



POLICY STATEMENT

The Government of Nunavut (GN) shall price Commissioner's land for lease or other disposition.

PRINCIPLES

This policy is based on the following principles:

- Lot lease pricing should recover development costs in a timely manner and where the municipal corporation administers land, pricing shall follow the land administration by-law.
- Lot lease pricing should not disrupt existing markets for lots.
- Lot lease pricing for Commissioner's Land should be coordinated with, and complement, the pricing of municipally owned lots.
- Lot lease pricing should be easily understood, fair and consistent across Nunavut.
- Lessees should be able to acquire equity (value) in lots.
- Methods of disposing of vacant land should discourage speculation.
- Municipal corporations are encouraged to develop lots on their own with funding acquired through the land debenture borrowing, or through their own land development funds.

SCOPE

This policy applies to the lease, or other disposition of Commissioner's Lands administered by CGT.

DEFINITIONS

Commissioner's Lands

Commissioner's land as defined in Nunavut Act (Canada) and the Commissioner's Land Act. For the purpose of this policy, there are four types of Commissioner's lands:

1. Lots within the 100 foot reserve
2. Lots on the government exemption list



3. Un-surveyed lots within the Municipal boundary - where title has not been transferred to the Municipality
4. Land within the Block Land Transfer that is still under the administration and control of the Commissioner.

Development Costs

For the purposes of this policy, capital costs incurred by the GN in developing land, including but not limited to the following:

- planning and engineering design;
- project management;
- road construction;
- landfill;
- culverts and drainage works;
- open spaces;
- piped water and sewer lines;
- electrical distribution lines (and poles);
- telephone service;
- legal surveys;
- land acquisition and/or disposal costs; and
- financing charges equivalent to the GN's cost of borrowing money for the land development project.

Equity Lease

A lease of Commissioner's land for which the lessee's annual payments (excluding interest) accumulate as principal towards eventual full payment of the lot lease price, which is fixed during the term of the contract.

Existing Contracts

For the purposes of this policy, a lease or other land contract, including an application for same, made prior to 15 April 1997, including superseding and renewal of occupation.

Government Users

Includes departments of the Government of Canada and the GN, crown corporations, boards, agencies and any of their agents.

Lot

A parcel of developed land, duly described by the Deputy Minister of CGT, or legally surveyed, for the purpose of lease or other disposition.

Lot Lease Price

The total value assigned to a lot as calculated by this policy.



Municipal Corporation

A community governing body incorporated under the *Cities, Towns and Villages Act*, or the *Hamlets Act*.

Municipal Programs and Services

Those programs and services normally provided by community governments, including the provision of water; collection, treatment and disposal of sewage and garbage; fire protection; road maintenance; recreation; by-law enforcement; land use control and community planning. This may also include land administration, borrowing and the collection of property taxes.

New Contracts

For the purposes of this policy, a lease or other land contract applied for on or after 15 April 1997.

Non-Profit Users

For the purposes of this policy, churches and charitable organizations.

Seniors

For the purposes of this policy, means individuals who are 65 years of age or older.

Site Specific Factors

Factors which may be used, where applicable, to add or subtract up to 25 percent of the development costs of new or existing lots, and may include:

- size of land parcel;
- site conditions (grade level, amount of land fill, etc.);
- desirability of location (access river, stream or land, vistas, etc.);
- adjacent land users; and
- proposed land use.

However, adjustments to lot lease prices may not result in higher total development costs for a particular land development area.

AUTHORITY AND ACCOUNTABILITY

1. Minister

The Minister of CGT may:

- (a) approve a Memorandum of Understanding (MOU) to transfer ownership of Commissioner's land to a community government. All municipal corporations are deemed to have such an MOU with the Minister as a result of Nunavut Land Claims Agreement Act; and



- (b) request Cabinet approval for exceptions to this policy.

2. Deputy Minister

The Deputy Minister of CGT (the Deputy Minister) is responsible for the administration of all provisions pursuant to this policy.

The Deputy Minister may:

- (a) recommend the transfer of lands to community governments;
- (b) approve minimum pricing for lots;
- (c) determine the location of active real estate markets for the purposes of this policy; and
- (d) grant time extensions necessary to meet the terms of any contract.

PROVISIONS

1. Establishment of Lot Lease Pricing

Lot lease prices shall be determined through application of the following:

- (a) Current Development Costs:

In communities where the GN is, or has been, developing land, lot leases will be priced to reflect the actual capital costs of development, based on the most recent subdivision built by the GN in that community. Costs will include allowances for site specific factors and for interest payments equivalent to the interest rates that would be charged by the GN if the community government had borrowed money to develop a subdivision; or,

- (b) Community Land Administration By-laws:

In all municipalities where the municipal corporation has been transferred land ownership and where the municipal corporation has a land administration by-law, land lease pricing will be determined by the land administration by-law; or,



(c) Current Assessed Value:

In those communities where the GN has not been developing land, lot leases will be priced using the assessed land value as determined by the current property assessment roll; or,

(d) Minimum Recovery:

In those communities where none of the conditions in Provision 1 (a), (b) or (c) apply, land leases shall be priced at no less than a minimum rate set by the Deputy Minister.

