

Subject Crown Land Rental Policy		Policy PL 6.01.02	
Compiled by - Branch Lands & Waters	Section Land Management	Date Issued May 2, 2006	
Replaces Directive Title Same	Number Same	Dated March 1, 2004	Page 1 of 9

1.0 DEFINITIONS

In this policy,

“fee” means the annual payment required for a personal right to use public land under the occupational authority of a licence of occupation or a land use permit;

“licencee(s)” means a person(s) occupying public land under the authority of a licence of occupation for which the payment of an annual fee is required;

“market value” means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus¹;

“permittee(s)” means a person(s) occupying public land under the authority of a land use permit for which the payment of an annual fee is required;

“rent” means the annual payment required for a leasehold interest in public land;

“tenant(s) or lessee(s)” means a person(s) occupying public land under the authority of a lease for which the payment of an annual rent is required.

2.0 INTRODUCTION

Under the authority of the Public Lands Act, MNR is responsible for the management of Ontario’s public lands. This important stewardship role includes the disposition of rights to use and occupy public lands.

General direction as to how sale prices, rents and fees are to be set is outlined in Management Board Secretariat’s Non-Tax Revenue Directive, 1991. The stated purpose of the guideline is:

- To maximize the Ontario Government’s non-tax revenues;
- To ensure that ministries keep non-tax revenue rates up-to-date;
- To ensure that ministries review all services regularly and consider whether to establish new revenue rates or discontinue existing ones.

¹ Implicit in the definition of market value is the consummation of a sale as of a specified date and the passing of title from the seller to the buyer under conditions whereby:

- a) buyer and seller are typically motivated;
- b) both parties are well informed and well advised, and acting in what they consider their best interests;
- c) a reasonable time is allowed for exposure in the open market;
- d) payment is made in terms of cash in Canadian dollars or in terms of financial arrangements comparable thereto, and;
- e) the price represents the normal consideration for the property sold, unaffected by special financing or sales concessions granted by anyone associated with the sale.

2.0 INTRODUCTION (Cont'd)

As per the sale of Crown land (refer to PL 6.01.01) fees and rents are generally to be based on fair market value. Where fair market value can not be determined, at a minimum the cost of providing the authorization must be recovered. This policy is intended to implement that direction for rents and fees for the use of public land.

3.0 PROGRAM IMPLEMENTATION

3.1 Application

This policy applies provincially to the calculation of all rents and fees for the use of Ontario's public lands, except for Provincial Park leases, energy generation agreements (e.g. waterpower lease, wind energy lease), or where other rents or fees are established by specific provisions within existing tenure agreements and or other Public Lands Directives.

Rents and fees not addressed by this policy are set out in the following directives:

- PL 3.03.07 - Non-resident Crown Land Camping - Northern Ontario
- PL 4.06.01 - Commercial Outpost Camps
- PL 2.03.03 - Water Lot Evaluation
- PL 4.10.02 - Communication Tower Sites
- PL 4.10.03 - Utility Corridor Management
- PL 4.11.04 - Easements (Granting of)
- PL 6.02.01 - Administrative Fees for Public Lands

3.2 Guiding Principles

Table A is to be used for calculating applicable rents and fees for public land. Where public land values do not warrant the calculation of market value or market value information is unavailable the fees/rents will be applied as specified in Table B.

3.3 Goal

To maximize non-tax revenues in a fair and equitable manner through rents and fees that:

- a) are based on market value where market value can be readily determined in a cost effective manner; or
- b) recover MNR's administrative costs and reflect compensation for the foregone public use of the public land where market value cannot be determined in a cost effective manner.

3.4 **Objectives**

A) To set rents and fees which are fair and defensible to tenants, permittees, licencees and the public.

Fundamental to the concept of fair return to the public is the principle that public / Crown land is as valuable as comparable private land.

The Crown will set rents and fees that recover a return equal to that which would be sought by a private owner of similar property. This fair rate of return has been established by comparison with the private sector and is reflected in Table A.

Table B presents an alternative approach to be used where market value information is not available and or land values result in a rent/fee that is less than those prescribed herein.

The phase-in of large rent/fee increases is provided for in this policy. Refer to Section 4.0 - Phasing.

B) To establish rents and fees in an administratively efficient and cost effective manner.

