



## **1. Statement of Policy**

The Government of the Northwest Territories will price Commissioner's land for lease, sale, or other disposition.

## **2. Principles**

The Government of the Northwest Territories will adhere to the following principles when implementing this Policy:

- (1) Lot pricing should recover the government's development costs in a timely manner.
- (2) Lot pricing should not disrupt existing markets for lots.
- (3) Lot pricing should be coordinated with, and complement, the pricing of municipally-owned lots.
- (4) Lot pricing should be fair and consistent across the Northwest Territories and easy to understand.
- (5) Lessees should be able to acquire equity (value) in lots.
- (6) Lots should be provided to community governments at minimal cost.
- (7) Methods of disposing of vacant land should discourage speculation.
- (8) The provisions of this Policy shall not prejudice present or future land claim or treaty land entitlement agreements.

## **3. Scope**

This Policy applies to the sale, lease, or other disposition of Commissioner's Lands administered by the Department of Municipal and Community Affairs.



## 4. Definitions

The following terms apply to this Policy:

Agricultural Land - land available for farming, market gardening, grazing, or ranching.

Commissioner's Lands - Commissioner's land as defined in the *Northwest Territories Act* (Canada) and the *Commissioner's Land Act*.

Community Government - a municipal corporation or, in the absence of a municipal corporation, a community governing authority recognized by the Minister of Municipal and Community Affairs as the prime public authority responsible for the provision of municipal services.

Development Costs - for the purposes of this Policy, capital costs incurred by the Government of the Northwest Territories in developing land. These costs shall include, but are not limited to, all costs incurred in:

- (a) planning and engineering design;
- (b) project management;
- (c) road construction;
- (d) landfill;
- (e) culverts and drainage works;
- (f) open spaces;
- (g) piped water and sewer lines;
- (h) electrical distribution lines (and poles);
- (i) telephone service;
- (j) legal surveys;



- (k) land acquisition and/or disposal costs; and
- (l) financing charges equivalent to the cost to the Government of the Northwest Territories 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 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 Government of the Northwest Territories, crown corporations, boards, agencies and any of their agents.

Lot - a parcel of developed land, duly described by the Deputy Minister, or legally surveyed, for the purpose of sale, lease or other disposition.

Lot Price - the total value assigned to a lot as calculated by this Policy.

Municipal Corporation - a corporation established under or continued by the *Charter Communities Act*, the *Cities, Towns and Villages Act*, the *Hamlets Act* or the *Settlements Act*.

Municipal Programs and Services - those programs and services which are 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 - churches and charitable organizations.



Seniors - for the purposes of this Policy, 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:

- (a) size of land parcel;
- (b) site conditions (grade level, amount of land fill, etc.);
- (c) desirability of location (e.g., access to highway, river, stream or land, vistas, etc.);
- (d) adjacent land users; and
- (e) proposed land use.

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

## **5. Authority and Accountability**

### (1) General

This Policy is issued under the authority of the Executive Council. The authority to make exceptions and approve revisions to this Policy rests with the Executive Council. Authority and accountability is further defined as follows:

#### (a) Minister

The Minister of Municipal and Community Affairs (the Minister) is accountable to the Executive Council for the implementation of this Policy.



(b) Deputy Minister

The Deputy Minister of Municipal and Community Affairs (the Deputy Minister) is accountable to the Minister and responsible to the Minister for the administration of this Policy.

(2) Specific

(a) Minister

The Minister may:

- (i) approve a memorandum of understanding to transfer ownership of Commissioner's land to a community government; and
- (ii) request Cabinet approval for exceptions to this Policy.

(b) Deputy Minister

The Deputy Minister may:

- (i) recommend the transfer of lands to community governments;
- (ii) approve pricing for lots larger than 1500<sup>m<sup>2</sup></sup> in area;
- (iii) approve minimum pricing for lots;
- (iv) determine the location of active real estate markets for the purposes of this Policy; and
- (v) grant time extensions necessary to meet the terms of any contract.



## 6. Provisions

### (1) Establishment of Lot Pricing

Lot prices, with the exception of lots leased to Municipal Corporations, shall be determined through one of the following:

#### (a) Current Development Costs

In those communities where the Government of the Northwest Territories is, or has been, building land development projects, lots will be priced to reflect the actual capital costs of development. These costs will be based on the most recent subdivision built by the Government of the Northwest Territories in that community. In recovering the full capital costs of development, costs will include allowances for site specific factors and for interest payments equivalent to the interest rates that would be charged by the Government of the Northwest Territories to a community government if the community government had borrowed money to develop a subdivision.

#### (b) Community Land Administration By-Laws

In those municipalities where the Minister has a Memorandum of Understanding (MOU) with the municipal corporation to transfer ownership of land and where the municipal corporation has a land administration by-law, land pricing will be determined by the land administration by-law. For purposes of this Policy, all municipal corporations in Nunavut are deemed to have such an MOU with the Minister as a result of the *Nunavut Land Claim Agreement Act*.

