

The Financial Impact of Effective Real Estate Markets on First Nation Lands

**Presented to:
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This paper reflects the views of the authors only and not necessarily those of Indian and Northern Affairs Canada.



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Executive Summary

A number of First Nations are interested in having residential, commercial, or industrial development on their lands. They want to have the open market work on their lands. Some First Nations are perplexed, however, when their open market lands are not valued as high as nearby and comparable non-First Nation lands. It seems unfair.

This sense of injustice was confirmed when in 2000 the Supreme Court ruled in the Glass decision that certain leasehold properties within the Musqueam First Nation should be valued at 50% of comparable off reserve properties. A number of First Nation commentators were concerned that this meant that all First Nation open market land would be valued at 50% of comparable off reserve land.

This concern was unjustified. The Glass decision did not immediately lower the value of First Nation land. The Supreme Court does not establish the value of real estate, the forces of demand and supply within the open market do. With respect to the Glass decision, the demand for the leasehold properties within Musqueam was much less than for comparable off reserve properties adjacent to Musqueam. As a result, the Supreme Court decision observed that the market value of the Musqueam leasehold properties in 2000 was about 50% of comparable properties in the adjacent neighborhood of Shaunessy.

As is well known, location is the primary determinant of real estate values. The Glass decision was a local decision. There is little evidence to suggest that the Glass decision has had any significant impact on First Nation real estate values in other locations. Moreover, as this paper demonstrates, some First Nations have effective real estate markets that create properties values near or even above those of adjacent off reserve communities, including Musqueam, seven years after the Glass decision, where values are now 85% of comparable off reserve properties.

Lower residential real estate values on First Nation lands are avoidable. The Kamloops Indian Band and the Westbank First Nation are among several First Nations that have both built market friendly tenure and governance structures for specific residential developments on their lands. In economic terms, Kamloops and Westbank are raising the value of their most exportable advantage - their favorable locations. In both cases, the market value of real estate on their lands approaches the market value of comparable real estate with fee simple title in adjacent jurisdictions.



What if the successful strategies of Kamloops, Westbank and other communities were transferred to interested First Nations? Effective real estate markets would generate significant net benefits for participating First Nations. This paper estimates the fiscal and economic costs and benefits of creating effective real estate market on a sample of 30 property tax collecting First Nations in BC.

Benefit estimates are based on conservative estimation methods, best available data, and a 15-year adjustment period. In a sample of 30 First Nations, the total benefits of creating a competitive investment climate is estimated at between \$1.8 and \$2.25 billion with 95% confidence. These benefits result from increased development, higher real estate values, and increased employment of 22,500 full time equivalents (FTE's). Moreover, it would lead to, on average, over 2,520 open market home ownership opportunities. The table below summarizes the upper and lower bounds of these benefit estimates.

	Lower Bound of Confidence Interval Benefits (over 15 years)	Upper Bound of Confidence Interval Benefits (over 15 years)
Estimates	<ul style="list-style-type: none"> • Increase in real estate value - \$1.4 billion • New Employment – 22,500 FTEs, \$338 million in increased productivity • Increase in Housing Stock – 2,111 residential units 	<ul style="list-style-type: none"> • Increase in real estate value - \$1.8 billion • New Employment – 30,000 FTEs, \$452 million in increased productivity • Increase in Housing Stock – 2,930 residential units
Total	\$1.8 billion in benefits over the next 15 years for 30 sample First Nations	\$2.25 billion over the next 15 years for 30 sample First Nations

These are significant benefits for these 30 First Nations. National benefits are not estimated because of missing data.

It is clear that market reforms on First Nations lands need to be implemented, but creating more market friendly systems of governance on First Nation lands can be challenging because:

- (a) current First Nation economic policy is not focused on markets,
- (b) some First Nation governments are leery that changes could impact current entitlements, and
- (c) there is little support for First Nations to develop the administrative and legal framework necessary to support markets.

As is evidenced by the success of recent Canada-First Nation institutional and legislative initiatives, designing and implementing an agenda that allows interested First Nations to make the necessary changes when they choose will enable them to overcome these challenges and allow real estate markets to work effectively on many First Nation lands.



Introduction

The Google Earth picture below shows leasehold properties in the Musqueam First Nation along Salish Drive and comparable properties down the street on Southwest Marine Drive on non First Nation land. The Musqueam reserve boundaries are marked in red. The properties along Salish Drive are marked in blue and the comparable properties along Southwest Marine Drive are marked in green. As per the real estate maxim about location, geographically the houses on Salish Drive are in the same location as those on Southwest Marine Drive.

In 2000, the Supreme Court ruled in the Glass decision that the open market properties along Salish Drive should be valued at 50% of those along Southwest Marine Drive. From space, the only difference between the properties is that one has a red reserve boundary and the other does not.



Figure 1. Musqueam First Nation Leasehold Properties

It is tempting based on this Google Earth still to conclude that the Supreme Court is suggesting that all First Nation land on the open market is worth less than comparable non First Nation land. As this paper demonstrates, such a conclusion would be premature.



In particular, the first section of this paper addresses the question – are marketable interests on First Nation lands valued less than those on non-First Nation land? The answer is mixed. There is statistical evidence that residential interests on the open market may be valued lower on First Nation land than non-First Nation lands but there is no statistical evidence that lower First Nation values exist for non-residential interests on the open market.

Even with regard to the first assertion that residential values are lower on First Nation lands; this paper presents two situations where the value of residential interests on First Nation lands is equal or greater than the values of residential interests on non-First Nation lands. This paper also points out that the market value of Musqueam properties, seven years after the Glass decision, is now at 85% those of comparable properties.

This observation introduces the questions that occupy the second section of this paper. What did these two First Nations do to increase their marketable land values? And what is required to transfer this success to other First Nations interested in developing their lands? These are questions that have occupied the research partnership of Indian Taxation Advisory Board and the INAC Research and Analysis Directorate for the last ten years. This section presents a summary of this research and its recommendation to support markets on First Nation lands.

The third and fourth sections of this paper address the challenge of how much economic benefit (increase in real estate wealth and employment) would First Nations reap if real estate markets for their tradable lands functioned as well on their lands as they do on adjacent lands?

The third section of this paper presents a methodology for answering this question by suggesting a conservative estimation approach using a 15 year time frame to attract development. In particular, a sample of 30 First Nations drawn from 46 property tax collecting First Nations in BC is used to estimate the fiscal and economic benefits from raising First Nation land values.

The fourth section of this paper reports the estimates of the economic benefits from effective real estate markets on the lands of 30 sample First Nations in BC. The total economic benefits for these 30 First Nations are significant. Some of these First Nations are located near urban centers, some of them are in rural, and some of them are in isolated areas.



This paper does not estimate these benefits at a national level because data for marketable lands in other parts of the country is either not available or not assessed in a consistent manner. It is sufficient at this stage of the research to observe that economic benefits are significant for both First Nations and Canada, and that policy changes might usefully be contemplated to allow more First Nations to realize these benefits.

