



Land Use Operational Policy Community and Institutional Land Use

NAME OF LAND POLICY: Community and Institutional Land Use

APPLICATION: This policy applies to:

- Nominal Rent Tenures and
- Sponsored Crown Grants

ISSUANCE: Assistant Deputy Minister, Tenures, Competitiveness and Innovation

IMPLEMENTATION: Ministry of Forests, Lands and Natural Resource Operations

REFERENCES: *Land Act* (Ch. 245, R.S.B.C., 1996)
School Act (Ch. 412, R.S.B.C., 1996)
Assessment Act (Ch 20, R.S.B.C., 1996)
Society Act (Ch. 433, R.S.B.C., 1996)
Taxation (Rural Area) Act (Ch. 448, R.S.B.C., 1996)
Cremation, Interment and Funeral Services Act (Ch. 35, R.S.B.C., 2004)
Forest Act (Ch. 157, R.S.B.C., 1996)
Local Government Act (Ch. 323, R.S.B.C., 1996)
Federal Income Tax Act (R.S.C. 1985, c. 1 (5th Supp.))

RELATIONSHIP TO PREVIOUS LAND POLICY: This policy replaces the previous Community and Institutional policy dated June 9, 2004

POLICY AMENDMENT: Any formal request for an amendment to this policy is to be directed in writing to the Director, Land Tenures Branch, Ministry of Forests, Lands and Natural Resource Operations



Dave Peterson, ADM
Tenures, Competitiveness and Innovation
Ministry of Forests, Lands and Natural
Resource Operations

MAY 26 2011

Date:

EFFECTIVE DATE: June 1, 2011
AMENDMENT:

FILE: 12260-00/12395-00

Crown Land Use Operational Policy: Community and Institutional Land Use

APPROVED AMENDMENTS:		
Effective Date	Briefing Note /Approval	Summary of Changes:
June 1, 2011	BN 175892	Policy and Procedure update to reflect reorganization of resource ministries April 2011
May 15, 2013	BN 196780	Amendments to clarify appropriate methods for determining Fair Market Value for Sponsored Crown Grants and for determining the concessionary value for Nominal Rent Tenures.
June 18, 2014	Cabinet submission	Cabinet approval of ELUC recommendation. Increases the threshold for NRTs requiring Cabinet approval to those with a concessionary value of \$1,000,000 or more.
February 2, 2015	BN 212293	Add lease option for existing, rural cemeteries
September 22, 2015	BN 217947	Land Act Reform phase 1 amendments

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1. POLICY APPLICATION

This policy applies to:

1. Crown land tenures for **community or institutional** purposes at less than fair market rent.
2. **Grants of Crown land for community or institutional purposes at less than Fair Market Value.**
3. Management and **renewal of existing tenures at less than fair market rent** issued under previous policies.

Where there are operational programs such as Aggregates and Quarry Materials or Communication Sites that have policies or procedures related to community and institutional applications these additional program requirements will be contained in the relevant operational land use policy.

The italicized text in this document represents information summarized from standard Crown land management policies and procedures. This material has been inserted where it provides necessary direction or context. As well, website links offer access to the full text of the relevant land management policies and procedures. Text in standard script is applicable to this policy only.

2. PRINCIPLES AND GOALS

The Community and Institutional Program Policy serves to support the community, social and economic goals of the Province of British Columbia by making parcels of Crown land available for community and institutional uses. It enables the use and disposition of Crown land for health, education, public safety, community infrastructure, and public facilities that benefit the public-at-large.

All financial transactions will be managed in accordance with generally accepted accounting principles. Government will be accountable for in-kind contributions to community and institutional initiatives. When Crown land is provided for less than Fair Market Value, government is accountable for the residual value of the land or tenure and the alignment of the proposed use with government objectives.

Nominal Rent Tenures are available for all eligible organizations. Sponsored Crown Grants are only available to specific types of organizations as outlined in section 51 of the *Land Act*, and further detailed in section 5.1 of this policy.

For organizations eligible for Sponsored Crown Grants or Nominal Rent Tenures, the Province will encourage applications for Nominal Rent Tenures. If an organization wishes to pursue a Sponsored Crown Grant, a tenure may also be offered as an interim step while a Crown Grant application is considered.

3. DEFINITIONS

Authorizing Agency means the provincial ministry responsible for the specific land use authorization.

Book Costs refers to any costs incurred by the Province in order to prepare a parcel of land for a Nominal Rent Tenure or Sponsored Crown Grant use, including but not limited to original development, advertising and appraisal costs. In rare cases where the Province has purchased the land, book costs include land purchase costs.

Community Organization means a registered charity or non-profit organization which is an incorporated society pursuant to the *Society Act*, is exempt from property taxes, and is exempt from income taxes.

Community Use means the use of Crown land for the purpose of providing a beneficial community service such as the advancement of education or alleviation of poverty, or other public benefit.

Concessionary Value means the value of the annual rentals for the entire tenure term (discounted by the appropriate rate) minus the actual amount charged (generally \$1) (see Appendix 2 Financial Guidelines)

Conditional Fee Simple means a Sponsored Crown Grant with restrictive covenant(s) that allows for granted land to be returned to the Crown upon request.

Determinable Fee Simple means a Sponsored Crown Grant with restrictive covenant(s) that reverts back to the Crown automatically if the Grant is not used in keeping with the covenants.

Development Plan means a documented plan setting out the siting of improvements, particulars of construction, schedule of construction, environmental management strategies, site security, public access and safety, reclamation and decommissioning strategies, impact assessment and any other matters as requested by us that are, in our reasonable opinion, related to the Crown land under application.

Fair Market Value is the most probable value which a property should bring in a competitive and open market under all conditions requisite to a fair sale and assuming the price is not affected by undue stimulus. Fair Market Value may be determined by BC Assessment (see Appendix 6), internally by the Authorizing Agency or by an independent appraisal.

Government Agency refers to a government corporation, an improvement district incorporated under the *Local Government Act*, agency established by bylaw, such as park or recreation commission or fire department; or similar bodies established by and accountable to provincial, regional or municipal government by way of enactment or bylaw and authorized to perform a specific public purpose.

Institutional Use means the use of Crown land for purely public-oriented purposes by local government and other incorporated organizations which, pursuant to statute, as expressly authorized to provide a specific community service.

Local Government means a municipality, regional district or First Nations acting as a local government for the purposes of this policy.

Municipality means a municipality as defined in the *Local Government Act*.

Nominal Rent Tenure means a lease, licence of occupation or statutory right of way that is provided for at less than Fair Market Value rent.

Non-Profit Society means a society incorporated under the *Society Act*.

Public Sector Organization refers to a government ministry or agency, the Greater Vancouver Transportation Authority or a non-commercial government corporation.

