



COMMUNITY AND GOVERNMENT SERVICES

LAND DEVELOPMENT POLICY

PREAMBLE

The Government of Nunavut (GN), under the authority of the *Financial Administration Act*, may support the physical development of communities and the provision of land for housing as well as for community and economic development.

PRINCIPLES

This policy is based on the following principles:

- The physical growth of communities should be accomplished in an economically efficient manner, promoting sustainable, healthy communities and protecting public health.
- Land development costs should be fully recovered.
- Developed land should be available when needed.
- Developed land in communities should be affordable.
- Municipal Corporations should have sufficient financial resources to develop land in a timely manner.
- Municipal Corporations should be responsible for land development and their autonomy should be maximized.

SCOPE

This policy applies to the manner in which land is developed or financed in all communities in Nunavut. Municipal Corporations shall seek debentures to finance land development from private institutions, in the event that private financing is not available the GN may provide debentures in accordance with this policy.

DEFINITIONS

Community Government

A municipal corporation or, in the absence of a municipal corporation, a community governing authority recognized by the Minister of CGS.

Debenture

An instrument by which a municipal corporation promises to repay the stated principal sum borrowed, to pay interest at a stated rate and at specified times in the term, and to complete payment in full by a fixed date and place.

Development Costs

Are costs incurred in developing land after deducting those infrastructure components funded by capital grants or contributions received from the GN. Costs may include, but are not limited to:

- (a) planning and engineering design;
- (b) project management;
- (c) road construction;
- (d) culverts and drainage works;
- (e) sidewalks;
- (f) landfill;
- (g) open spaces;
- (h) piped water and sewer lines;
- (i) electrical distribution lines (and poles);
- (j) legal surveys;
- (k) telephone services;
- (l) land acquisition and/or disposal costs; and
- (m) financing and interest charges incurred in developing the land.

Land Developer

A public or private corporate entity which develops land.

Land Development

The preparation of land for construction by the addition of public services such as roads, drainage, electricity or legal surveys.

Land Development Debenture

A debenture or other financial instrument issued for the specific purpose of developing land and redeemed through the revenues generated by the lease of land.

Land Development Debenture Borrowing By-law

A by-law, pursuant to municipal legislation, passed by a municipal corporation to obtain a debenture, or other long term financing, from the GN or financial institution, as allowed for in legislation, for the purposes of developing land.

Land Development Fund

A separate fund established by a municipal corporation to receive land lease revenues.

Municipal Debenture Review Committee

A committee of the GN jointly established by the Ministers of CGS and Department of Finance, to review land development debenture or long term financing applications from municipal corporations.

Municipal Corporation

A community governing body incorporated under the *Cities, Towns and Villages Act*, or the *Hamlets Act*. For the purposes of this policy, "Municipal Corporation" does not include corporations established under 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.

Private Land Development

Occurs when a private corporation holds lands and the land developer is responsible for the financing, construction and disposal of land.

ROLES AND RESPONSIBILITIES

1) Minister

The Minister of CGS (the Minister):

- a) may waive the requirement for ratepayers' approval of land development debentures in accordance with municipal legislation as prescribed by section 150 of the CTVA and Hamlets Act.
- b) reports to the Minister of Finance on the conformity of all land development debenture requests to this policy;
- c) in cooperation with the Minister of Finance, establishes the Municipal Debenture Review Committee;
- d) may recognize community authorities for the purpose of this policy; and
- e) may approve a municipal corporation's land development borrowing by-laws.

2) Minister of Finance

The Minister of Finance shall, for GN supplied debentures:

- a) review and approve all land development debenture and long term financing applications;
- b) approve the terms and conditions of land development debentures;
- c) ensure all GN land development debenture approvals adhere to applicable financial and municipal legislation; and
- d) establish the Municipal Debenture Review Committee, in cooperation with the Minister of CGS.

3) Deputy Minister

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

The Deputy Minister:

- a) appoints departmental staff to the Municipal Debenture Review Committee; and
- b) may approve payment under the Maximum Lot Cost Subsidy Program.

4) Deputy Minister of Finance

- a) shall appoint departmental staff to the Municipal Debenture Review Committee;
and
- b) shall collect on debenture payments.

5) The Municipal Debenture Review Committee (the Committee)

The Committee:

- a) will perform duties with respect to land development debentures in accordance with directives approved by the Financial Management Board; and
- b) shall be comprised of two CGS officials appointed by the Deputy Minister and two Finance officials appointed by the Deputy Minister of Finance.

PROVISIONS

1. GN Involvement in Land Development

- (a) The GN will provide resources for land development projects where all three conditions are present:
 - (i) neither community government nor the private sector can develop land;
 - (ii) there is a need for an adequate supply of building lots for residential, commercial, industrial and public uses; and
 - (iii) the project meets approved capital standards and criteria for land development pursuant to this policy.
- (b) Land development costs will be recovered through the Land Lease Pricing policy.

- (c) A project authority agreement (with no community contributions), consistent with the Municipal Capital Assistance policy and Settlement Capital Assistance policy, may be made with community governments to develop land.
- (d) Land controlled by communities or the federal government may be developed by the GN, if full cost recovery agreements are in place.

2. Land Development Loans to Municipal Corporations:

The Minister of Finance may approve loans to municipal corporations through debentures for land development, in accordance with this policy.