The final section is intended to ensure a Glass decision never happens again. In particular, a series of recommendations for projects, policies and research are made to ensure that First Nation open market lands are considered to be as valuable as non-First Nation lands.



Are First Nation Lands Valued Lower than Non-First Nation Lands?

This is a complicated question because the term First Nation land encompasses a lot of uniqueness. To begin, property rights applicable on First Nation lands are different from those that apply off reserve.

Under the authority of the *Indian Act* and the *Land Management Act*, there are three types of tenure:

1. Communal - land held by the First Nation for the use and benefit of the band;
2. Certificates of possession – individual ownership of band land secured under the authority of ss. 20-29 of the *Indian Act*; and
3. Leasehold – communal lands and certificates of possession can be leased through ss. 28(2), 38(2), and 58(3) of the *Indian Act*.

Each of these is different than off reserve crown land, fee simple or even off reserve leases.

Outside of the *Indian Act*, there are two types of land tenure:

- (a) traditional holdings – tracts of land to which individuals or families have claimed ownership based on their traditional occupation, community recognition or band allocation; and
- (b) land code defined – through the *First Nations Land Management Act*, a First Nation can opt out of the *Indian Act* and develop local laws that govern all aspects of land management on First Nation lands including leases, individual interests and other matters.



Of these five types of tenure on First Nation lands, the only type that can be offered on the open market are leasehold lands under the *Indian Act* and land code defined lands using the *First Nations Land Management Act*. Certificate of possessions can be sold but only to other band members, so this is a limited as opposed to an open market¹.

The real estate values for First Nation lands on the open market² are determined by the same factors as elsewhere in Canada, the interaction of the supply of land for a particular use and the demand for that use. Supply is limited in the short run because it takes time to build homes or buildings for commercial or industrial use. The major determinant of real estate values in the short run therefore is demand.

A hot residential real estate market is another way of saying that there is high demand for residential properties in that market. Sellers respond to a hot residential real estate market by raising prices. Builders respond by building more units. The same occurs for a hot commercial or industrial market.

First Nation real estate markets are unique. Four factors work together to determine the demand for real estate on First Nation lands; use, tenure, location, and governance. When comparing the real estate values of First Nation lands with those of other jurisdictions, each of these factors has to be considered separately. The impact on market values is that, certain land uses, such as primary residential, First Nation real estate values should theoretically be lower as is explained below.

¹ Because certificate of possession lands are not offered on the open market, their market value depends upon the population of the First Nation. As a result, certificate of possession lands sell for between 5% and 25% of the value of open market leasehold properties within the same community.

² It is assumed throughout this paper that the First Nation properties under discussion are on the open market (leasehold or land code defined), i.e. anybody can buy and sell them.



First Nation Exports Key to Growth

Economic growth requires exports and trade. The economic growth and expanding wealth of China and India is largely a result of their exports and trade. The economic stagnation and poverty of North Korea and Cuba is largely a result of little trade few exports. First Nations need to export goods and services to create economic growth and wealth. This paper is mainly concerned with First Nation exporting their location advantage to outside potential investors. Other exportable First Nation advantages include labor, access to resources and innovations.

1. **Use** – Property can be used for a number of purposes, residential, commercial, industrial, utility, recreation and parks. The use of property affects its value. For example, the valuation of commercial, industrial, utility, and rental residential properties on First Nation lands would not be much different from comparable properties in other jurisdictions. This is because the value of these properties is dependent on the income they generate (capitalized value) and most of these properties are held as shorter-term leases with a head leaseholder (governance is not important). For principle residential use however, the value is more sensitive to uncertainties relating to governance and lease terms.
2. **Tenure** – A property right defines the terms of usage. For example, when you buy a software licence you can use the software but not copy it and sell it to others. Property rights for real estate are almost always contained in the

conditions related to tenure. For example, the property rights for a rental unit are specified in obligations and rights contained in the rental agreement. The same is true for a leasehold property where the property rights are specified in the lease agreement. For rental and leasehold properties there is always a specified term of use. Rental properties generally have shorter terms than leases. All First Nation market based tenure is either rental or leasehold. Most homeowners in Canada are familiar with free hold property rights, which are also called fee simple in some jurisdictions. Their use of the property is governed by local rules such as zoning and building codes but the term of the property right is infinite. Although this is often called owning the property, the underlying title remains with the government. Avoiding the payment of taxes would clearly demonstrate the limits of free hold property rights. Be that as it may, for primary resident properties, it is generally the case that comparable fee simple property is valued higher than leasehold, which is in turn valued higher than rental. The



higher value is due to greater certainty relating to term and use for fee simple residents compared to leasehold or rental residents. The market will thus discount First Nation long-term residential leasehold or rental properties compared to fee simple residential properties.

3. **Location** – Geographic location is generally considered the most important factor in determining real estate value. However, to the extent that First Nations real estate values are being compared to the real estate values of their neighbours it is a non-factor since the proximate location is the same. For example, the Sun Rivers development on the Kamloops Indian Reserve is considered the premium development in the Kamloops region and the real estate values reflect this. Stated differently, in the event that the only differing feature between two residential or non-residential developments is that one is located on reserve and the other is not (i.e. all other location and amenity factors are identical) the impact on real estate values resulting from location on First Nation lands in comparison to the surrounding region should be minimal.

4. **Local Governance** – Real estate values are impacted by local governance jurisdiction, processes, and decisions. Land management rules that restrict or prevent uses will affect land values for those uses. Land management decision processes that seem arbitrary or that do not facilitate public input will reduce land values because they create investor uncertainty. The transfer of authority from a jurisdiction that has an established reputation to a jurisdiction that has yet to establish a reputation will create uncertainty and reduce real estate values. Governance can play an important role in lower First Nation real estate values, especially for residential properties. Buyers are uncertain of First Nation jurisdiction and of methods for input into First Nations land management decisions. For commercial and industrial properties, this uncertainty is often of less concern than residential properties because the value of commercial property depends on the profits generated from the enterprise. In some cases, governance uncertainty can raise these profits and in others, it might lower it. In all cases, however, governance uncertainty depresses residential real estate values.

The table below summarizes the theoretical reasons why or why not First Nation real estate values on the open market will be different from real estate values for similar land uses in neighbouring jurisdictions. The table is based on four types of different land use - long term residential, short-term residential, commercial, and industrial.



The second column summarizes the factors that will affect demand for each type of land use on First Nation land. In the short run, real estate demand is the principal determinant of market price.

The third column summarizes the factors that will affect demand for each type of land use on non-First Nation land.

Based on the differences between columns two and three, the final column predicts the impact on First Nation real estate values compared to the value of similar properties in adjacent jurisdictions.