Registered Charity means a society incorporated under the *Society Act* that holds a current charitable tax number from the Government of Canada.

Sponsored Crown Grant means a written instrument issued pursuant to Section 51 of the *Land Act*, which conveys Crown land in fee simple and free of charge to the receiving community organization (other than book costs, see above).

Sponsoring Ministry refers to agency that provides financial support to applicant in pursuit of a Sponsored Crown Grant or Nominal Rent Tenure over \$100,000 in Concessionary Value

4. ABBREVIATIONS

AT – Adventure Tourism

GAAP – Generally Accepted Accounting Principles

NRT - Nominal Rent Tenure

PRHC – Provincial Rental Housing Corporation

SCG - Sponsored Crown Grant

CLSA - Crown Land Special Account

5. ELIGIBILITY

5.1 Organizations Eligible for Sponsored Crown Grants (SCGs)

Pursuant to section 51 of the *Land Act*:

To be eligible for a SCG, an applicant must be:

- a government corporation, municipality, regional district, health authority, university, college, school board, other government related body or a

- francophone education authority as defined in the *School Act* or
- the South Coast BC Transportation Authority(Translink) or subsidiaries
- the Sechelt Indian Government District

5.2 Organizations Eligible for Nominal Rent Tenures (NRT)

In keeping with the intent of section 51 of the *Land Act* and recognizing the variability of organizations who wish to provide community services, eligibility for a Nominal Rent Tenure is as follows:

- A public sector organization;
- A local government;
- A First Nation (Indian band, band corporation or tribal council); or
- A Community Organization.

To qualify for a NRT, a Community Organization should be open to the entire community or provide a benefit to the entire community.

- Examples of eligible non-profit societies include: Historical, museum and arts societies, local indoor and outdoor recreation organizations, community organizations, volunteer societies, airport societies, youth and senior service organizations.

Religious organizations are not eligible for new NRTs and will be referred to appropriate Crown land use policy for other opportunities regarding land tenure or sales. Seasonal camps operated by religious organizations will be eligible for renewal of existing NRTs.

Recreation societies may be eligible as Community Organizations under this policy. Organizations applying for an All Seasons Resort, as defined in the All Seasons Resort Policy, are not eligible for a nominal rent tenure under the Community and Institutional Policy. All Seasons Resort applications are processed under the All Seasons Resort Policy only.

5.3 Eligibility Guidelines

- a) SCGs and NRTs are intended for institutional uses that benefit the public or community uses that help eligible organizations to provide valuable community services.
- b) SCGs are to be issued as Conditional Fee Simple transactions (PRHC exempted). If a SCG is to be issued as a Determinable Fee Simple transaction, a policy variance is required.
- c) SCGs for the Provincial Rental Housing Corporation (PRHC) are to be issued as fee simple transactions.
- d) A NRT to a First Nation must be for off-reserve Crown land and must be required to serve the community living on-reserve

- e) SCGs and NRTs are only available for land purposes that cannot be effectively fulfilled using the existing land holdings of the applicant.
- f) The entire parcel applied for under this policy must be necessary for the public use(s) specified in the application. Where two or more applicants wish to operate a single or multipurpose entity, the application will list both applicants and all purposes. See Appendix 3 for further discussion and examples.
- g) Public wharves that charge fees or rents may be eligible under the NRT program (See Appendix 5)

Land uses that, in the opinion of the Province, compete directly with private-sector businesses may not be eligible. For example, an application from a yacht club to establish a marina that would compete with an existing private marina in the area would most likely not be accepted nor recommended for approval for a SCG or NRT. Similarly, a municipal golf course that competes with private golf courses would most likely not be accepted nor recommended for approval.

The community must be considered when deciding whether the proposed use will compete with private sector operations, or provide a unique service.

6. FORM OF LAND ALLOCATION

Nominal Rent Tenures are available for all eligible organizations. Sponsored Crown Grants are only available to specific types of organizations as outlined in section 51 of the *Land Act*, and further detailed in section 5.1 of this policy.

6.1 Tenure Restrictions for Some Land Uses

Nominal Rent Tenures may be obtained by an applicant in the period leading to a Crown Grant, to begin development work on site. At such time that a Crown Grant is issued, all improvements on site will be included in the calculations of property transfer tax and the Crown Grant holder will be charged accordingly. For more information on Property Transfer Tax please see the Ministry of Finance website:

http://www.rev.gov.bc.ca/individuals/Property_Taxes/Property_Transfer_Tax/ptt.htm

The form of tenure is restricted for the following land uses:

- **Cemeteries:** Disposition under this policy is by SCG only. Only applications from public sector agencies, local governments will be accepted.

Note: For local not for profit, community groups wishing to manage their historic, community, rural cemetery a lease is available for nominal rent. Consumer Protection BC issues Certificates of Public Interest if the cemetery is intended for use.

- **Waste disposal sites:** Dispositions to local government are preferably by SCG, with a restrictive covenant limiting the use to waste disposal purposes.
- **Waste collection sites:** Lease or licence tenure is preferred.

Refer to Appendix 1 for a summary of the forms and terms of Crown land allocation available for community and institutional uses.

For more detailed standard policy information, see [Form of Crown Land Allocation](#).

6.2 Licence of Occupation

A licence of occupation may be issued where minimal improvements are proposed, where short-term tenure is required, where there are multiple users of a site (e.g. communication sites), and in remote areas where survey costs are prohibitive. It may also be used to allow development to proceed while awaiting completion of survey requirements for a lease or right of way.

A licence of occupation conveys fewer rights than a lease. It conveys non-exclusive use for the purpose described, is not a registerable interest that can be mortgaged, and does not require a survey.

A licence of occupation does not allow the tenure holder to curtail public access over the licence area except where it would impact the licencees' right to use the land as per the licence document. Government may authorize overlapping and layering of tenures.

For NRTs under a Concessionary Value of \$1,000,000 or for a short term of less than 10 years, a licence of occupation will be the tenure offered.

6.3 Lease

A lease should be issued where long term tenure is required, where substantial improvements are proposed, and/or where definite boundaries are required in order to avoid conflicts.

The tenure holder has the right to modify the land and/or construct improvements as specified in the tenure contract. The tenure holder is granted quiet enjoyment of the area (exclusive use).

A legal survey will generally be required at the applicant's expense to define the tenured area.

A lease can be issued in a form that is registerable in the Land Title Registry (whereas, a Licence of Occupation is not.) Registered leases for a term of 30 years or more may be considered a fully taxable transfer of interest in property and may be subject to Property Transfer Tax in accordance the Property Transfer Tax Act.

Where a lease is not registered in the Land Title Registry, Property Transfer Tax does not apply.

In most cases, a tenure holder may apply for a replacement tenure at any time following the mid-term of the lease. Replacement of tenures is at the Authorizing Agency's discretion.

