

# Gathering income data for the assessment of non-residential property

Property owners sometimes ask why assessors need to collect certain types of information for assessment purposes.

For example, some properties in larger municipalities such as shopping centres, rental office buildings and other types of non-residential property are commonly assessed according to the income they generate in the form of lease or rental payments by tenants. It is a recommended practice for assessors to gather this type of information from property owners on a regular basis, at least every three years.

From time to time, property owners raise concerns because they believe the assessor is asking for information about the income that their businesses generate from the sale of products or services. This is not the type of income information that assessors need for property assessment purposes.

The handbook entitled *Market Value and Mass Appraisal for Property Assessment in Alberta* contains several examples of the type of data the assessor should request from the property owner for improved non-residential properties (other than hotels and motels). This includes the following:

- ◆ The rentable or gross leasable area for each tenant
- ◆ The amount of rent paid by each tenant
- ◆ The period for which the rent applies (per month, per year)
- ◆ The start and end dates of the lease
- ◆ The expenses paid by the landlord from the rent
- ◆ The expenses paid by the tenant in addition to the rent
- ◆ The value and nature of any tenant inducements (for example, free rent)

In asking for information from property owners, assessors need to indicate clearly that the information being requested relates to income the property generates - not to business or personal income.

When assessors are clear in making their information requests, property owners are likely to be more willing to provide the appropriate type of information the assessor needs. Information should be gathered for assessment purposes in a cooperative manner and preferably not under the threat of the loss of assessment appeal rights by the property owner.