In the following situations it is not appropriate to go to the expense of determining market value for public land:

- a) the estimated value of the land is less than \$4,000.00, based on the opinion of staff knowledgeable in local land values, having regard to documented evidence (i.e. comparable sales of similar lands or previous valuations/appraisals), and taking into account local land use controls (i.e. official plan and zoning by-laws); or
- b) the market value cannot be readily determined in a cost effective manner in accordance with Public Lands Directive PL 2.03.01 - Appraisals/Evaluations of Public Land; or
- c) the market value cannot be readily determined due to scarce or non-existent market data; or
- d) alternate approaches to rents or fees (e.g. resource rents) are expressly provided for in this policy (refer to Section 6.0 - Exceptions), or elsewhere (i.e. in other Public Lands Directives, memorandum of agreement, regulations or tenure documents).

In these cases, minimum rents/fees set in Table B ensure the recovery of administrative costs and reflect compensation for the foregone public use of the public land.

In cases where the area authorized is 10 hectares or greater, use the zonal land values as set in the zonal reports. These values are valid through December 31, 2005. Determine the annual rent based upon the percentage of market value applied as per Table A.

C) To maximize non-tax revenues from the use of Ontario's public land and resources thereon.

Management Board Secretariat's Directive - Non-Tax Revenue, 1991 requires ministries to ensure that all non-tax revenue rates are kept up to date.

Staff should only apply the minimum rents/fees set out in Table B in accordance with Objective B, above.

4.0 PHASING IN RENT/FEES

In situations where the new annual rent/fee is found to be more than \$1,000.00 and more than twice the amount of the old rent/fee, the increase may be phased in over a period of up to 4 years as follows:

- a) where the rent more than doubles , but does not triple - phase in over 2 years;
- b) where the rent more than triples, but does not quadruple - phase in over 3 years;
- c) where the rent more than quadruples - phase in over 4 years.

The formula for calculating the annual rent/fee increase is:

$$\frac{\text{New Rent/Fee} - \text{Old Rent/Fee}}{\text{Number of Phase in Years}} = \frac{\text{Annual Rent/Fee Increase/Year}}{\text{Over Phase in Period}}$$

The formula for calculating the next year's rent/fee is:

$$\text{Current Year's Rent/Fee} + \text{Annual Rent/Fee Increase} = \text{Rent for Next Year}$$

Example of Phase In Calculation and Application:

A rent is reviewed indicating an increase from \$250.00 to \$1,500.00 in accordance with Table A and a staff land valuation. This example meets the criteria for a four year phase in as the new rent is over \$1,000.00 and more than quadruples the current rent.

$$\text{Amount rent will increase} = \frac{(\$1500 - \$250)}{4} = \$312.50$$

Calculating new rents - phase in:

Year	Old Rent + Increase
2003	\$250.00 + \$312.50 = \$562.50
2004	\$562.50 + \$312.50 = \$875.00
2005	\$875.00 + \$312.50 = \$1187.50
2006	\$1187.50 + \$312.50 = \$1500.00

Note: The phase in process only applies where the terms and conditions for rent/fee adjustment are not specified in the land use occupational authority.

5.0 PART YEARS

In instances where land use occupational authority is granted for less than one full year, the rent/fee to be charged is to be prorated to reflect the fraction of the year over which the land is used or occupied. The following formula is to be used:

$$\frac{\text{Rental Period (months)}}{12} \times \text{Annual Rent/Fee} = \text{Rent/Fee to be charged}$$

In no case should the rent/fee be less than the minimum fee as per Table B, except in accordance with Section 6.0 - Exceptions.

6.0 EXCEPTIONS

Rents and fees for resource harvests, advertising signs, and Type 'B' Outpost Camps are to be applied in accordance with this section.

6.1 Resource Harvests

Where a land use permit is issued authorizing the harvest of Crown resources, the following minimum fees **not eligible to part-year discounts** shall be charged:

- a) for the cutting of grasslands: \$25.00 per hectare (minimum of \$50.00);
- b) for grazing of livestock: \$6.00 per hectare (minimum of \$50.00);
- c) for agricultural activities, such as growing crops, contact the local OMAF representative for advice in determining a fee that is applicable to the local area, quality of land, term of permit, etc.;
- d) for tapping of trees: \$0.50 per spile (minimum of \$50.00) plus an annual fee for any processing facility;
- e) for harvest of peat: \$0.20 per cubic metre for the first five years of operation, increasing to \$0.30 per cubic metre beyond five years, plus land rent/fee for area authorized.

Note: Administrative fees are to be applied to all of the above as per Table B.

6.2 Advertising Signs

The fee for an advertising sign site will be determined as follows:

- a) for a sign up to 10 square metres, a minimum of \$40.00;
- b) for a sign greater than 10 square metres and up to 30 square metres, a minimum of \$60.00; or
- c) for a sign greater than 30 square metres, a minimum of \$80.00.