Where a replacement lease is for the same land, will result in a total duration of more than 30 years, and the replacement lease is registered in the Land Title Registry, the

leases may be viewed as a single transaction and may be subject to Property Transfer Tax.

Where the term of a registered lease is less than 30 years or the total duration of all leases does not exceed 30 years, Property Transfer Tax exemption is available.

A lease can be a registerable interest in the land that is mortgageable.

The standard term for a lease is 30 years.

Lease is the normal form of tenure used to allocate Crown land to Community Organizations for projects that are expected to require the ongoing, long-term use of Crown land.

6.4 Statutory Right of Way

A statutory right of way is normally used to authorize linear uses of Crown land for transportation, communication, energy production and utility developments.

The tenure holder is granted a legal right of passage over the land for a specific purpose.

Statutory right of way for major activities are normally issued for so long as is required. Shorter tenures are issued where the investments are lower, the use is of a shorter duration, or as defined under a specific program.

A legal survey will be required at the applicant's expense to define the tenured area.

6.5 Crown Grants

SCGs are only available to local governments and public sector organizations as listed in section 5.1. Information on Crown Grants at Fair Market Value can be found in the Land Procedure – [Allocation Procedure - Direct Sales](#).

Organizations, eligible for a Sponsored Crown grant, may be issued a Nominal Rent Tenure initially and will continue to proceed through the Crown Grant process where a longer term tenure does not adequately meet their needs. Where improvements, including the removal of merchantable timber, are required in order to carry out the intended public purpose, the Authorizing Agency will enable this through the issuance of a tenure followed by conversion of this tenure to a SCG where needed, when improvements are completed. Referrals at the application stage will have to clearly identify that the applicant intends to proceed to a fee simple disposition and that referral responses are to reflect the intended Crown Grant. The tenure provisions may include stumpage charges for timber removal. Conversion arrangements should be clearly outlined in the relevant Order in Council, Cabinet Decision Note and/or briefing materials.

SCGs are issued as Conditional Fee Simple transactions. Determinable Fee Simple transactions require a policy variance. SCGs to the Provincial Rental Housing Corporation are issued as fee simple transactions without restrictive covenants with the exception of statutory rights of way and easements required by a local government or the Province.

7. PRICING AND VALUATION POLICY

7.1 Administrative Fees

Application fees for tenures, and other administrative fees, are payable to the Province of BC. These fees are set out in the fee schedules contained in the [Crown Land Fees Regulation](#).

7.2 NRTs

Leases, licences of occupation and statutory rights of way issued under this policy or its predecessors, are charged a nominal rental of \$1.00, prepaid for the entire term of the tenure. The Province does not collect the \$1.00. (See Appendix 5 for special procedures for public wharfs).

Stumpage charges for timber removal may apply (see section 9.6).

Applicants who do not qualify for NRTs may be able to have their land use tenured under another land use policy subject to specified fair market rent. Rent in these cases will be calculated using the method specified in the appropriate policy.

7.3 SCGs

SCGs are made free of charge to the applying organization, except for the following:

- application and administrative fees;
- assessed value of merchantable timber that is not reserved for the Crown;
- improvement costs including buildings and other developments created with public funds; and
- Book Costs incurred by the Province.

8. ALLOCATION PROCESSES

Processes for SCGs and NRTs are summarized in a STEP by STEP process in Appendix 4.

SCGs and sponsored NRTs require two decisions, one of financial sponsorship made by the Sponsoring Ministry(s) based on Cabinet approved [criteria](#).

and the second by the Authorizing Agency based on the [Crown Land Allocation Principles](#) which guide Crown land allocation decisions.

8.1 Ministry Sponsorship

Ministry sponsorship is required for:

- all SCGs regardless of the fair market value of the land;
- NRTs for a term of 30 years or more which have a fair market land value greater

than \$100,000;

- NRTs where the rent that would normally be paid for the lease or licence of occupation is \$100,000 or more for the term of the tenure (the “concessionary value”); or
- NRTs that are considered by government to be controversial or have significant issues associated with them.

Sponsorship is not required for:

- NRTs for a term of one year or less;
- NRTs where the fair market value of the land is less than \$100,000; or,
- NRTs with a “concessionary value” of less than \$100,000.

In cases where sponsorship is required, a letter requesting sponsorship is required at the time of application. If more than one purpose is listed on the application form and the purposes would require sponsorship from more than one ministry, sponsorship letters are required from all sponsors prior to application acceptance (See Appendix 4 – Process Summary).

Projects of public sector organizations that have already been approved through the capital planning process of a government ministry do not require sponsorship. Contact the appropriate ministry for more information (e.g., Ministry of Advanced Education and Labour Market, Ministry of Education).

The applicant(s) provides the necessary information on the proposed project, including at minimum:

- the location and legal description of the property
- the proposed purpose(s) or use planned for the land
- the proposed length of tenure term
- details on how the proposed project meets the Province’s standard selection criteria.

The sponsor ministry(s) will then:

- confirm that the application meets the sponsor’s criteria;
- make a decision to sponsor or not to sponsor the application; and
- work with the Authorizing Agency to confirm the Fair Market or Concessionary Value of the potential SCG or NRT.

If the applicant does not obtain ministry sponsorship, the applicant may apply for a tenure or sale at Fair Market Value under the appropriate Crown land use policy.

8.2 Pre-Application Valuation

The Authorizing Agency will determine and provide the following information to the sponsoring ministry:

- The Fair Market Value of the land;
- The value of any associated Book Costs (note these costs are subject to change and will be finalized prior to issuance of the SCG or NRT);
- The Concessionary Value of a NRT (if applicable).

Appendix 2 provides guidelines for calculating the Fair Market Value and Concessionary Value of SCGs and NRTs.

8.3 Applications

New and replacement tenures are normally offered in response to individual applications.

8.3.1 Application Package

Applications must be complete before they can be accepted for processing.

In cases where sponsorship is required, a letter requesting sponsorship is a required part of a complete application package. If more than one purpose is listed on the application form and the purposes would require sponsorship from more than one ministry, sponsorship letters are required from all sponsors prior to application acceptance.

All applications, for which the end-use requires construction of improvements, must be accompanied by a Development Plan.

Applicants must justify the Crown land requirement in relation to their other land holdings. Applications must include a letter from the council, board, or authorized spokesperson to confirm that the applicant cannot effectively utilize existing land holdings for the intended public use.

Applications will include a written explanation of why all of the land applied for under this policy is required for the intended public use.

8.3.2 Application Acceptance

New applications will be reviewed for acceptance based on application package completeness, compliance with policy and program criteria, preliminary statusing, and other information which may be available to provincial staff. The acceptance review is to be completed within 7 calendar days. Applications that are not accepted will be returned to the applicant.

