

Possible Implications of a “YES” Vote

A "YES" vote in the Land Referendum would give municipalities the power to sell municipal lands. While it is impossible to determine all outcomes of this new power, this document describes some of the changes that can be expected, and some of the possibilities for the future.

Each community is different and would be affected differently. Factors such as population size, municipal land area, and the presence of free market forces would change the effect of a "YES" vote in ways that are difficult to predict.

Below is a list of the possible implications of a "YES" vote in the Land Referendum. These implications should be carefully considered and discussed by all the stakeholders when deciding on the question. A “YES” vote would have implications for existing leaseholders, for those wishing to acquire land, for municipalities, and for the Government of Nunavut in terms of legislative requirements.

Implications for Leaseholders & Future Purchasers

- There would be an opportunity for current leaseholders to convert their lease of the lot (“leasehold title”) to ownership of the lot (“fee simple title”). However, some lots have complicated land issues which may delay the purchase of these lots. An example would be if a building encroaches onto an adjacent lot or open space. The lessee would have to pay for a resurvey and settle with the adjacent owner or leaseholder before fee simple title could be transferred to them.
- The Commissioner of Nunavut would continue to issue and renew Commissioner leases as it has done in the past. It is likely that municipalities would also continue to issue and renew leases for many properties, but they would also have the authority to sell lands. The lease or sale of lands would have to be done in accordance with the local land administration by-law. These by-laws would need to be amended.
- Obtaining mortgages on purchased land would be easier since the term of the lease would not have to be amended, given that the term of a lease must be five more years than the mortgage. Banks would deal directly with the landowner, meaning that the municipality or the Commissioner of Nunavut would no longer need to consent to the mortgage.
- Municipalities price newly developed lots based on development costs, in accordance with local land administration by-laws and GN Land Policies. After a municipality sells land, the price of that land would be determined by its market value. This means that a purchaser

could buy a lot from the municipality for development costs, build a home on the lot, and then sell the lot with the new home at market value. If the market value of the land is greater than the development costs, the original purchaser makes a profit on the resale of the land. In communities where equity leasing is used, the lessee currently has the authority to build on a lot and transfer the lease at market value. The ownership of land and the ability to profit from the market value of land might make this activity of buying, developing and selling lots more common.

- Land transactions may act as a stimulant to the local economy and create a healthy real estate market.
- The ability to buy municipal land may attract new investment in the communities and increase economic development activity and job opportunities. In some communities, private investment may improve the availability of land for development and have a positive effect on the delivery and pricing of housing and commercial space.
- Current Nunavut legislation does not allow the City of Iqaluit and the Hamlets to impose residency restrictions on the sale of municipal lands. This means that individuals or organizations from outside of Nunavut could purchase land. Legislative changes would be required to allow municipalities to choose whether to restrict the sale of the land based on residency.

Implications for Municipalities

- Selling land would become a new task that the municipalities would have to perform in addition to their current land administration responsibilities and would require more training of municipal staff.
- Municipal councils would need to decide what municipal lands might be sold and the procedures and conditions for their sale.
- Municipalities would need to amend their land administration by-laws to permit the sale of municipal land. The land administration by-law could also establish procedures for the conversion of leasehold title to fee simple title. Municipalities would also need to consider how to recover the costs associated with these transactions.
- In Nunavut, all communities have a zoning by-law in place which allows municipalities to control land use and development. This was not the case twenty years ago during the first land referendum. Municipalities would continue to be able to control land use and development once the land is sold.

- Zoning by-laws may have to be reviewed to ensure communities have tools in place to control all development.
- Once municipalities sell land, the municipality would no longer be involved in any future transactions between landowners. The municipalities would not provide consent to the transfer of leases. This would speed up the transfers but it may make it more difficult for the municipalities to collect outstanding payments, taxes or other arrears from residents of their community.
- Municipal Land Administrators would not have to keep track of leases expiring, renewing leases or collecting outstanding lease rentals for leases that are replaced with fee simple title (ownership). Also, leases would not have to be sent to the municipalities for consent, speeding up the transaction process. This would decrease the administrative responsibilities of municipalities.
- When residents own their land, they may become more protective of it than when it was leased. This may result in some owners taking better care of their properties and having a positive impact on the community. This may also result in some owners “defending” their land against trespass, nuisances, and historical encroachments such as a municipal road crossing the corner of a lot. While the zoning by-law can address some nuisances and encroachments, the municipality may need to do remedial surveys or formalize encroachments where a municipal road, drainage ditch, or power pole encroach on a surveyed lot. This usually effects the older parts of town.
- More demand would be placed on the municipal development officers in enforcing local planning and land management by-laws.
- There could be increased public interest and involvement in development issues.
- The municipality may choose to sell large blocks of land to a developer for private land development purposes. The municipality would need to ensure that land was developed to an appropriate standard and quality, that the land disposal process is fair and equitable, and that the control of land is not put into the hands of a single developer. Municipalities would need to have specific regulations to address this in their land administration by-laws.

Nunavut Legislation and Policy Implications

- If the result of the Land Referendum is a “YES” vote, there would need to be a review of current Nunavut legislation and GN Policies to ensure municipalities have the right tools to permit and control the selling of municipal land. The following is a list of anticipated changes required:
 - Currently, Nunavut does not have a statute that would allow the City of Iqaluit and the Hamlets to impose residency restrictions on the sale of municipal land to prevent individuals or organizations from outside of Nunavut purchasing land. The Legislative Assembly would have to enact a specific statute or amend the “**Hamlets Act**” or “**Cities, Towns and Villages Act**” to give municipalities the power to set residency requirements and restrictions. Once the Acts are amended, the municipalities would then have to amend their land administration by-laws to enforce residency restrictions.
 - The “**Land Titles Act**” would also have to be amended to allow the transfer of fee simple title to the lessee, if there is a mortgage registered at Land Titles Office.
 - The “**Planning Act**” would need to be amended to bring into force the Subdivision of Land regulations. These regulations would give power to municipalities and the GN the authority to control the subdivision approval process including conformity to the community plan, and requiring the developer to pay for the construction and installation of all necessary works (eg. roads, culverts, ditches, utilities).
 - The GN Land Policies would have to be reviewed and updated specifically with regards to the sections on Private Sector Land Development of Municipal Lands.