3. Applications for Land Development Debentures

- (a) Land development debenture applications from municipal corporations shall be supported by a project plan including, but not limited to, the following:
 - (i) time frame and construction schedule for the project;
 - (ii) proposed land use types and mix;
 - (iii) number of lots and land tenure of the project;
 - (iv) project substantiation including relevant demographic and market factors;
 - (v) plan of subdivision approved under the *Planning Act* and *Land Titles Act*;
 - (vi) a statement of the current balance in the municipal corporation's land development fund;
 - (vii) proposed repayment scheme;
 - (viii) statement of estimated project expenses and revenues, including anticipated grants and contributions;
 - (ix) an estimate of the purpose and amount of any off-site levies; and
 - (x) a description of the method(s) of land disposal.
- (b) Complete project plans should be submitted by September 30 in the year prior to the proposed construction season of the land development project, to the Deputy Minister.

4. Eligibility for Debenture

- (a) To be eligible for debenture financing from the GN a municipal corporation must have the legal capacity to borrow on a long term basis for land development purposes; and
- (b) The land development project must:
 - (i) be located within the boundaries of the community government;
 - (ii) provide access (i.e., public roads and/or piped water/sewer) to areas not previously serviced or available for development;
 - (iii) be for residential, commercial, industrial or public uses;

- (iv) have a land tenure system that provides for the registration and assignment of mortgage interests; and
 - (v) be located on lands under the administration and control of the municipal corporation.
- (c) Land development debentures are not available for:
- (i) acquisition of land without providing new public servicing to the land;
 - (ii) projects consisting only of providing piped service connections to the lot from existing trunk or lateral lines; and
 - (iii) projects sponsored by any other entity that is not a municipal corporation as defined by this policy.

5. Eligibility

(a) Debenture Approval Criteria

- (i) When reviewing applications for debenture approval, the Committee shall consider the financial risk to the GN, including:
 - the likelihood of the borrower being able to repay the debenture;
 - the proposed development creates no more than a three-year supply of lots for the community;
 - market demand for, and affordability of, developed land; and
 - the credit history and financial administration capability of the municipal corporation.
- (ii) Land development projects shall comply with federal and territorial legislation dealing with public health and safety.

6. Debenture Terms and Conditions

- (a) The debenture or borrowing instrument shall be used only for development costs for the approved project.
- (b) The land development debenture shall conform to directives approved by the Financial Management Board.
- (c) Interest charges shall be set by the Department of Finance.
- (d) The following terms and conditions apply to debenture repayments:
 - (i) the repayment period shall be established by the Committee and shall not exceed 15 years;
 - (ii) debentures shall be repaid through the municipal corporation's land development fund according to the terms of the debenture or borrowing instrument; and
 - (iii) early payment on the principal may be made without penalty at any time.

7. Procedure on Default Payments

- (a) Where a municipal corporation defaults on a debenture or borrowing instrument, the Deputy Minister of Finance shall attempt to collect the amount owing to the GN;
- (b) Where the attempt does not result in collection of the amount owing to the GN on a debenture, the Deputy Minister of Finance shall determine a course of action in accordance with directives approved by the Financial Management Board.

8. Financial Guarantees

Any financial guarantees requested from the GN for a land development project shall be subject to Provisions 4 and 5.

9. Land Development Borrowing By-laws

- (a) To be eligible for debentures, a municipal corporation must pass a land development borrowing by-law that must be approved by the Minister of CGS.
- (b) When a municipal corporation requests a land development debenture from the GN, the Minister of CGS shall consider the recommendation of the Committee prior to making a decision to approve a land development borrowing by-law.

10. Waiving Ratepayers' Approval

The Minister may waive the need for ratepayers' approval for a land development debenture as outlined in the *Cities, Towns and Villages Act*, and the *Hamlets Act*.

11. Private Loans

The Minister of CGS shall consider the criteria in Provisions 4 and 5 in approving long term borrowing by-laws when the municipal corporation's borrowing is not from the GN.

12. Land Development on Commissioner's Land by Private Developers

- (a) The GN may allow private land developers to subdivide and develop large parcels of Commissioner's land where:
 - (i) the proposal is approved by the community government, and is consistent with their community plan/land use plan and zoning by-law;

- (ii) the land development project will be consistent with the GN approved capital standards and criteria for land development; and
 - (iii) the land development project will result in lot lease prices less than or similar to the price if the Municipal Corporation were to develop the land.
 - (iv) Fee simple will be transferred to the municipality in accordance to Article 14 of the NLCA
- (b) Where the Minister and community government agree there is a market and an interest for private land development, a call for proposals to develop the land will be requested. Following acceptance of a proposal, The municipality will enter into an agreement to transfer lease hold title of the land to the private developer. The terms of the transfer will deal with the construction standards and project schedule and the land disposal and pricing methods to be used by the private land developer.

13. Nunavummi Nangminiqagtunik Ikajuuti (NNI) Policy

- (a) All community governments shall comply with the intent of the NNI Policy in undertaking contracts to provide for land development projects for which the GN provides more than half of the capital funds. Provisions related to business incentive or preference shall be set out in agreements between the GN and the community government.

14. Maximum Lot Cost Subsidy Program

Where land development costs are unusually expensive due to unique terrain and construction costs (e.g., high gravel costs, rock blasting or large amounts of fill in poorly drained areas), the GN may provide contributions to land developers to assist with providing developed land that is affordable.

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 precedence over this policy.

FINANCIAL RESOURCES

Financial resources required under this policy are conditional on approval by the Legislative Assembly and on the availability of funds in the appropriate budget.

PREROGATIVE OF CABINET

Nothing in this policy shall in any way be construed to limit the prerogative of Cabinet.

SUNSET CLAUSE

This policy shall be in effect from the date of the signature until December 31, 2013.