8.3.3 Clearance/Statusing

After acceptance, provincial staff undertakes a detailed land status of the specific area under application to ensure all areas are available for disposition under the Land Act and to identify potential issues.

8.3.4 Referrals

Referrals are a formal mechanism to solicit written comments on an application from recognized agencies and groups. Referrals are initiated as per legislated responsibilities

and formal agreements developed with other provincial and federal government agencies. Referrals may also be used to address the interests of local governments and First Nations. Referral agencies, organizations and identified special interest groups provide their responses to the Authorizing Agency within 30 days (45 days for First Nations).

8.3.5 Advertising/Notification

At the time of application acceptance, provincial staff will notify applicants if advertising is required and provide the necessary instructions.

Upland Owner Consent

Owners of waterfront property have certain “riparian rights” which include the right of access to and from the upland ([see Riparian Rights and Public Foreshore Use in the Administration of Aquatic Crown Land](#)). Provincial staff will advise applicants if there is a need to obtain a letter indicating the upland owner’s consent to their application.

Adjacent Owner Notification

New applications to tenure foreshore adjacent to privately owned property, including Indian Reserves, are brought to the adjacent property owner's attention through referrals or direct contact. In certain circumstances, provincial staff may advise applicants that there is a need to obtain a letter indicating adjacent owner’s consent to their application.

8.3.6 Aboriginal Interests Consideration

The Authorizing Agency is responsible for ensuring the Province’s obligations to First Nations are met in the disposition of Crown land. Provincial staff carry out consultations in accordance with the consultation guidelines of the Province to identify the potential for aboriginal rights or title over the subject property and to determine whether infringement of either might occur.

The Authorizing Agency is not responsible for the financial obligations associated with any First Nation accommodation resulting from a SCG or NRT. The sponsoring ministry or applicant is responsible for these obligations. In addition the costs related to FN accommodation cannot be booked against the SCG/NRT budget allocations in the Crown Land Account.

8.3.7 Field Inspections

Field inspection means the on-site evaluation of a parcel of Crown land by provincial staff. The need to conduct a field inspection will vary and the decision to make an inspection ultimately lies with the Authorizing Agency.

8.3.8 Decision/Report

a) NRTs that do not require ministry sponsorship

The applicant will be notified in writing of the government’s decision. Reasons for Decision are also posted on the [Applications and Reasons for Decision](#) website.

b) Sponsored Crown Grants and Cabinet Approved NRTs

Cabinet determines whether sponsored CGs and NRT applications over \$1,000,000 in concessionary value are approved.

Ministry sponsorship is still required for NRTs with a concessionary value over a \$100,000 but Cabinet must also approve those over \$1,000,000.

For NRTs over \$1,000,000 if a sponsored application is approved by the sponsoring Ministry(s), the Authorizing Agency prepares a Cabinet Decision Note supporting the application and an Order in Council Package (if the application is for a SCG). The Cabinet Decision Note / OIC package is submitted to Cabinet Operations.

At such time that Cabinet approves the tenure or Crown grant, Cabinet Operations informs -FLNRO, who informs the Authorizing Agency.

The Authorizing Agency will then provide written notification of the decision to the applicant and Sponsoring Ministry within 14 calendar days of receiving formal notification of the decision of Cabinet.

8.3.9 Dispute Resolution

If the adjudication process identifies significant issues or conflicts, the Authorizing Agency will advise the applicant, the Sponsoring Ministry and other affected ministries. Issues that cannot be resolved by the Authorizing Agency and the Sponsoring Ministry may be taken to the appropriate Deputy Ministers committee for resolution. The Authorizing Agency or the Sponsoring Ministry may initiate this process.

8.4 Issuing Documents

If the application is approved, tenure documents are offered to the applicant. All preconditions must be satisfied prior to the Authorizing Agency signing the documents. It is the applicant's responsibility to obtain all necessary approvals before placing improvements or commencing operations on the tenure.

In cases where a decision of Cabinet is required, no offer or announcement will be made until the Order in Council or Decision Note has been signed.

The Authorizing Agency will provide offer documents to the applicant within 14 calendar days of receiving formal notification of the decision of Cabinet. In cases of a Crown Grant, the Authorizing Agency forwards the package to the Crown Grant Unit and they, in concert with the Land Title Survey Authority (LTSA), issue the title certificate.

For NRTs, the Authorizing Agency completes the document process and issues the tenure to the applicant.

In issuing documents the Authorizing Agency will have fulfilled the joint communication requests set out in section 9.7.

8.4.1 Restrictions on SCGs

For all SCG dispositions, land use is limited to a specified public purpose. Compliance is assured by placing a reversionary clause within the Crown grant and use of restrictive covenants. Most SCGs are offered as a Conditional Fee Simple disposition. If the land is no longer used for the purpose intended the Province can request that the land is returned to the Crown. In some cases the SCG is through a Determinable Fee Simple disposition. If the land is not used for the purpose intended the land reverts automatically the Province. If the holder of an existing SCG wants to use the land for purposes that require the removal of covenants, the holder may apply to purchase the land at Fair Market Value.

8.4.2 Restrictions on NRTs

When a lease, licence of occupation or statutory right of way is issued to a Community Organization, a special proviso is to be included in the tenure document, which specifies that upon dissolution of the organization, the tenure may be terminated at the option of the Crown.

8.4.3 Environmental Tenure Provisions and Schedules

Tenure terms and conditions may be selected from standard tenure document template provisions or in some cases they may be drafted to address specific issues identified through the processing of an application.

In some cases the standard environmental provisions in the tenure document may not adequately reduce potential liabilities and risks to the Province relating to contamination or degradation of Crown land. In these situations a specific set of environmental terms and conditions (referred to as an environmental schedule), as well as additional insurance requirements, should be considered for inclusion into the tenure document.

The need for an environmental schedule or additional insurance requirements will be considered on a case by case basis when processing new or replacement tenures, or tenure assignments. Circumstances that may warrant an environmental schedule or additional insurance requirements may include sites where there is a known or high risk of contamination or environmental impacts due to current or past activities; or a high risk of contamination or environmental impacts occurring in the future as a result of the tenure holders activities.

For circumstances where additional requirements are being considered regional staff are to contact Crown Land Authorizations the agency responsible for operational policy under the *Land Act*, who will work with Ministry of Justice and the Attorney General to prepare a customized environmental schedule if warranted.

9. TENURE ADMINISTRATION

9.1 Insurance

A tenure holder is generally required to purchase, maintain during the term of the tenure, and provide evidence to the Province of, a minimum limit of general liability insurance specified in the tenure document. The Province may make changes to the insurance

requirements and request copies of insurance policies at any time during the term of the tenure.

