

## **Title: Property Leases**

### **Policy Statement:**

*The Board requires property leases that are fair, reasonable and in the best interests of the Association.*

**Approved: M. Lynn Gullackson**  
(Chair of the Board)

**August 2, 2017**  
(Date)

**First Approval Date:** August 2, 2017

**To Be Reviewed:** August 2022

**Review and Amendment Date(s):**

**Stakeholders Consulted (Date):**

### **Reference to Documents:**

Bylaw 3.3

### **Definitions:**

*Appraisal:* A written statement setting forth an opinion of the value of property as of a specified date supported by presentation and analysis of relevant data.

*Gross Lease:* An agreement in which the Association pays a fixed rate of rent and the landlord pays all maintenance, utilities, taxes and capital costs.

*Lease:* An agreement between the Association and a landlord for exclusive occupancy including grant of rights for a specified period of time and for a specified rent.

*Market Value:* The rate that a property would most likely command on the open market, as evidenced by current rentals/fees being paid for comparable property and for similar uses.

*Net Lease:* An agreement in which the Association pays a base rent plus its proportionate share of maintenance, insurance, utilities, property taxes and other operating costs related to its occupancy of the property.

### **Guidelines:**

1. **Policy Scope:** This policy applies to all new agreements and existing agreements upon renewal.
2. **Approval:** Except for leases with terms shorter than 4 weeks, leases of any and all property and any lease renewal will require terms and conditions to be approved by the Board.
3. **Market Value:** The lease of property will be for market value based on similar uses of property.

4. Appraisal: The Board requires an appraisal of the subject property, except for leases with terms shorter than 4 weeks.
5. Net leases: Unless there is a compelling business case to do otherwise, all leases will be written as net leases to the greatest extent feasible with the Association responsible for payment of their share of all operating costs included but not limited to taxes, utilities, maintenance, insurance and other costs related to the tenant's occupancy of the property.
6. Gross Leases: If a gross lease format is required it will include an allocation for all operating costs as described.
7. Rent: Rent increases will be negotiated as annual increases in line with the Consumer Price Index.
8. Termination: The term of a lease must provide for termination if the budget is materially reduced or the property is no longer required.