2. Lot Disposal

Lots shall be disposed of using equity lease or lease.

3. Terms and Conditions for New Contracts

The pricing of leases for new lots shall be based on Provision 1 of this policy and:

(a) For new contracts involving an equity lease:

- (i) the initial payment shall be 10 percent of the lot lease price;
- (ii) payment of the remaining 90 percent shall be made in equal annual payments, over a period not to exceed ten years from the commencement date of the equity lease agreement, after which the annual payment for the lease shall be \$1.00;
- (iii) notwithstanding Provision (3)(a)(i) of this policy, payment of the balance may be made at any time without penalty and no further interest shall be due; and
- (iv) the equity lease shall note that fee simple title may not be granted.

(b) For new contracts involving a lease, the annual lease payments shall be 10 percent of the lot lease price.

4. Terms and Conditions for Renewing or Amending Existing Contracts

- (a) The terms and conditions for renewing or amending existing contracts shall be the same as for new contracts *except* for the determination of the lot lease price. The lot lease price for renewing or amending existing contracts shall be determined through application of Provision 1 of this policy and by:



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- (i) applying a discount of three percent per year (inflation factor), back to the effective date of the lease;
 - (ii) applying any site specific factors; and
 - (iii) deducting all previous lease payments made.
- (b) No interest shall be charged on any existing contract converted to an equity lease.
- (c) Where existing contracts are reviewed, annual rent payments shall not be less than payments charged prior to review. Where existing lease payments are \$250 per year or more and payments more than triple after the application of this policy, the new payment may be phased in over two years. Where lease rates more than quadruple, a phase-in may be three years.

New annual payments for the phase-in period will be calculated as follows:

$$\frac{\text{New Payment} - \text{Old Payment} + \text{Old Payment}}{\text{Phase-in Years}} = \text{New annual payment for phase in period}$$

5. Interest

Interest shall be calculated at the rate established by the Department of Finance for land development debenture borrowing.

6. Pricing for Seniors and Registered Non-Profit Users

Where seniors or registered non-profit users renew an existing lease or formalize an existing occupancy by a lease, the lot price shall be reduced by 50 percent. In joint tenancies, only one applicant need qualify as a senior/elder. Notwithstanding Provision 14 of this policy, the minimum payment shall be \$250 per year.

7. Pricing for Land Transferred to Community Government

Notwithstanding any other provisions of this policy, the Deputy Minister may:

- (a) recommend the transfer to a community government of certain parcels of land for \$1.00; and
- (b) recover any costs related to the parcel of land and its administration in the transfer of ownership to a community government.



9. Pricing of Land Leased for Government User

- (a) Provisions 1, 2, 3 and 4 of this policy apply to lots leased to the Government of Canada, its departments, crown corporations, boards, agencies or their agents.
- (b) Provision 1 of this policy applies to lots secured through reserve by GN departments, boards, agencies, crown corporations or their agents.

10. Terms of Payment

- (a) Where the terms of payment for any contract are not met, the contract is subject to cancellation unless the Deputy Minister grants an extension of time, in writing.
- (b) Interest Charges on late payments, at a rate to be prescribed by the Department of Finance, shall be charged after a period of three months from the last day payment was due.

11. Quarries

Quarry sites may be leased for an annual payment of \$600. Any costs directly related to the development of the site shall be recovered.

12. Other Dispositions

Licenses of occupation and other dispositions of land which do not convey exclusive possession, such as easement agreements and right-of-way agreements, shall be valued at the higher of:

- the minimum rate of \$250 per annum or
- five percent per annum of the lot lease price.

13. Surrenders and Cancellations

- (a) Where principal has accumulated on a lease terminated (by surrender or cancellation) a refund shall be provided to the lessee.
- (b) The amount to be refunded shall be the principal minus a deduction to be retained by the GN in recognition of the use of the land. The percentage to be retained shall be subject to a minimum deduction of \$600 per year and shall be calculated as follows:



- (i) for surrenders of contracts, 10 percent of the lot lease price or accumulated principal, whichever is less; or
- (ii) for cancellations of contracts, 20 percent of the lot price or accumulated principal, whichever is less.

14. Minimum Prices

The minimum annual lease rental for any parcel shall be \$600, excluding equity lease and the minimum lot lease price shall be \$2,000.

NUNAVUT LAND CLAIMS AGREEMENT

Nothing in this policy shall in any way be construed to limit the authority of the Nunavut Land Claims Agreement. The Agreement shall take precedent over this policy.

PREROGATIVE OF CABINET

Nothing in this policy shall in any way be construed to limit the prerogative of Cabinet to make decisions or take action respecting Commissioner's land lease pricing outside the provisions of this policy.

SUNSET CLAUSE

This policy shall be in effect from the date of the signature until December 31, 2007.