As is evident, the theory predicts that the principle difference in value is that long-term residential property values on First Nation should land be lower. This does not mean that First Nations should only seek to attract commercial, industrial, and rental residential investments. No economy that requires labour as an input can be sustained without a viable housing market.

Land Use	Factors Impacting Demand on First Nation Lands	Factors Impacting Demand on Non First Nation Lands	Predicted Real Estate Value Result on First Nation lands
Long term residential	<ul style="list-style-type: none"> • Tenure - Leasehold • Local Governance – uncertainty 	<ul style="list-style-type: none"> • Tenure - Fee simple/Free hold • Local Governance - familiarity 	Lower real estate values on First Nation land
Short term residential	<ul style="list-style-type: none"> • Tenure – lease or rental • Local Governance – uncertainty 	<ul style="list-style-type: none"> • Tenure – lease or rental • Local Governance – familiarity 	Lower values on First Nation land owing to governance uncertainty
Commercial	<ul style="list-style-type: none"> • Tenure – lease or rental • Local Governance – less important than residential 	<ul style="list-style-type: none"> • Tenure – lease or rental • Local Governance – less important than residential 	Similar values likely but possibly slightly higher in some cases and lower in others
Industrial	<ul style="list-style-type: none"> • Tenure – lease or rental • Local Governance – less important than residential 	<ul style="list-style-type: none"> • Tenure – lease or rental • Local Governance – less important than residential 	Similar values likely but possibly slightly higher in some cases and lower in others



Testing the Theory

To test the theory, we should expect to see First Nation residential properties being valued below that of comparable residential properties in neighbouring jurisdictions. The theory suggests that other property types would be at comparable values.

The best source of First Nation real estate values are from property tax collecting First Nations. These First Nations collect assessment data that specifies the market value of different uses of leasehold First Nation properties. Theoretically, to test a theory about First Nation real estate values, it should be possible to compare First Nation assessment data to comparable non First Nation assessment data.

This method contains one caveat. Assessment data from property tax collecting First Nations is not based on the true market value of the property. As per First Nation assessment bylaws, leasehold properties are assessed as if they were off reserve free hold properties. Although largely done for administrative reasons (there is not enough sales data on most First Nations), the result is that the First Nation assessment data for residential properties does not reflect its real estate value. This point arose during the *Glass* case.

This does not mean that the residential property assessment data cannot be used to test the theory. As predicted by the theory, demand for long-term residential properties on First Nation lands should be lower than residential properties off First Nation lands. This would result in lower pricing points for First Nation residential properties. Developers recognizing these lower pricing points would build lower cost housing stock. As a result, the comparable non First Nation land property would be of lower value³.

³ *In statistical terms, this is a difference of means test. Technically this is a one tailed difference of means test using different sample sizes but assuming equal variance. The results do not change substantively if the equal variance assumption is relaxed. The hypothesis being tested is that the average value of open market residential properties on First Nation lands is lower than the average value of open market residential properties on non-First Nation lands. The hypothesis for business properties is that the average value of business properties in First Nation jurisdictions should be the same as the average value of business properties in non First Nation jurisdictions.*



To conduct the test for residential properties, the average assessed residential value from a sample of 30 First Nations in BC is compared to the average assessed residential value from a sample of 210 non-First Nation communities in BC⁴. These First Nations represent all regions of BC except the lower mainland⁵. The test for non-residential properties test was conducted using a sample of 30 First Nations with business properties in all areas of BC compared to a sample of 210 non First Nation communities in BC. The results of this test appear in the table below.

	Average Assessed Value	Standard Deviation	Difference of Means Test Parameter ⁶
FN Residential	\$124,652	\$91,909	0.00046
Non FN Residential	\$213,855	\$143,944	
FN Business	\$631,612	\$714,205	0.43
Non FN Business	\$515,998	\$525,295	

The First Nation residential test parameter indicates that the average value of open market residential properties on First Nation lands is significantly lower than the average value of open market residential properties off First Nation lands. The business test parameter indicates that there is no significant difference in business values on First Nation lands⁷.

⁴ BC First Nations were chosen for two reasons. First, and most importantly, BC is one of the few provinces in Canada that uses actual market values in assessments. Second, the assessment data used for the First Nations was obtained from the same source as those for non-First Nation communities – the BC Assessment Authority. This ensures consistency of appraisal methods.

⁵ To validate the comparison, non-First Nation communities from the lower mainland were not included in that sample because there are no First Nations selected from the lower mainland where assessed residential values are 200% to 400% higher than in the rest of the province.

⁶ To state with confidence (19 times out of 20) that there is a difference in values for First Nation residential properties and non First Nation residential properties, the difference of means test value must be less than .05. Similarly to reject the hypothesis that there is a difference in values for First Nation business properties and non-First Nation properties, the difference of means test value must be substantially greater than .05.

⁷ It should not be considered surprising that the standard deviation for business properties is high for both First Nation businesses and non-First Nation businesses as this classification includes very small and very large big box properties. The range of assessed value in this category is from approximately \$100,000 to one case over \$100 million. The relatively similar scale of standard deviations between First Nation businesses and non-First Nation businesses validates this difference of means test.



In this sense, the First Nation real estate value theory presented in this paper is affirmed. In particular, First Nation residential properties are valued lower than non-First Nation residential properties and First Nation business properties are valued similarly to non-First Nation business properties.

The Legal Case

The Supreme Court's *Glass* decision from November 2000 further affirms the theory that First Nation open market long term residential real estate values are lower than comparable properties off First Nation lands.

The *Glass* case was the result of an on-going dispute between leaseholders on the Musqueam reserve and the Musqueam Band Council. The housing development in question was leased in 1966 for 99 years. Between 1966 and 1996, lessees paid between \$298 and \$375 per year in lease fees. The terms of the leases provided that after 30 years, a new rent would be negotiated between the parties. If a new lease rate could not be agreed upon, the leases set the yearly payments at 6% of the 'current land value'. By 1996, when the lease payments were to be renegotiated, the value of the Vancouver real estate market had increased significantly. The parties were unable to agree on new lease rates. The leaseholders argued that reserve lands should be assessed at a lower value than off-reserve lands. Musqueam argued that the assessments should reflect fair market value of similar land located off reserve. In a five to four decision, the Supreme Court of Canada found that a determination of 'current land value' must take into account the fact that the lands are in the reserve.

The majority judgment largely upheld the decision of the Federal Court that the valuation of leasehold interests on reserve had to account for the unique characteristics of First Nation title. This meant that the court saw land management as a role of the Musqueam government in its capacity as a government and not just a property owner. At the trial, the leaseholders had presented evidence that pre-paid leases in a separate development on the Musqueam reserve sold at approximately 50% of the value of similar non-lease lands in West Vancouver. Any evidence introduced on behalf of Musqueam did not dispute this evidence, and the expert evidence of appraisers for both Musqueam and the leaseholders concurred on this point. The trial judge therefore determined that the actual amount that people were willing to pay for an interest on the Musqueam reserve was approximately 50% of what people would be willing to pay for a similar interest off reserve.