9.2 Security/Performance Guarantee

A security deposit or bond may be required to be posted by the tenure holder where any improvements on, or changes to, the land are proposed. The security deposit is collected to insure compliance and completion by the tenure holder of all the obligations and requirements specified in the tenure. Some examples where such security may be used are for any type of clean-up or reclamation of an area, and/or to ensure compliance with development requirements.

A requirement for a performance guarantee for *Land Act* dispositions may be made at the discretion of the Authorizing Agency. A guarantee is not normally required for NRTs.

9.3 Assignment and Sub-Tenuring

Assignment is the transfer of the tenure holder's interest in the land to a third party by sale, conveyance or otherwise. Sub-tenuring means an interest in the Crown land granted by a tenant of that Crown land rather than the owner (the Province).

Assignment or sub-tenuring requires the prior written consent of the Authorizing Agency. The assignee or sub-tenure holder must meet eligibility requirements. The Authorizing Agency may refuse the assignment of existing tenures if the details of the assignment or sub-tenure are not acceptable to the Province.

Assignment of a lease, licence of occupation or statutory right of way allocated under this policy or its predecessors is subject to the prior consent of the Province and the assignee's conformance with the eligibility requirements of this policy.

9.4 Tenure Replacement

Replacement tenure means a subsequent tenure document issued to the tenure holder for the same purpose and area.

In most cases, tenure holders may apply for a tenure replacement at any time following the mid-term of the tenure. Replacement of tenures is at the Authorizing Agency's discretion. The Province may decline to replace a tenure, or may alter the terms and conditions of a replacement tenure. For tenure terms and conditions see Section 6.

Replacement tenure means a subsequent tenure document issued to the tenure holder for the same purpose and area. Replacements can occur at the time of tenure expiry or, in some cases, tenure holders may apply for a tenure replacement at any time following the mid-term of the tenure.

9.5 Monitoring and Enforcement

Tenure terms and conditions, including requirements contained in approved management/development plans, act as the basis for monitoring and enforcing specific performance requirements over the life of the tenure.

9.6 Timber Administration

Timber removal that is required to accommodate the intended public purpose for which a SCG is to be issued, may be completed within the term of the interim lease or licence of occupation.

When a SCG is made for land containing merchantable timber:

- a reservation may be placed in the grant requiring the grantee (or successors) to pay for any timber removed; or
- the assessed value of the timber may be charged at the time the grant is issued.

9.7 Communication and Publicity

The Authorizing Agency is responsible to coordinate a communications strategy with the sponsoring ministry and Public Affairs Bureau (via communication staff). A joint agency press release is optional for an NRT, at the discretion of the Authorizing Agency.

10. VARIANCE

Variances to this policy must be completed in accordance with the [Policy Variance Procedure](#)

Major variances include but are not limited to issuing SCGs as Determinable Fee Simple dispositions rather than conditional.

Appendix 1. Community/Institutional Policy Summary

TENURE	ELIGIBILITY	TERM	VALUATION	PRICING	METHOD OF DISPOSITION
Licence of Occupation NRT	Public Sector Organization, Local Government, First Nation or Community Organization	0 -10 years or 30 years Term dependent on use and valuation (may be issued for less than 10 years)	Fair Market Value of the land, (determined using BCA actual land value (see Appendix 6), internal appraisal or external appraisal; plus current value of any improvement or calculate Concessionary Value if Fair Market Value is greater than \$100,000	Application fees; plus \$1.00 prepaid for full tenure term for NRT In either case, stumpage charges may apply See special procedures for public wharves.	Application (letter of request sponsorship may be required for NRT)
Lease NRT	Public Sector Organization, Local Government , First Nation or Community Organization	30 years	Fair Market Value of the land, determined using BCA actual land value (see Appendix 6), internal appraisal or external appraisal; plus current value of any improvement	Application fees, plus \$1.00 prepaid for full tenure term for NRT In either case, stumpage charges may apply Recipient to pay for survey See special procedures for public wharves	Application (letter of request for sponsorship required for NRT)
Statutory Right of Way NRT	Public Sector Organization, Local Government , First Nation or Community Organization	30 years	Fair Market Value of the land, determined using BCA actual land value (see Appendix 6), internal appraisal or external appraisal; plus current value of any improvement	Application fees; plus \$1.00 prepaid for full tenure term for NRT In either case, stumpage charges may apply	Application (letter of request for sponsorship may be required for NRT)
Sponsored Crown Grant	Public Sector Organization, Local Government , Sechelt Indian Government District See section 5.1	Conditional (as long as the land is used for the specified public purpose outlined in the Crown Grant)	Fair Market Value of the land, determined using BCA actual land value (see Appendix 6), internal appraisal or external appraisal; plus Value of unreserved merchantable timber; plus	Application fees; plus Book costs; plus Value of unreserved merchantable timber; plus current value of any improvements	Application with a letter of request for sponsorship

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			current value of any improvement.		
Sponsored Crown Grant for Provincial Rental Housing Corporation	Provincial Rental Housing Corporation	Perpetuity	Fair Market Value of the land, determined by BCA actual land value (see Appendix 6), internal appraisal or external appraisal); plus Value of unreserved merchantable timber plus current value of any improvement.	Application fees; plus Book costs; plus Value of unreserved merchantable timber; plus current value of any improvements	Application with a letter of request for sponsorship

Appendix 2: Financial Guidelines

This Appendix provides guidelines for calculating the Fair Market Value of SCGs and the Concessionary Value of NRTs for the purposes of determining if ministry sponsorship is required and for recording transactions against ministry budgetary allocations in the Crown Land Account.

Guidelines for determining the value to be recorded against ministry budgetary allocations in the Crown Land Account are provided by CSD Finance and Administration Branch. See Guideline for Recording SCG and NRTs: <http://csdgwwt.bcgov/fin/policies/index.html>.

Where the Authorizing Agency determines the Fair Market Value using BCA actual land values, the procedures for using BCA values found in Appendix 6 will be followed.

Where the Authorizing Agency determines the Fair Market Value using an internal or external appraisal, these will be conducted based on standard procedures, see - [Land Procedure - Appraisals](#).

The appraisal may not be more than one year old at the date of title transfer or an update to the appraisal is required.

2.1 SCGs

All SCGs must have sponsorship. The value of a SCG includes:

- the Fair Market Value of the land
- the assessed value of merchantable timber that is not reserved for the Crown;
- the current value of any improvements including buildings and other developments created with public funds.

The actual amount charged for a SCG will reflect all Book Costs incurred by the Province (application fees, development costs, advertising, appraisals, etc.).

2.2 NRTs

The Concessionary Value of a NRT is the difference between total fair market rent and the nominal rent for the tenure. The principles below are to be applied to all NRT agreements: new and replacements.