Refer to Public Lands Directive PL 4.06.02 - Advertising Signs on Public Lands, for disposition direction.

Note: Administrative fees are to be applied to all of the above as per Table B.

6.4 Type 'B' Commercial Outpost Camps

Land use permits for type 'B' commercial outpost camps are issued for a short term (i.e.: 2 weeks to 2 months), are non-recurring and often do not involve on-site inspections by MNR staff. The fee for type 'B' commercial outpost camps will be \$75.00 per site. Individual land use permits may authorize more than one site.

Refer to Public Lands Directive PL 4.06.01 - Commercial Outpost Camps.

6.5 Deviation From Policy - Rent/Fee Reductions

Written approval of the Director of Lands and Waters Branch is required to charge a rent/fee which is inconsistent (i.e. less than market value or contrary to other policy direction) with this or any other policy of the Ministry. Refer to Public Lands Directive PL 6.01.03 - Disposition of Public Land at Less Than Market Value.

7.0 ADDITIONAL IMPLEMENTATION

- a) This directive does not supersede the requirements of legislation requiring the approval of the Lieutenant Governor in Council, where required (e.g. Section 39 of the Public Lands Act, R.S.O. 1990). No commitments to dispose of right in public land should be made before the approval of the Lieutenant Governor in Council is received. Clients should be advised that such dispositions are subject to the approval of the Lieutenant Governor in Council.
- b) Table A lists only the minimum percentages of market value to be applied in the calculation of rents and fees. Therefore, the establishment of rents/fees higher than the identified minimum values is at the District Manager's discretion. A decision to impose a rent/fee higher than the minimum should be based on reasonableness, common sense, and any information about the land and its value.
- c) When calculating rent/fees for large areas (e.g. electricity transmission lines and utility corridors), refer to Public Lands Directives PL 4.10.03 - Utility Corridor Management and PL 4.11.04 - Easements (Granting of).
- d) For major utility corridors, road networks, flooded areas, etc. which span more than one area/district, adjoining area/district offices should co-ordinate fees and permit issuance.
- e) Tenant Protection Act - The Act does not bind the Crown, however MNR will adhere to the Act in the spirit of fairness where a disposition is for private residential purposes (i.e. a principal residence. This does not include summer resort leases.)
- f) Rents are to be kept up to date through cyclical reviews undertaken by the Central Processing Unit (CPU) of the Land Management Section in accordance with Ministry policy and the appropriate tenure document.

A rent review file (hard copy) is retained in main office which includes information supporting the rent adjustment. An electronic data base is also maintained by the CPU which includes pertinent information on the tenancy as well as the ability to track rent review intervals and future expiries.

Area Supervisor shall ensure that a copy of the letter received from the CPU informing the tenant of the revised rent is retained in the District file.

8.0 POLICY CROSS REFERENCES

Management Board Secretariat Directive - Non-Tax Revenue, 1991.

MNR Public Lands Directives:

- PL 2.03.01 (POL) Appraisals/Evaluations of Public Land
- PL 3.03.07 (POL) Non-Resident Crown Land Camping - Northern Ontario
- PL 2.03.03 (POL) Water Lot Evaluation
- PL 4.06.02 (POL) Advertising Signs on Crown Land
- PL 4.09.01 (POL) Disposition of Public Land to Other Governments and Government Agencies
- PL 4.10.02 (P&P) Communication Tower Sites
- PL 4.10.03 (P&P) Utility Corridor Management
- PL 4.10.04 (POL) Easements (Granting of)
- PL 6.02.01 (POL) Administrative Fees for Public Lands
- PL 6.01.03 (POL) Disposition at Less Than Market Value

