



FAQ

Lease rent, fee schedules, and change to residential pricing.

How Pricing Works

There are two different land systems in the Northwest Territories: Commissioner's Land and Territorial Lands. Each land system has its own pricing mechanism.

On Commissioner's Land, land is priced using assessed value. Assessed values are determined by the Department of Municipal and Community Affairs under the *Property Assessment and Taxation Act*.

On Territorial Lands, land is priced using appraised value. Typically, appraised value considers various factors including existing market rates. However, given that a limited number of markets exist in the NWT, there are challenges with using conventional appraisal methods.

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How Amounts Are Determined

On Commissioner's Land, lease rent for residential leases is calculated at 5% of assessed value. Lease rents for recreational, industrial and commercial lease on Commissioner's Land remains at 10% of the assessed value.

On Territorial Lands, lease rent will continue to be calculated at 10% of appraised value.

When Minimums Are Applied

When the lease rental amount is calculated and is equal to or less than a certain value, the lease holder is charged a minimum lease rent.

As of April 1, 2018 the annual lease rent minimum has been established as \$840 on all GNWT lands, which includes both Territorial and Commissioner's Land.

How the Department of Lands Arrived At the New \$840 Minimum

The approach first aligned the Territorial Lands minimum charge with the \$600 minimum applied to Commissioner's leases. The Department then calculated the new value of \$840 using the NWT Consumer Price Index (CPI).

The change to CPI in the NWT from 1997 to 2016 was 40%. This 40% was applied to the existing \$600 lease rent minimum for Territorial and Commissioner's Land. As a result of applying the change in CPI, the figure for minimum lease rent rose to \$840.



Changes to Residential Lease Pricing

The Department reduced lease rent on the assessed value of residential leases on Commissioner's Land from 10% to 5%. Effective April 1, 2018, this change applies to residential leases on Commissioner's Land only, on leases that are already at the minimum of \$840.

It will have no impact on Territorial leases, or any Commissioner's leases that are not a residential lease.

This change will only take effect upon your next rent review date, which occurs every five years or on your lease renewal date. This new rate does not apply to leases on Territorial Lands.

Changes to Administrative Fees

The Department of Lands increased the administrative fees found in regulations under both the *Commissioner's Lands Act* and *Northwest Territories Lands Act*.

These administrative changes are separate from the lease rent minimum change or the work to change the percentage charged. These fees relate to the administration of each Act, for lease application fees, lease renewals, registration, document preparation, etc.