The majority cited the different legal regime that exists on First Nation land compared to surrounding lands as the reason for not valuing reserve land as though it was located in the adjoining jurisdiction. The majority decision to uphold the 50% valuation reduction does not mean that property assessments on other reserves should be similarly reduced, or reduced at all, compared to off reserve assessments. The majority suggested that the powers of First Nation governments could potentially impact the assessed value of properties within their respective jurisdictions either favourably or negatively through various aspects of the reserve regime. Examples could include zoning, tax rates, or quality of governance. Stated differently, the First Nation could raise the value of the residential properties on their lands by improving the local regime and the public perception of the local regime.

This decision is unique to Musqueam. Factors that contributed to the deep discounting of Musqueam property values stemmed from a reduction in demand for property on the Musqueam reserve compared to the surrounding area. Many people are not familiar with the processes and institutions that affect reserve property ownership and, rather than taking the time and energy to learn and navigate a new system, they simply exclude reserve lands from consideration for purchase.

In addition, many potential property owners have preconceived ideas and misconceptions about the differences between what it means to own reserve property compared to off reserve. The ongoing disputes between Musqueam and the leaseholders, including the lease payments dispute and the taxation and representation dispute among others, have increased uncertainty about owning reserve property, clouded the image of the on-reserve regulatory system, and cast aspersions about Musqueam's treatment of non-member reserve residents. This significantly lowered the real estate values of long-term residential leaseholds on Musqueam lands.

Given the availability of other property not facing these problems in surrounding jurisdictions, potential buyers have had to be given premiums in the form of reduced prices, in order for them to accept the additional risk of being subject to an unfamiliar regime with (at least) an image problem. It is important to note that the justices did not rely upon generalizations or attitudes in determining the discount rate of 50%. They relied on evidence of the actual actions of homebuyers on the Musqueam reserve, as demonstrated through past sales data.



The Relevance of the Glass Decision

The Glass case is unique. It applied to a very specific situation and for three reasons explained below should be considered an unrepresentative example of First Nation long-term residential leasehold values.

Lease Documents – The Musqueam leases are not clear. Lease documents should be drafted so that the meaning of clauses and the contract language used is clearly and easily discernable to everyone. The parties administering the leases are often different for those who negotiated, and although the negotiators may clearly understand what they mean, it is important for that meaning to be clearly and comprehensively reflected in the document itself. This is especially important given the long-term nature of First Nation leases. Other First Nations have developed lease documents with greater clarity.

Rent Reviews - The Musqueam leases had large, infrequent rent reviews, which lead to large changes in lease payments. Not only does this produce hardship for the leaseholder, it also deprives the First Nation of revenues it could have been collecting had the lease payments more accurately reflected the value of the land. For long-term residential uses, First Nations should use pre-paid leases. It not only provides complete certainty to leaseholders and lenders, but also gives the First Nation the means to raise the money to pay for the lease development and associated costs. These costs include roads, site preparation, and legal and professional fees.

Governance - Clear land management jurisdiction, sound rules and processes, and opportunities for meaningful public input build investor confidence. The legal and administrative design of First Nation governance systems must consider this if their objective is to create effective and competitive real estate markets. This was not present in Musqueam and thus lowered property values.



The Long Term Irrelevance of the Glass decision

The Glass decision has not had a lasting impact on First Nations. To demonstrate this, consider that as recently as this year, the actual parties involved in the Glass decision case – the Salish Park leaseholders and the Musqueam First Nation – agreed to value the properties at Salish Park at 85% of the value of comparable off reserve properties. This is 35% higher than what was decided in the Glass decision and a reasonable proxy of the market value of leasehold residential properties compared to freehold/fee simple residential properties in this area of Vancouver.

The result in Musqueam was that their leases, jurisdictional uncertainty, and negative press coverage made buyers wary of Musqueam residential leaseholds. When it came out in 2000, the Glass decision only confirmed what the market knew – residential real estate values on Musqueam are lower than those of surrounding jurisdictions.

This need not be the case. Market perceptions can change even in Musqueam seven years later. Moreover, as is evident below, First Nations can develop long-term residential leases that attract investment and approach the value of comparable jurisdictions.

Sun Rivers on the Kamloops Indian Reserve

Sun Rivers is a high end residential and golf course development on the Kamloops Indian Reserve. The total development area is 400 acres. Construction started in 1998. The development is approximately 20% complete and about 400 units have been built.

Demand for housing in Sun Rivers is rising faster than new homes can be built (partly a result of a construction labor shortage). This is causing values to rise rapidly. Furthermore, because Sun Rivers is the premier residential location in the Kamloops region, it is difficult to find a comparable development. In the region, the closest development in terms of recreational amenities and construction labor shortages is Sun Peaks Ski Resort, about 40 minutes northeast of Kamloops. For reference, we included the average values of town homes and single-family dwellings in the City of Kamloops.



The table below provides a comparison of average Multiple Listing Services (MLS) residential prices at Sun Rivers, Kamloops, and Sun Peaks for townhouses and single-family dwellings during the month of January 2007.

	Sun Peaks	Kamloops	Sun Rivers
Average listed price of condominiums per square foot	\$320.84	\$193.07	\$194.48
Average listed price of single family dwellings per square foot	\$375.25	\$227.77	\$239.71

The average price per sq ft is higher in Sun Peaks than in Sun Rivers. The average price per sq ft in Kamloops is comparable to Sun Rivers. We assume that most of the difference can be explained by the differences in tenure between Sun Peaks (indefeasible title) and Sun Rivers (long-term lease). The samples were too small to conduct a meaningful difference of means test.





Figure 2 - Kamloops Indian Band Leasehold development – Sun Rivers

The Kamloops Indian Band (KIB) and Sun Rivers created this competitive investment climate using authorities existing in the *Indian Act*. They designated lands for 99 years with a 20-year build out period. They created model 99 year pre-paid leases. They included a zoning and subdivision approval process in a model master development agreement. Mortgage financing for homes in Sun Rivers is available from all financial institutions in the region. KIB has a heritage management bylaw. Infrastructure was paid for partly by the developer, partly by INAC and partly by KIB. They have an experienced property tax system and a model service agreement with the city of Kamloops. Establishing this legal and administrative framework took approximately 4 years and cost well over \$2 million for Sun Rivers and KIB.

Westbank First Nation Self Government Act and Constitution

The Westbank First Nation is located adjacent to Kelowna. Two of its five reserves are densely populated. The Westbank First Nation has the distinction of having the largest residential tax base of any First Nation in Canada. It is estimated that 10,000 non-members live on Westbank lands.