TABLE A

USE CATEGORY	PURPOSE OF OCCUPATION	EXAMPLES	LEASE WITH OPTION TO PURCHASE	LEASE WITH NO OPTION TO PURCHASE	LICENCE OF OCCUPATION	LAND USE PERMIT
COMMERCIAL	ACCOMMODATION:	tourist camp, outpost camp, motel, tent and trailer park, etc.	12%	7%	6%	5%
	SERVICE:	<u>Land Based</u> - service stations, restaurant, stone, etc.	12%	7%	5%	4%
		<u>Water Based</u> - marina, dock, boathouse, seaplane base		7%	5%	4%
	ENTERTAINMENT:	dance hall, theatre, etc.	10%	6%	5%	4%
	COMMUNICATION:	radio, TV, or microwave tower, navigation light, advertising signs, etc.		6%	5%	4%
	RECREATIONAL ACREAGE:	golf course, ski slopes, trails, etc. (other than site for building)	10%	6%	5%	4%
	AGRICULTURAL:	crop growing, greenhouses, market gardening, animal, bird, or fish rearing, etc.	10%	6%	5%	4%
	RESOURCE HARVESTERS' IMPROVEMENTS (where not free use):	commercial fish plant, berry harvest camp, etc.		5%	4%	3%
	WATER LOTS:	wharf, loading pier, filled area, etc.		7%	5%	4%
	STATIONS:	transformer, metering, switching, pumping, weighing, generating, load alignment, etc.	12%	7%	5%	4%
	CAMPS:	construction, logging, exploration, quarrying, etc.		7%	5%	4%
	FACTORIES:	sawmill, veneer mill, mineral processing plant, etc.	12%	7%	5%	4%
	STORAGE:	stockpile, log dump, warehousing, aircraft hangar, parking lot, etc.	12%	7%	5%	4%
RIGHTS OF WAY: (land and water based)	powerline, pipeline, phone line, road, bridge, intake and outfall pipes, causeway, railroad, etc.		7%	5%	4%	
INSTITUTIONAL	STRUCTURES:	school, church, cemetery, youth camp, fire hall, etc.	5%	4%	3%	3%
	LAND USES:	outdoor education, training, etc.	5%	4%	3%	3%
ECOLOGICAL	WASTE DISPOSAL:	landfill, septic field, sludge or waste oil disposal site, etc.	10%	6%	5%	4%
PRIVATE RECREATIONAL (INCL. PRIVATE CLUBS)	ACCOMMODATION:	cottage, recreation camp, etc.		10%	6%	5%
	FACILITIES:	<u>Land Based</u> - tennis court, horseshoe pitch, ball diamond, shooting range, etc.	10%	6%	5%	4%
		<u>Water Based</u> - water ski slalom course, dock, boathouse, filled area, etc.		6%	5%	4%
RESIDENTIAL	DWELLING:	house, mobile home, and outbuildings, etc.	10%	6%	5%	4%
MISCELLANEOUS	SITE ADDITIONS SERVICING:	lawn, garden, driveway, parking area, service lines, etc		6%	5%	4%

Notes:

- 1) In no case shall the rent derived in accordance with Table A, be less than the minimum prescribed in Table B.
- 2) Consult the Coordinator, Land Services Unit for percentages to be applied to rolling leases.
- 3) Refer to Table B for the administrative fees to be applied to all dispositions, unless specified elsewhere in policy (e.g. PL 4.11.04 Easements (Granting of)).

**TABLE B
Minimum Rents and Fees**

Administrative Fees:	LUP	Licence of Occupation	Lease
Initial fee (mandatory)	\$150.00	\$270.00	\$300.00
Annual fee thereafter	\$30.00	\$30.00	\$30.00

Notes:

- 1) Initial administrative fees to be applied to all dispositions, unless specified elsewhere in policy (e.g. PL 4.11.04 Easements (Granting of)).
- 2) Annual administrative fee to be applied to rents/fees determined using the following table and formula only.

Land Contribution Value (\$)				Per Metre of Frontage on Road or Water (\$)		
Area (hectares)	Land Use Permit	Licence of Occupation	Lease	Land Use Permit	Licence of Occupation	Lease
0.5	30	50	60	1.30	1.80	2.00
1	60	100	120	1.20	1.50	1.80
2	115	170	230	1.10	1.30	1.55
3	165	240	320	.90	1.15	1.30
4	205	305	410	.85	.95	1.10
5	240	360	480	.70	.80	.85
6	270	405	540	.60	.65	.60
7	295	440	590	.50	.55	.35
8	315	470	630	.40	.45	.25
9	335	495	660	.25	.30	.25

Annual Fee = Administrative Fee + Land Contribution Value + Frontage Value

For fractions of hectares (except for parcels under 0.5 ha) the land contribution value is to be proportioned.

e.g.: 4.50 ha = \$205 + (.50 x 35) = \$205 + \$17.50 = \$222.50

(where 35 is the difference between the land contribution value of 4 ha and 5 ha)

For land areas of 10 hectares or greater use the current “Zonal Land Study - MNR Value Range Synopsis - Limited-Restricted Appraisal” to determine the land contribution value. Consult with the Coordinator, Land Services Unit regarding the application of this study.