the current owner that has been used in calculating the assessment (if specifically requested). | Interior and exterior photos of the subject property. |
| Sketch of floor plan (not including blueprints or approved building plans). | Access to a map detailing the subject property. |

Section 299 Requests - Commercial and Industrial Properties – Income Approach Cont'd

| Section 299 Requests | |
|--|---|
| Type of Information | Type of Information |
| <u>Characteristics of the Subject Property</u> | |
| Defined style, manual class, and quality. | Description of style, manual class, and quality. |
| Year built | Effective year |
| Number of stories. | Unit sizes by unit type. |
| Site coverage | # of parking stalls. |
| <u>Valuation Information</u> | |
| Market Rental rates by unit type and unit size. | Total potential gross income (PGI). |
| Overall vacancy rate applied in the valuation. | Expense rate applied in the valuation. |
| Structural reserve amount applied in the valuation. | Effective gross income (EGI) by unit type. |
| Total effective gross income calculation. | Total net operating income (NOI) calculation. |
| Cap rate or gross income modifier utilized. | A list of, access to, or ability to independently search for property sales in the subject property's market area. (The assessor is not obliged to provide direct comparable sales; however, it is the burden of the assessed person to determine which property sales they consider comparable). |
| Redacted market studies to support adjustments, such as location etc., or income variables used in the valuation. These reports must not include any information that can identify the property, owner, or tenant from which any confidential information was obtained nor the lease end date or term. | |

Section 300 Requests - Commercial and Industrial Properties – Cost Approach

The following information should be provided in response to a Section 300 request for assessment information relating to commercial and industrial properties, by way of the cost approach to value, where the information is both available and has been used in calculating the assessment of a property:

| Section 300 Requests | |
|--|---|
| Type of Information | Type of Information |
| <u>General Information</u> | |
| Roll Number | Civic Address |
| Valuation approach utilized. | Description and explanation of valuation approach. |
| Total land value for the current tax year. | Total improvement value for the current tax year. |
| Total Assessed Value for the current tax year. | Indication of costing manual (if utilized as the basis of assessment). |
| Access to a map detailing the subject property. | Exterior photos of the property. |
| <u>Characteristics of the Property</u> | |
| Defined style, manual class, and quality. | Description of style, manual class, and quality. |
| Year built | Effective year |
| Number of stories. | Total area of building of each building on site. |
| Building quality applied to each building or area. | Area of mezzanines by mezzanine type. |
| Overall site coverage. | |
| <u>Valuation Information</u> | |
| All variables and attributes applied in the valuation including the quality and value assigned to each in the valuation. | The value and description of any manual adjustment (either negative or positive) applied in the valuation; for example, but not limited to, a corner lot, location, or site configuration. |
| The value and description of any factor (either negative or positive), as defined by the MGA, applied in the valuation; for example, a neighbourhood or location factor. | The value and description of all attributes, rates, adjustment, modifiers, and multipliers utilized in the valuation of a property if a costing manual has been utilized as the basis of the valuation. |
| Total replacement cost new (RCN) of all improvements. | Total depreciation applied to the RCN. |

Section 300 Requests - Commercial and Industrial Properties – Income Approach

The following information should be provided in response to a Section 300 request for assessment information relating to commercial and industrial properties, by way of the income approach to value, where the information is both available and has been used in calculating the assessment of a property:

| Section 300 Requests | |
|---|---|
| Type of Information | Type of Information |
| <u>General Information</u> | |
| Roll Number | Civic Address |
| Total Assessed Value for the current tax year. | Valuation approach utilized . |
| Description and explanation of valuation approach. | Exterior photos of the subject property. |
| Access to a map detailing the subject property. | |
| <u>Characteristics of the Subject Property</u> | |
| Defined style, manual class, and quality | Description of style, manual class, and quality |
| Year built | Effective year |
| Number of stories | Unit sizes by unit type and measurement |
| Site coverage | # of parking stalls |
| <u>Valuation Information</u> | |
| Rental rates by unit type and unit size. | Total potential gross income (PGI). |
| Overall vacancy rate applied in the valuation. | Expense rate applied in the valuation. |
| Structural reserve amount applied in the valuation. | Effective gross income (EGI) by unit type. |
| Total effective gross income calculation. | Total net operating income (NOI) calculation. |
| Cap rate or gross income modifier utilized. | |

Additional Information that may be provided under Section 301 of the MGA

Section 301 of the *Municipal Government Act* (MGA) states:

“A municipality may provide information in its possession about assessments if it is satisfied that necessary confidentiality will not be breached.”

The following additional information may be provided at the discretion of the assessment jurisdiction to assist an assessed person in understanding the assessment process. However, this information is not required to be provided under the Act or associated regulations.

1. Detailed market studies, including property identifiers and tenant information, developed by the assessment jurisdiction in determining adjustments or for the defense of assessment complaints. For example, but not limited to: rent studies, vacancy studies, market expense studies, neighbourhood adjustment studies, corner lot adjustment studies, time adjustment studies etc.
2. Coefficients utilized in valuing properties developed from a regression model, including the value of each coefficient. Under MRAT Section 27.3 (2) assessment jurisdictions are not required to provide coefficients used in mass appraisal and developed for a multiple regression model. However, an assessment jurisdiction may provide this information at their discretion if they are satisfied confidentiality will not be breached and the security of the assessment roll will not be compromised.
3. Summary of field inspection notes describing measurements, quality and condition, age, location, site coverage, etc.
4. Third party market reports or studies relied upon in the valuation of a property so long as the report is publicly available and/or the author of the report has approved its distribution.
5. Access to view a copy of the costing manual utilized in the valuation of the subject property under a Section 299 request at the office of the assessment jurisdiction during normal operating hours. The copy of the valuation manual would be the property of the assessment jurisdiction and copyrighted by the author so it should not be copied in whole or in part nor leave the premises.

Information that should not be provided under a Section 299 or 300 request

The purpose of a request for information under Section 299 or 300 of the MGA is for an assessed person to understand how their assessment was arrived at. For the assessment review board process the disclosure of information requirements under the Matters Relating to Assessment Complaints (MRAC) Regulation apply.

Under a Section 299 request, an assessed person is only able to receive detailed information about their own property not that of any other property. Section 300 requests provide only summary information on properties not owned by the assessed person. Therefore, the following information is deemed to be sensitive and/or confidential and should not be provided under Section 299, 300, or 301 of the MGA:

| Type of Information | Rationale |
|---|---|
| Complete market studies containing either confidential information or information that can identify a property from which the data was obtained. | Protection of third-party confidentiality |
| Sales analysis information on any property other than the subject property under Sec. 299. | Protection of third-party confidentiality |
| Communication between the assessor and any third party that is deemed to be confidential. | Protection of third-party confidentiality |
| Any report pertaining to a subject property unless previously provided by the current owner filing the request or where the current owner of the subject property is authorized by the author of the report to read it. | Protection of third-party confidentiality |
| Any report, or portion of a report, on a property not owned by the person requesting the report (or their authorized agent) that contains confidential information; unless authorized by both the owner of the property and the author of the report. | Protection of third-party confidentiality |

*** Any of the above mentioned information may be provided under disclosure at the discretion of the assessment jurisdiction or an order of the appropriate Assessment Review Board (ARB), in accordance with the MGA and MRAC regulation, and so long as confidentiality is ensured through appropriate measures. Any breach of confidentiality will be subject to appropriate penalties under relevant legislation.**