Westbank First Nation lands are not governed under the authority of the *Indian Act*. Westbank lands are governed under the most comprehensive system of community laws for any First Nation in Canada. These laws are passed under the authority of *Westbank Self Government Act*, the Westbank Self Government Agreement (October 3, 2003) and Westbank First Nation Constitution. Land use in Westbank is subject to the rules specified in Part XI of the Constitution. Of particular import is that individual holders of certificates of possession on Westbank can enter into 99-year lease agreements with private partners and all that is required is that these agreements are registered with the Westbank land department. Moreover, the market framework is created by a series of Westbank laws. A partial listing of the land use legal framework in Westbank includes:

- WFN Subdivision, Development and Servicing Law
- WFN Building Law
- WFN Traffic and Parking Control Law
- WFN Business License Law
- WFN Sanitary Sewer Systems Law
- WFN Advisory Council Law
- WFN Garbage Collection Law
- WFN Animal Control Law
- WFN Fire Protection Law
- WFN Property Tax and Assessment Law



In the two years since the comprehensive legal framework has been established, a number of Westbank Certificate of Possession holders have attracted investors to their lands. Anecdotally it has been suggested that over 30 Westbank members have become paper millionaires through leases on their lands. The values of long-term residential leases on Westbank lands are also approaching the values of comparable fee simple residents near Westbank. To illustrate this point consider that in 1991 an acre of highway frontage Westbank land leased for \$20,000 per acre. That same acre of highway frontage land now leases for \$750,000 per acre, which is similar to comparable fee simple values per acre in the region.

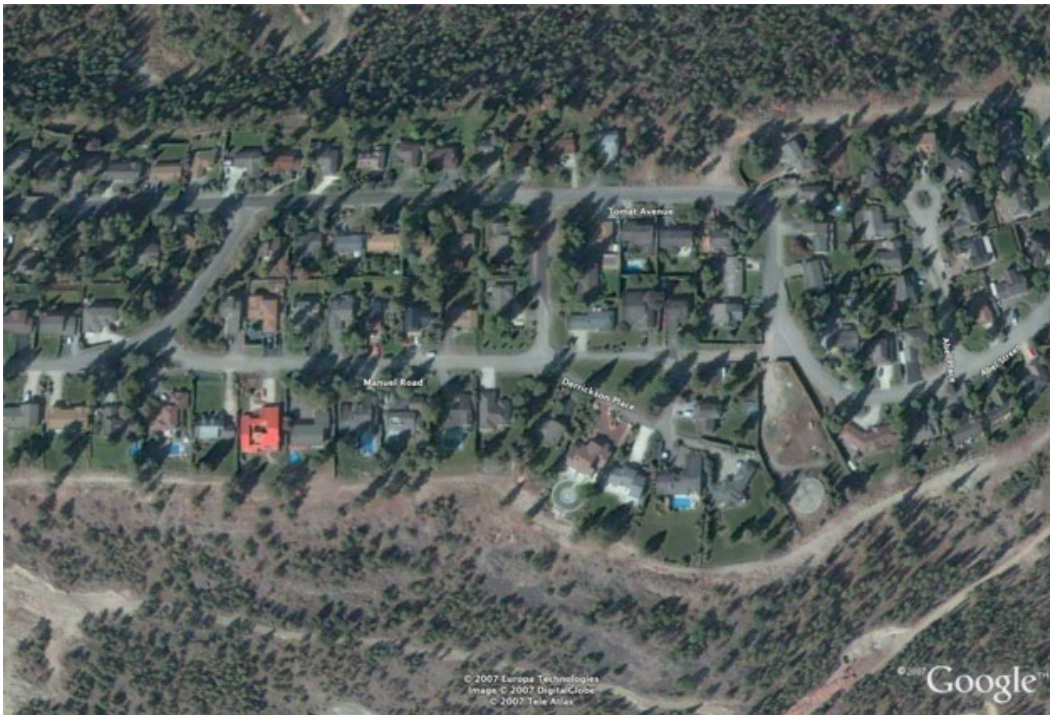


Figure 3 - Westbank First Nation

It took about 15 years and cost the Westbank First Nation several million dollars to negotiate and implement its self-government agreement and the legal and institutional framework to support markets.



What is required to make First Nation Real Estate Markets Work?

The Westbank and Kamloops examples demonstrate that it is possible to implement a competitive First Nation investment climate that supports effective First Nation real estate markets.

Although Kamloops and Westbank have used slightly different approaches, the results are equally impressive and these two brief case studies lead to four observations.

1. Some First Nations have developed substantial market certainty and acceptance using their own resources.
2. It is possible to create the legal and institutional framework to support real estate markets for any interested First Nation.
3. First Nations can implement necessary market reforms either through self-government processes or under the authority of the *Indian Act*.
4. The costs and time required to implement market reforms are prohibitive for most First Nations.

With respect to the last observation, Indian and Northern Affairs Canada's Research and Analysis directorate (INAC) and the Indian Taxation Advisory Board (ITAB) have pursued a partnership to identify the elements of the legal and institutional framework that would reduce the cost and time required to create effective First Nation real estate markets.

The partnership was formed to serve the broad objectives of both parties. The ITAB wished to pursue research topics that would support the development of First Nation economies and help expand the First Nation property tax base. The research was also intended to support the evolution of the ITAB into the First Nation Tax Commission. In this regard, the research has been highly successful as the legislation to create the First Nations Tax Commission received Royal Assent in March 2005. INAC's interest is evident. This process fosters the goals of partnerships, accountability, and the well-being of Aboriginal peoples and economies.

A very brief summary of this research is presented in the next section.