Principles:

Leases: > 30 Years

A lease with a term of 30 years or more is considered a disposal and requires a one-time financial transaction on the agreement effective date.

Thirty years is the point at which cumulative tenure rent payments are assumed to equal the value of the land. Therefore, the value of a NRT with a term of 30 or more years can be calculated as the Fair Market Value (FMV) of the land.

The financial transaction is recorded when the lease comes into effect. If the FMV is less than \$100,000 then no financial transaction is necessary.

Sponsorship and a financial transaction will be required when the FMV of a new NRT is \$100,000 or more. While replacements do not require sponsorship, a financial transaction will be required when a renewal meets the \$100,000 threshold.

Leases: < 30 years

A lease of less than 30 years is considered an operating lease, not a disposal. The financial transaction is calculated as the value of the annual lease, less any payments received.

The financial transaction is recorded annually, when the lease comes into effect and thereafter on the anniversary date. No present value discount is required. If the annual calculation is less than \$100,000 then no financial transaction is necessary.

Sponsorship is required when the present value of the full term lease (Concessionary value) for a new NRT is \$100,000 or more. NRT replacements do not require sponsorship.

Licences of occupation and rights of way

Licences of occupation and rights of way are not considered disposals regardless of the length of the agreement. The calculation basis is the same as leases less than 30 years.

Assumptions:

For the purposes of community and institutional use, the annual market rent is calculated at 5% of the Fair Market Value of the property. Crown land tenure pricing tends to range between 3.5% and 8% of land value. Five percent represents the average of market rent.

Examples

The following examples illustrate how to determine the Concessionary Value using the principles and assumptions above:

1. Lease of a property with a Fair Market Value of \$65,000.

Calculation of the Concessionary Value is unnecessary because it can be assumed to be no greater than \$65,000 and

NRTs with a Fair Market Value of less than \$100,000 do not need to be recorded.

As this value is less than \$100,000, sponsorship is not required.

2. 30 year lease is granted for a property with a Fair Market Value of \$350,000.

The Concessionary Value can be assumed to be \$350,000 because value of the lease is assumed to equal the value of the land when a lease is for 30 years. A \$350,000 transaction will be posted against the CLSA allocation of the sponsoring ministry.

As this value is over \$100,000, sponsorship is required.

3. A ten-year tenure (lease, licence or SRW) for a property with a Fair Market Value of \$125,000.

The annual rent is \$6,250 (5% of \$125,000) (see Assumptions above for explanation of 5%)

As the annual rent does not exceed \$100,000 there will be no financial transaction recorded.

As this value is less than \$100,000, sponsorship is not required.

4. A ten-year tenure (lease, licence or SRW) for a property with a Fair Market Value of \$4,000,000.

The annual rent is \$200,000 (5% of \$4,000,000) (see Assumption above for explanation of 5%)

A \$200,000 transaction will be posted annually against the CLSA allocation of the sponsoring ministry.

The formula used to calculate the present value, or discounted, Concessionary value is:

$(\text{Land Value} \times \text{Annual Rent Rate}) \times \text{Discount Factor} = \text{Discounted Concessionary Value}$.

A table of discount factors can be found in Appendix 1 of the Land Policy – Pricing.

The discounted value (from the Land Policy – Pricing, Appendix 1) for the ten year term is \$1,653,758. Present value based on a discount factor of 8.268790% (prime of 3.5% + 1 for 10 years).

The nominal rent is \$1.

The Concessionary Value is $\$1,653,758 - 1 = \$1,653,757$.

As this value is over \$100,000, sponsorship is required.

2.3 Recording SCGs and NRTs against ministry budgetary allocations

Sponsoring ministries are to ensure that all SCGs and NRTs are recorded in the appropriate fiscal year, based on GAAP and OCG fiscal year-end deadlines. ALL SCGs and NRTs that have been fully executed prior to March 31st should be accounted for in the current fiscal year, regardless of funding source.

Sponsoring ministries are required to prepare a journal voucher and forward it and supporting documentation to CSD Finance and Administration Branch for processing. Supporting documentation should include the following:

- Copy of Order in Council for SCG;
- Copy of Application for Registration Receipt from Land Title Office for SCG;
- Copy of executed lease agreement for NRT;
- Current appraisal valuation for SCG and NRT.
 - *The appraisal may not be more than one year old at the date of title transfer or tenure agreement.*

For Ministries with allocations in the Crown Land Special Account (CLSA), the following expenditure service lines (SL) have been established:

- | | |
|--|-------|
| • Ministry of Community, Sport, and Cultural Development | 31412 |
| • Ministry of Education | 31416 |
| • Ministry of Environment | 31413 |
| • Ministry of Health | 31402 |
| • Ministry of Forests, Lands and Natural Resource Operations | 31423 |
| • Ministry of Justice and Attorney General | 31422 |
| • Ministry of Regional Economic and Skills Development | 31424 |
| • Ministry of Science and Universities | 31421 |
| • Ministry of Social Development | 31419 |
| • Ministry of Jobs, Tourism and Skills Training | 31418 |
| • Ministry of Transportation and Infrastructure | 31404 |

To record the SCG and NRT values against a CLSA allocation, the following entries should be made on the journal voucher:

OKR 29700 "SL" 7703 2900000 00000	DR
OKR 29700 "SL" 9003 2900000 00000	(CR)

For ministries that do not have a SCG/NRT allocation in the CLSA, have fully expended their allocations in the CLSA, or for other reasons wish to record a SCG/NRT expense against their own ministry operating votes, an inter-ministry journal voucher will be required to record the following entries:

Ministry coding	DR
-----------------	----

OKR 29700 31400 4365 2900000 00000 (CR)

The Ministry responsible for the *Land Act* will charge sponsoring ministries directly for the following costs:

- Any booked value of the land and/or improvements to be transferred/leased;
- Any legal conveyance, survey, appraisal, property transfer tax or other related fees

NRT replacements are not subject to ministry sponsorship. Those with a concessionary value over \$100,000 will continue to be **expensed** against the CLSA allocation of the previous ministry sponsor based on values provided by Ministry responsible for the *Land Act*.

2.4 Financial Forecasting

CSD Finance and Administration Branch is required to develop a monthly financial forecast for the CLSA. In order to complete this forecast, ministries with a SCG/NRT allocation in the CLSA will be requested to provide a monthly SCG/NRT forecast for the current year. CSD Finance and Administration Branch will make requests for the forecast information to the individual Finance Branches of the sponsoring ministries.

Appendix 3: Examples Multi party, Multi use Nominal Rent Tenures

Government recognizes that resource efficiencies can be achieved by allowing multiple parties to share tenure areas. Additionally, government wishes to provide opportunities for community organizations who may wish to collaborate on funding a single facility. Examples include:

1. Two parties, one purpose.

A municipal government and a college wish to share a recreation center building for recreation purposes.