#### (c) Current Assessed Value

In those communities where the Government of the Northwest Territories has not been building land development projects, lots will be priced using:



- (i) the assessed land value as determined by the current property assessment roll; or
- (ii) where the land is to be sold and is located in an active real estate market, as determined by the Deputy Minister, the land will be priced at market value through listing the property on the local real estate market or through an appraisal done by a qualified property appraiser.

(d) Minimum Recovery

In those communities where none of the conditions in Section 6(1) (a), (b) or (c) apply, land shall be priced at no less than a minimum rate set by the Deputy Minister.

(2) Lot Disposal

Lots shall be disposed of using one of the following methods:

- (a) Sale;
- (b) Equity Lease; or
- (c) Lease.

(3) Terms and Conditions for New Contracts

The pricing of new lots shall be based on the provisions of Section 6(1) and:

- (a) For new contracts involving the sale of lots through the execution of a lease with an option to purchase, the initial purchase payment shall be ten percent of the lot price. Payment of the remaining 90 percent of the lot price shall be made within 90 days of the execution date.



- (b) For new contracts involving an equity lease:
  - (i) the initial payment shall be ten percent of the lot price and 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;
  - (ii) notwithstanding Section 6(3)(b)(i), payment of the balance of the lot price may be made at any time without penalty and no further interest shall be due; and
  - (iii) in areas where sales are not allowed, the equity lease shall note that fee simple title may not be granted.
- (c) For new contracts involving a lease, the annual lease payments shall be ten percent of the lot price.
- (d) For new contracts involving a lease to a Municipal Corporation, the annual lease payment shall be at a nominal rate of \$1 per year.
- (4) Terms and Conditions for Renewing or Amending Existing Contracts
  - (a) Application of 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 price.
  - (b) The lot price used for renewing or amending existing contracts shall be determined through application of Section 6(1) of this Policy and then by:
    - (i) applying a discount factor of three percent per year (being an inflation factor), back to the year in which the lot was constructed;
    - (ii) applying any site specific factors; and



- (iii) deducting all previous lease payments made.
- (c) No interest shall be charged for any existing contract which is converted to an equity lease.
- (d) Where existing contracts are reviewed, annual rent payments shall not be less than what is being paid prior to review.
- (e) Where existing lease payments are \$250 per year or more and payments more than triple after the application of this Policy, a phase-in of the new payment may be over two years. Where lease rates more than quadruple, a phase-in may be over three years. New annual payments for the phase-in period will be calculated as follows:

$$\frac{\text{New payment minus old payment}}{\text{Phase-in years}} + \text{Old Payment} = \text{New Annual Payment For Phase-in Period}$$

- (f) For the renewal of existing contracts involving a lease to a Municipal Corporation, the annual lease payment shall be at a nominal rate of \$1 per year.

(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 Non-Profit Users

Where seniors or non-profit users renew an existing lease or formalize an existing occupancy by way of a lease, the lot price shall be reduced by 50 percent. Where there is a joint tenancy, only one applicant need qualify as a senior/elder. Notwithstanding Section 6(15) 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.

(8) Pricing of Land for Government Users

- (a) Reservations by Notation for the Government of Canada and the Government of the Northwest Territories, their departments, crown corporations, boards, agencies or any of their agents, or for Municipal Corporations, shall be established at a nominal rate of \$1 per year.

(9) Terms of Payment

- (a) Where the terms of payment for any contract are not met, the contract is subject to cancellation unless an extension of time is granted, in writing, by the Deputy Minister.
- (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.

(10) Pricing of Large Parcels

The Deputy Minister may vary the lot price of a lot with an area greater than 1500<sup>m</sup><sup>2</sup>, excepting those referenced in Section 6(11) and shall have reference to market value or assessed value in doing so.



(11) Agricultural land

Agricultural land:

- (a) will be priced according to the higher of market value or the government's development cost;
- (b) annual lease fees will be five percent of this price;
- (c) agreements may be made for the forgiveness of part of the sale price or lease fee in relation to improvements made to the land.

(12) 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.

(13) Other Dispositions

Licenses of occupation and other dispositions of land that do not convey exclusive possession to the land, such as easement agreements and right-of-way agreements, shall be valued at the minimum rate of \$250 per annum, \$15.00 per annum per kilometer or five percent per annum of the lot price, whichever is greater.

(14) Surrenders and Cancellations

- (a) Where a lease or sale agreement is terminated (by surrender or cancellation) for which principal has accumulated, a refund shall be provided to the lessee or purchaser.
- (b) The amount to be refunded shall be the principal minus a deduction to be retained by government 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, ten percent of the lot 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.

(15) Minimum Prices

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

## 7. Prerogative of Executive Council

Nothing in this Policy shall in any way be construed to limit the prerogative of the Executive Council to make decisions or take actions respecting the pricing of land outside the provisions of this Policy.



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Premier and Chairman of the  
Executive Council