Research Summary

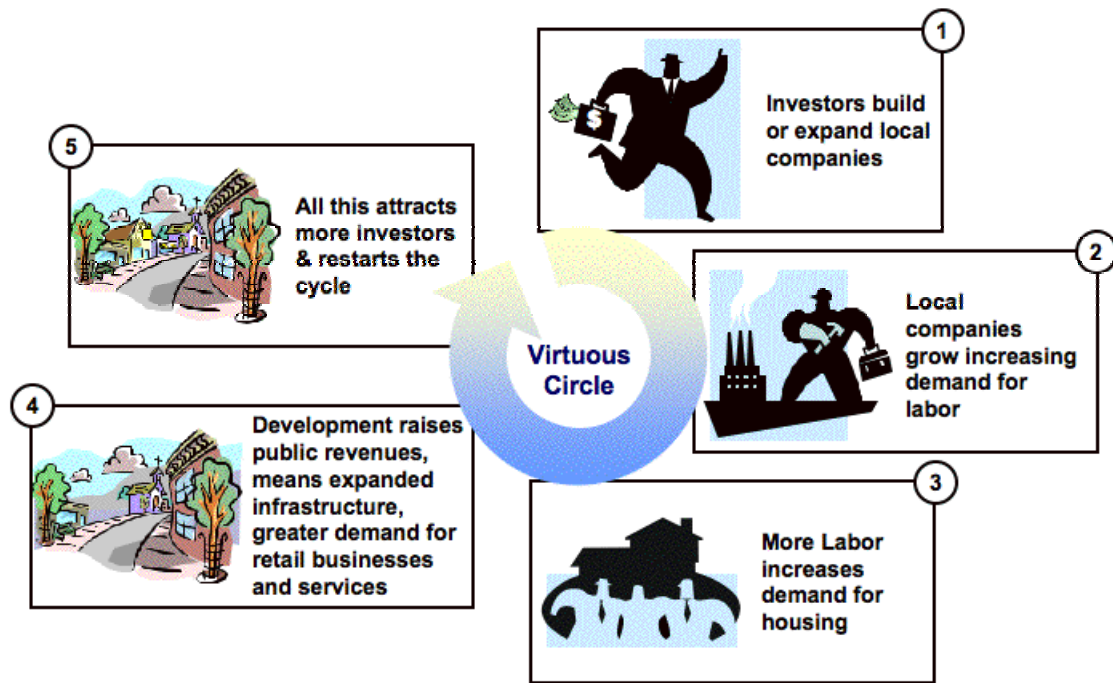
The research projects form a systematic study of the role of the public sector in accounting for the inadequate First Nation investment climate. These papers have explored: the costs of doing business on First Nation land (*Expanding Commercial Activity on First Nation Land*); the nature of investment of First Nation land (*Turning on the Taps of Investment Flow on First Nation Land*); financing infrastructure (*Building Bridges –Towards a First Nation Development Cost Charge Program*); developing appropriate lease documents (*Expanding the First Nation Property Tax Base*); creating partnerships (*Best Practices in Regional Agreements*), and expanding First Nation boundaries (*Comparing Additions to Reserve to Municipal Boundary Expansion*).

All of the research projects started with a well supported premise. The engine of economic growth is private investment, whether this is investment in capital, research and new technology, or improvements in human capital. In Canada, private sector investment outweighs public sector investment by nearly five to one. Four times as many jobs are created in the private sector. Therefore, attracting private investment is the key to the economic growth process.

In general, economic growth begins with an investment that creates a new business or expands an existing one. The investment occurs because a business anticipates a profit. In this way, if private investment is the engine of economic growth then the profit motive is the gas that makes it go. There would be no private investment, on First Nation or non First Nation lands, if the private sector did not envision a profit from doing so.

The investment means more sales are made and this brings income into the economy. Increased sales means increased demand for labor. This leads to higher wages and/or more workers being hired. If more workers are hired, there are more people in the community. This increases the demand for housing, as well as the need for more services and retail. The service sector expands and this starts the cycle again. Moreover, more development means more public revenues are generated and infrastructure can be expanded to accommodate even more development. This process is illustrated in the “Virtuous Circle” concept.





The role of investment in building First Nation economies and implementing their governments is straightforward. Investment creates jobs and business opportunities. This supports further entrepreneurial initiatives by people. Ultimately, this supports more training and the development of a management cadre, which builds the fiscal capacity of government to support increasingly broad-based social improvements. It also builds towards a natural constituency for accountable, fiscally responsible governments because the investment climate is enhanced.

Summary of Research Results

The first finding of the ITAB/INAC research partnership was that a competitive investment climate has two basic components.

- 1.** A competitive advantage related to location, people, resources, or technology.
- 2.** A public sector legal and institutional framework that facilitates investment.



First Nations economies are not without potential. Many have a competitive advantage in location, human resources, innovative strengths, or access to natural resources. In those few cases where no competitive advantage exists on First Nation land, the possibility of settling outstanding land claims or adding land to existing reserves or integrating into markets in other jurisdictions provides hope. In other words, the research did not identify this as the barrier to First Nation prosperity. Moreover, to the extent that First Nations can translate their existing competitive advantages to markets outside First Nation communities, the potential for First Nation economic development is much higher.

The barrier to prosperity on First Nation land is an inability to provide the administrative, institutional and legal framework to support investment in an open market. Stated more bluntly, the legal and institutional framework of capitalism is missing on First Nation lands. As proof, the second major finding of the INAC/ITAB research was that the costs of doing business on the most advantaged First Nations lands was four to six times higher than it was off First Nation land. The costs of doing business are principally a function of an economy's public sector mix of revenues and services, its governance, legal framework and institutions and the economic infrastructure. The INAC/ITAB research found these factors uncompetitive or sub-standard for most First Nations.

The third major finding of the research is an identification of the legal and institutional framework required to support investment on First Nation lands. The table below summarizes these findings.

The first column is the elements of an investment deal on First Nation land. The second column contains the legal and institutional requirements to reduce the transactions costs for that element of an investment deal. The third column presents what progress has been made to implement the legal and institutional framework for markets on First Nation lands. All told, about 20 specific laws, agreements, governance responsibilities, and changes to the fiscal relationship were identified.



The significance of the advice implicit in this table deserves emphasis. First, the table serves as a checklist for a First Nation's market readiness. The more elements of the second column that a First Nation possesses, the stronger its investment climate. Second, the purpose of a First Nation economic strategy should be to fill in the gaps of its investment climate as per the second column. To our knowledge, few of these First Nation economic strategies have been completed. Stated another way, although there has been a great deal of study and strategic thinking about First Nation economic development, there has been relatively little study about how to develop a First Nation economy that supports markets. Finally, recent legislation provides First Nations with the legal and institutional support to create competitive investment climates. Taken together, the ITAB/INAC research summarized in this table suggests that implementing this legal and institutional framework is the key to widening First Nation economic potential.



Creating Market Certainty on First Nation Lands		
Anatomy of a First Nation	Institutional or Legal Framework Required	Progress on Requirement
Land Use / Development Planning	Regional Economic Development Strategy regional land use plan	Templates available from ITAB
	Reliable Information FNSI	In Development
	Financial Standards FMB	In Development
Initiation	Market Research support, models, and best practices for surveys	Templates available from ITAB
	Economic Strategy investment climate assessment	Unique for each circumstance
	Review and Consultation with Developers profitability models and risk assessment	Preliminary model available from ITAB
	Request for Proposal model RFP	In Development
Long-Term Secure Land Tenure	Long-Term Leasehold Tenure (1) Designation Process support to expedite designation process model head lease model sublease (2) First Nation Land Management Initiative support through the process of adopting Framework Agreement model clauses to support leases in land code	KIB model Westbank model and others
	-OR-	
	Guaranteed Infeasible Title First Nation Land Title System	In Development
Market Framework	Local Revenues & Servicing Agreement support through negotiations of service agreements service agreement software	Templates available from ITAB
	Property Taxation model law / bylaw	Available from ITAB
	Sales Taxation support	Templates available
	Environmental Assessment & Approval model law / bylaw	In Development
	Heritage Resource Protection model law / bylaw	KIB model
	Investor Codes models	In Development
	Job Preparation Program	In Development
	Community Economic Development Institution	In Development
Competitive Infrastructure	Financing Support FSMA DCCs PPPs Local Improvement Charges	In Development
	Planning Support FNTC Capital Planning Course	Being revised for FSMA
Development	Due Diligence checklist of necessary developer qualifications	In Development
	Set Terms facilitation support	Available from ITAB
	Formal Agreement to Proceed sample resolutions and protocols	Available from ITAB
	Development Agreement model clauses	In Development



The relevance of the ITAB/INAC research conclusions to this paper are as follows.