2. One party, two purposes.

A municipal government wishes to construct in two adjacent areas; a municipal works yard and a separate fire hall.

3. Two parties, two purposes.

A municipal government and the Provincial Rental Housing Corporation wish to construct a building that will provide municipal services in one part and social housing in another part of the building.

Appendix 4: Process Summary

Note: Applicant can be one or more eligible parties.

- STEP 1**
- ▶ Applicant obtains and reviews the application guide, forms and information available from the website or the nearest regional office.
 - ▶ Front Counter BC meets with Applicant to discuss the changes to the program and the preferred tenuring process.
 - ▶ Applicant will be informed as to need of sponsorship.
 - ▶ The Authorizing Agency advises applicant on general eligibility and whether application requires a sponsor ministry.
 - ▶ If the NRT application does not require ministry sponsorship go to Step 3. The Authorizing Agency will process as per the standard application processing procedures.
- STEP 2**
- ▶ If the application requires ministry sponsorship, the applicant will provide an application, development plan, application fee, and a letter requesting sponsorship
 - ▶ The applicant provides the necessary information on the proposed project, including at minimum:
 - location and legal description of the property
 - proposed purpose or use planned for the land
 - proposed length of tenure term
 - the Authorizing Agency will forward all necessary information to sponsor ministry on behalf of the applicant
- Note: all correspondence between the Authorizing Agency and Sponsoring Ministry must reference the Tantalus File No.
- ▶ The Sponsoring Ministry will then:
 - review the application package and determine if it will sponsor the application and will notify the applicant and the Authorizing Agency of the decision
 - work with the Authorizing Agency to confirm the Concessionary Value of the application and if applicable the land value for those tenures proceeding to a sponsored Crown grant.
 - ▶ Once the applicant receives a letter of support from the Sponsoring Ministry, the applicant proceeds to Step 3.
 - ▶ If the applicant does not obtain ministry sponsorship, the applicant may apply to the Authorizing Agency for a standard tenure at market rent.
 - ▶ If the applicant does not obtain ministry sponsorship, the applicant and the authorizing agency are advised by the Sponsoring Ministry that the application is not supported at this time but, the applicant can re-apply at another time if applicable.
- STEP 3**
- ▶ The Authorizing Agency may request additional information that is required during the decision-making process. Timely responses will allow the process to advance.

Sponsorship NOT required:

- STEP 4a**
- ▶ If the application did not require sponsorship, and the application is approved the applicant will receive a letter of offer. Written acceptance of the offer is required; upon receipt by the Authorizing Agency, a NRT for the approved specified purpose will be issued to the client

organization

Sponsorship required:

- STEP 4b** ▶ If sponsorship was required, and the NRT application is approved (a Cabinet decision is required for all NRTs with a concessionary value of a \$1,000,000 or more), the Authorizing Agency and the sponsor ministry will notify the applicant and provide a letter of offer.
- ▶ Written acceptance of the offer is required; upon receipt a NRT for the approved specified purpose will be issued to the client organization.
 - ▶ The Sponsoring Ministry and the Authorizing Agency may want to coordinate any public announcements with the client organization.
- STEP 5** ▶ If the Authorizing Agency and Sponsoring Ministry determined that the Applicant required a SCG, the Sponsoring Ministry works with the Authorizing Agency to determine the Fair Market Value of the potential Crown Grant and any associated book costs incurred by the Province.
If the SCG application is approved by Cabinet the Authorizing Agency and the Sponsoring Ministry will notify the applicant of status
- ▶ The Authorizing Agency submits Crown Grant requisition to Crown Grant Unit who issues CG and sends to LTSA.
LTSA creates title and issues to Applicant, notifies CG Unit and Authorizing Agency, Sponsoring Ministry, etc.
 - ▶ The Sponsoring Ministry and the Authorizing Agency may want to coordinate any public announcements with the client organization.

Appendix 5: Public Wharves within the NRT Program

Public Wharves refers to wharves owned by local government or eligible community groups to provide non-commercial marine-based access to the public. This can include limited commercial operations.

A number of public wharves were divested as part of the federal government's Small Craft Harbours Program and are operated by local governments or non-profit organizations as Nominal Rent Tenures (NRT's).

NRT's are not intended to be commercial operations or to be associated with commercial operations. Where long term or permanent moorage is being provided, an applicant should apply for a marina tenure to ensure a level playing field with commercial marina operators in the area.

Temporary moorage and other marine access, however, is an acceptable use of an NRT for a public wharf facility as it provides a general benefit to the community. Fees charged for such services will not automatically trigger a requirement for a change in pricing to reflect the commercial nature of the use or a change to another tenure program.

Applications for an NRT for a public wharf must be accompanied by a management plan that states what the annual operating costs are estimated to be, broken down into maintenance and operation including staff salaries, and the estimated amount and source of revenue.

The amount of revenue permitted to be generated should not be greater than that required to maintain and operate the facility. In the case of organizations or local governments which maintain more than one wharf facility, the expenses and revenues for each facility should be considered separate from the others. This is consistent with other cost-recovery models used by government, i.e., the regulation for cost-recovery for forest recreation sites.

A notarized financial accounting listing sources of revenue and total revenue, as well as nature and amount of total expenses must be submitted annually, no later than 30 days after the anniversary date of the tenure.

The lessee must provide copies of all sublease agreements with commercial operators such as water taxis and float plane operators for approval on a case by case basis. These types of commercial service will be allowed only where they are vital to a community and cannot be reasonably provided at an alternative location.

Under the NRT program, no ancillary commercial uses such as restaurants, food concessions, ice plants, boat or other equipment rentals or sales are permitted on public wharves. Disposition of petroleum products from public wharves is a commercial operation.

Commercial operations on public wharves may be permitted, provided the tenure holder applies to amend the NRT to permit the requested type(s) of commercial operation. The tenure holder will then be charged \$500 or 5% of the gross revenue from the commercial enterprise whichever is greater.

As NRTs expire, they will be replaced under this new policy (and any subsequent amendments to the Community and Institutional Land Use Policy), and this may result in participatory rents where applicable.

Appendix 6: Using BCA Actual Land Values to Determine Fair Market Value for SCGs and NRTs

Using BCA actual land values to estimate a Fair Market Value (FMV) for the purposes of recording the value of a SCG/NRT transaction for financial reporting can be relatively fast, easy and inexpensive. However, BCA actual land values are not always accurate representations of FMV. Care must be taken when using BCA actual land values to ensure that the values reported for a SCG or NRT are a true reflection of FMV.

Understanding BCA Actual Land Values

BC Assessment is charged under the *Assessment Act* and the *Assessment Authority Act* with maintaining a roll of the value of all occupied land and associated improvements in the province. Occupied land includes privately owned land, as well as Crown land occupied by tenure-holders, and may include Crown land which is being used without authorization.