- There is no legal or economic reason for open market real estate on First Nation lands to be valued less than real estate on comparable non-First Nation lands.
- The legal and administrative framework to create competitive First Nation real estate has been identified and could be transferred with minimal investment.



How can the Economic and Fiscal Benefits of Effective First Nation Real Estate Markets be estimated?

The premise of this section is that there are a number of First Nations that would like to create effective real estate markets like Kamloops and Westbank. In this regard, Westbank and Kamloops should not be considered unique strategically located First Nations.

A quick review of First Nations in Saskatchewan, Alberta, and BC using Google Earth identifies over 60 First Nations that are located adjacent to substantial markets. To provide one example, around the city of Chilliwack, BC there are nine First Nations. Moreover, Kamloops and Westbank are not unique in creating effective real estate markets, as other First Nations, such as Squamish, Tsawwassen, Tzeachten, Adams Lake, Osoyoos and Shuswap, to name a few, have also developed competitive residential and commercial real estate markets.

To illustrate this premise, the Google Earth picture below shows First Nation lands (in red) beside a major urban development. The First Nation lands are not directly restricted from development by regional planning processes or specific legislation. They are not restricted from development because of a public community decision to avoid development. In fact, this particular First Nation is interested in developing its lands.

If this First Nation could develop investor certainty and infrastructure similar to Kamloops and Westbank, then it is likely that a competitive real estate market would follow. This section, is devoted to specifying a methodology for estimating the economic and fiscal benefits that this and similar First Nations would receive from building competitive economic infrastructure and creating an attractive investment climate.



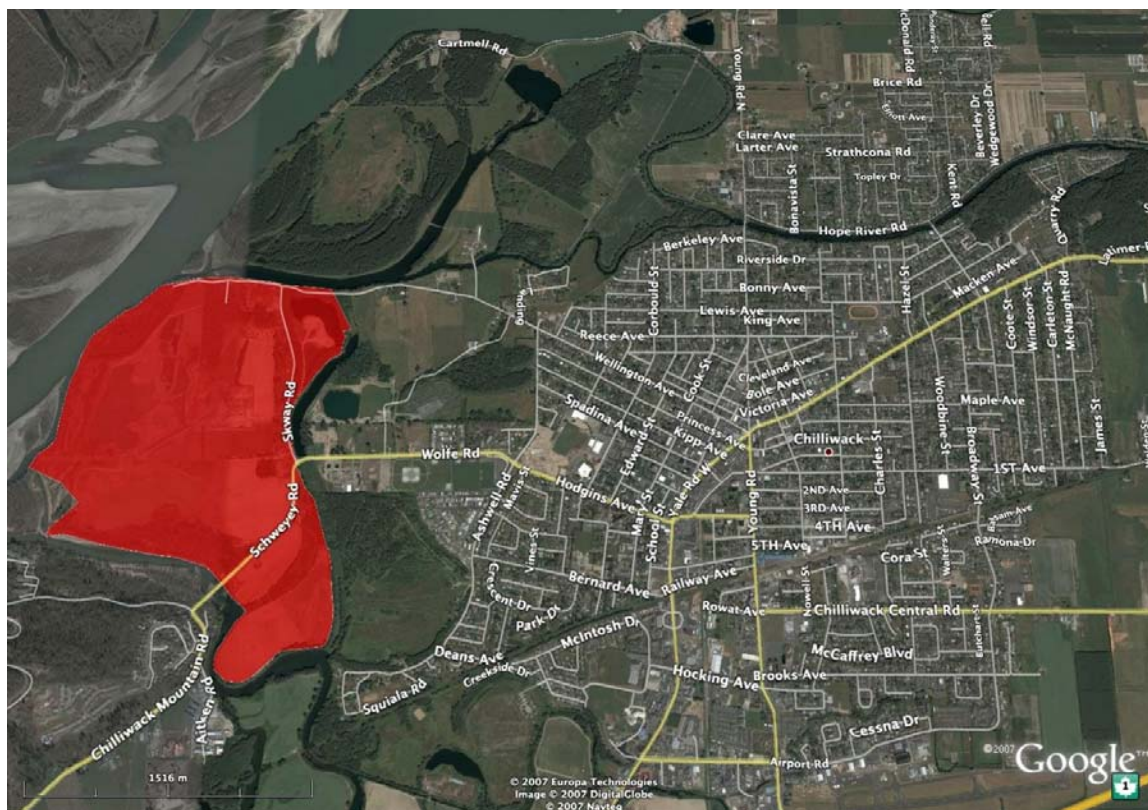


Figure 4 - First Nation Lands and Urban Development

To begin, a mechanism to help these First Nations create a strong investment climate and build economic infrastructure is required. The cost of transferring and implementing these market reforms could be the subject of a future paper, but the benefits of making real estate markets work on First Nation lands include at least:

- Increased property values for First Nation land holders including those holding certificate of possessions, traditional holdings or First Nation governments
- Improved productivity of First Nation lands towards highest and best use
- Higher First Nation economic growth because of increased productivity of First Nation lands
- More First Nation business and employment opportunities resulting from construction and commercial opportunities
- First Nation home ownership and an effective residential real estate market because tradable tenure has been created



- Reduced fiscal costs of First Nation poverty for all governments because of higher employment rates and reduced dependency on social programs
- Increased First Nation government revenue options because of larger private sector on First Nation lands

The purpose of this section is to describe a methodology for quantifying those benefits that are measurable. The table below summarizes which benefits will be estimated and why.

Benefit	Estimated	Explanation
Increased property values	Yes	Captures full market impact
Increased productivity of lands	No	Estimated by increase in property values
Higher economic growth	No	Estimated by increase in property values
More employment opportunities	Yes	Direct impact of construction and proxy for total employment
More home ownership	Yes	Estimated by increase in residential construction
Reduced fiscal costs of poverty	No	Beyond scope of this study
Incentives for treaties and accountability	No	Assumed to be represented in other estimates
Capacity development	No	Assumed to be represented in other estimates
Labor mobility	No	Assumed to be represented in other estimates
Reduced disputes	No	Captured by higher property values

Although different methods will be used for different estimates, there are five common features:

1. **Conservative Methods** – These estimates require some speculation about market acceptance and First Nations implementing required market reforms. Moreover, the amount of developable First Nation land is high so this could lead to high benefits estimates. To provide as much credibility as possible, conservative estimation methods are used throughout. In many cases, these methods could lead to significant underestimates of the total benefits from implementing market reforms for First Nations. These potential underestimates are noted.