BCA actual land values and the value of improvements are provided to local governments and the rural taxation office of the Ministry of Finance for the purposes of determining the property tax liability for each owner/occupier. The 'actual land value' consists of the value of the land, with the value of the buildings being reported separately to allow for differential rates of taxation on land and improvements. Depending on circumstances, either the actual land value or the total assessed value (value of land and improvements) will be used to determine fair market value for SCG and NRT purposes.

BCA actual land values are the "market value of the fee simple interest in land" on July 1 of the year noted on the assessment notice. Assessment notices are distributed to owners/occupiers in late December/early January each year. This means that BCA assessed values may be six months out of date at the time that they are issued. By the time the assessment roll is finalized in April, the market information represented by the assessment is nine months out of date. In a particularly volatile market or segment of the market, that can result in the estimate of land values being "off" by a significant margin. Knowledge of local markets is required to determine if the market values for land are likely to have changed and by how much since the assessment date.

BC Assessment uses mass appraisal techniques in determining assessed values. Mass appraisal uses known information from land transactions to predict land values for properties where no transaction has taken place.

BCA does this by tracking and analyzing sales and lease transactions throughout the province, using key information about the property, such as parcel size and shape, zoning, size and quality of any improvements on the land as well as the sale or lease price. BCA uses this data set to construct valuation models based on geographic areas and types of land use. These valuation models are used to predict, based on the factors unique to a specific property, what the likely selling price for each parcel would have been on the assessment date.

Where there are many transactions or data points that go into constructing the valuation model, the results are often quite accurate, but where there are few transactions the

results of the valuation model can be less reliable in terms of predicting a FMV. Where there is no information which can be used to construct a valuation model or there is no valuation model which is applicable to a particular parcel, BCA may assign a relatively nominal value (such as for submerged land or foreshore parcels) or conduct a specific appraisal using any or all of the three recognized appraisal approaches (direct comparison, replacement cost, or income approach) in order to determine a value.

Regulated Land Values

It is also important to know that the BCA actual land values for some types of land and improvements are determined by regulation. The uses where the value is regulated includes: land for electrical transmission lines, farms, managed forests¹, pipelines, ports and terminals, railways, and certain telecommunications facilities.

The value of properties falling into the property class of “supportive housing” is partially determined by regulation. Industrial types of properties have a complex set of valuation rules associated with them and should be used with care.

This means that if using BCA actual land values to determine the FMV of a parcel for a SCG or NRT, one must be aware of the property class and actual use of the parcel in question. BCA values for farm land, for example, may be significantly lower than the actual market value of the property if the property were marketed and sold either as an existing farm or for an alternative use (i.e. for condo development)².

Guidance for using BCA Actual Land Values in determining Fair Market Value for SCGs and concessionary values for NRTs

BCA actual land values can be used for determining the FMV for SCG and NRTs in the following circumstances:

1. The parcel is currently occupied therefore an actual land value for the parcel is available;
2. The parcel does not include land covered by water or foreshore (or the submerged/foreshore land makes up a minor portion of the parcel);
3. The parcel size and configuration is substantially similar to what it will be if the SCG/NRT is approved.
4. The current property class is the same as the one proposed for the SCG/NRT (e.g. the land is currently classed as “recreational” and would continue to be so if the SCG/NRT is approved);

¹ See

http://www.bcassessment.ca/_layouts/15/WopiFrame.aspx?sourcedoc=/Shared%20Documents/Managed%20Forest%20Land%20A%20Warning%20to%20Potential%20Purchases.pdf&action=default&DefaultItemOpen=1

for important information before using BCA values for any lands which are or which were recently classed as managed forest land.

² The differences between regulated values and market values can be large. For example, in the 2013 assessment, a farm was valued at \$78,700 for farm use, but if it hadn't qualified as a bona fide farm, its value was \$1.48 million.

5. The property class or land use for the parcel is not one which uses regulated values;
6. The parcel is located within a municipal boundary. If the parcel is located in a small municipality or an unincorporated area, judgment is required to determine if there is sufficient market activity in the location to result in a reasonably accurate valuation.

Guidance for Using BCA Values to Infer Land Values for a SCG/NRT

If the first condition above (parcel currently occupied) is not met, BCA actual land values for other parcels which are similar in size, location, property class, etc. may be used to *infer* a FMV for the parcel of interest. The process of inference is similar to conducting an internal appraisal, and like an internal appraisal, the process should be defensible and clearly documented.

Staff conducting an inferential analysis should gather information on between three and six parcels which are comparable to the parcel of interest. The more similar the comparable parcels used in analysis are to the parcel of interest, the fewer comparable parcels are required. A short report describing the inferential analysis must be prepared and put on the file.

The report must include:

- a listing of the comparable parcels used as supporting evidence, noting their basic characteristics (location, size, services and other features), current and permitted uses, BCA property class and actual land values, and any significant differences and similarities between them and the parcel of interest;
- a narrative description of the analysis used (e.g. using known values to calculate an average \$/hectare rate), and
- the land valuation conclusion reached.

If the first condition above is not met, and a sufficient number of comparable parcels cannot be identified, the Appraisal Procedure should be followed. Depending on the circumstances, either an internal or external appraisal may be conducted. See the Appraisal Procedure for more information.

Additional Considerations for determining FMV for SCGs/NRTs

Timber values – The BCA actual land value does not include the timber value. The value of timber on the parcel is determined separately from the land value and is not determined by BCA. When issuing a SCG or NRT, the timber may be reserved to the Crown.

If the timber rights go to the recipient of the grant or tenure, the recipient must pay the assessed value of the timber (see section 7.3 of the Community and Institutional Land Use Policy).

Contamination – if there is likelihood that the land being granted or tenured is contaminated, this will impact on the value of the land. Depending on the type and extent

of the contamination, the impact on the land value may be nominal or it may render the land valueless for most uses.

Determining the type and degree of contamination is specialized work and should be undertaken by a qualified person. Similarly, determining the impact of contamination on the land value is complex and should be undertaken by a qualified appraiser.

Do not use BCA actual land values if contamination has been documented on the parcel (or in some cases, on an adjacent parcel) or if known previous uses of the land (i.e. industrial) make it more likely than not that there will be contamination.

Contaminated land should not be transferred if the recipient is not the party responsible for the contamination.

If, based on previous use of the property there is suspected but undocumented contamination, a preliminary assessment of contamination would be required before determining FMV. Contact Crown Land Opportunities and Restoration Branch for advice on contamination issues.

In cases of documented contamination, use the *Appraisal Procedure* to determine FMV, preferably using an appraiser with expertise in valuing contaminated properties.