- 2. Scope** – The scope of the benefit estimate will be limited to those First Nations currently collecting property taxes in BC. This scope was chosen for two reasons. First, these First Nations are most likely to adopt those changes in governance required to create market certainty. They have had the most exposure to these changes through the Indian Taxation Advisory Board and they realize the tangible fiscal benefit from a more efficient real estate market through higher local revenues. Second, the current assessment data for many of these First Nations is available. This allows us to start at an accurate development base and provides the necessary data to make comparisons with other jurisdictions. Moreover one data source that uses consistent assessment methods, namely the BC Assessment Authority, is used.
- 3. Nature of Adjustment** – The nature of adjustment refers to a projected future line between two points. In this case, the beginning point is the current level of development on the selected First Nation lands. The end point is a level of development comparable to the surrounding non-First Nation region. The projections apply only to those First Nations currently taxing and it assumes that they will implement the changes necessary to support real estate markets. This means they will adopt the necessary legal and institutional framework. They will adopt these changes in a linear fashion over the next 15 years and thus development on their lands will approach that of surrounding non-First Nation regions in a linear fashion⁸.
- 4. Term** – The term of the estimates is 15 years. During this period, it is assumed that First Nation property values will reach the market value of comparable properties off First Nation lands. The amount of time for an economy to catch up depends on a number of factors mainly relating to reputation. Although once the market fundamentals are established, the time for First Nations to catch up may be much shorter, fifteen years provides a more conservative estimate.

⁸ *There are many paths of adjustment that can be used. A log linear approach starts slowly and approaches the end point quickly. An exponential approach starts quickly and levels off as it nears the end point. A linear adjustment path generates more benefits than the log-linear approach and less benefits than the exponential approach.*



- 5. Net Benefit Assessment** – To provide some context for the benefit estimates, it is assumed that in the event that these First Nations do not improve their investment climate or infrastructure, they will still double the amount of current development on their lands during the next 15 years. In other words, the net benefits are calculated by taking total benefits and subtracting two times the current level of development. Doubling the status quo is a generous benchmark and ensures conservative net benefit estimates.

The specific methodologies for estimating the increase in development, employment, and new housing are contained in Appendix A.



What are the benefits from effective First Nation real estate markets?

This section reports the net benefit estimates of increased development, employment, and housing from implementing market reforms and building competitive economic infrastructure on First Nation lands.

More Development and Higher Property Values

Based on our sampling method, the increase in development and property value over the next 15 years from effective real estate markets will be between \$1.42 billion and \$1.79 billion with 95% confidence.

The graph below illustrates the centre of this range and should be interpreted as follows. It represents the middle of the range of net benefit estimates or approximately \$1.6 billion in extra development and higher property values.

The first bar is the status quo. Its value is based on three factors. First, the First Nation does not develop a competitive investment climate nor does it build competitive infrastructure. Despite this, it is assumed that the current development will double in the next fifteen years. Moreover, it is assumed that property values will rise in each of these years at an average rate of real estate inflation. This means that under the status quo, it is estimated that in this sample of First Nations that the total assessed value of marketable development will be \$2.84 billion in 15 years time.

The second bar is the increase in development and property values that will arise from implementing an improved investment climate and building competitive economic infrastructure. Based on the methodology described in Appendix A, it is estimated that the assessed value of marketable lands in this sample of 30 First Nations will be \$4.42 billion. The net benefit estimate of creating effective real estate markets is therefore estimated at \$1.6 billion.



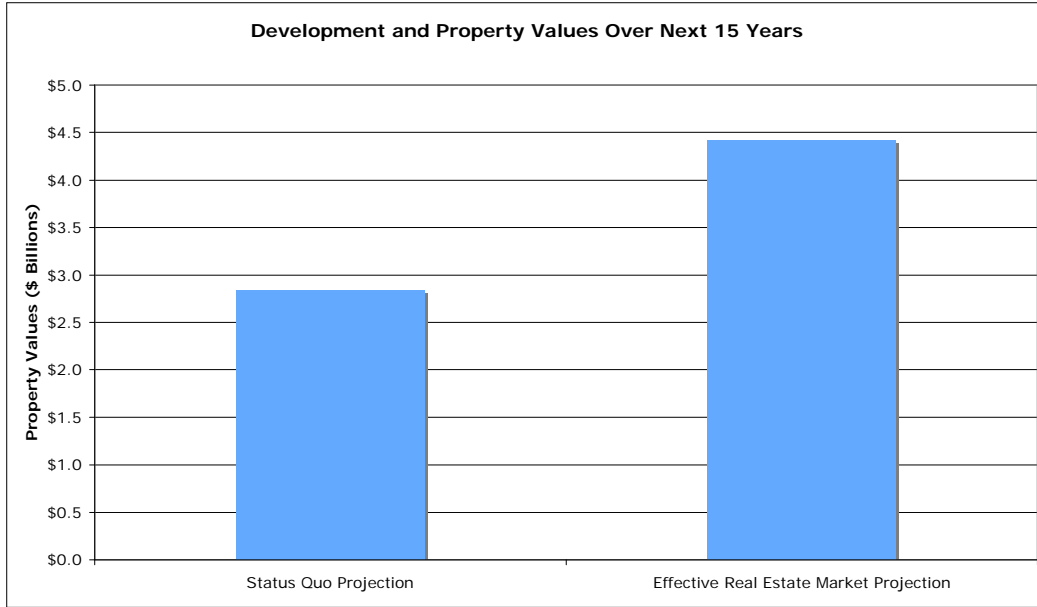


Figure 5 - Estimated Accumulation of Land Value Wealth

The increase in asset value estimate is particularly conservative for two reasons. First, the amount of land that will be developed is probably underestimated. As was evidenced in Westbank, market certainty and reduced costs of doing business provide a significant incentive for certificate of possession holders. There are many certificates of possession holders in BC who would reap significant individual wealth through the introduction of market reforms. These heightened market incentives would likely significantly increase development.

Second, in many cases (when First Nation reserves are more than 2 km away from an incorporated jurisdiction) we are assuming the level of development will approach the current low levels of development in regional districts⁹. This substantially reduces the amount of projected development.

Employment

There will be between 22,542 and 30,156 person years of employment created with 95% confidence in a sample of 30 BC First Nations.

⁹ Much of the land in regional districts is undeveloped. It varies throughout BC but as much as 90% of some regional districts are undeveloped or agricultural lands. The assumption that a First Nation located two km away from a municipality will only approach this level of development is rather conservative.



Specifically, the development of First Nation lands will generate both construction and non-construction employment. The graph below compares the current number of jobs on the group of sample First Nations to median estimated number of jobs created during the next fifteen years. We estimate that during the next 15 years 26,349 new person years of employment will be created by new development on a sample of 30 BC First Nations.

Without effective real estate markets, we predict our sample of 30 First Nations will generate 32,708 FTEs and with effective real estate markets 59,057 FTEs will be created. This is illustrated below.

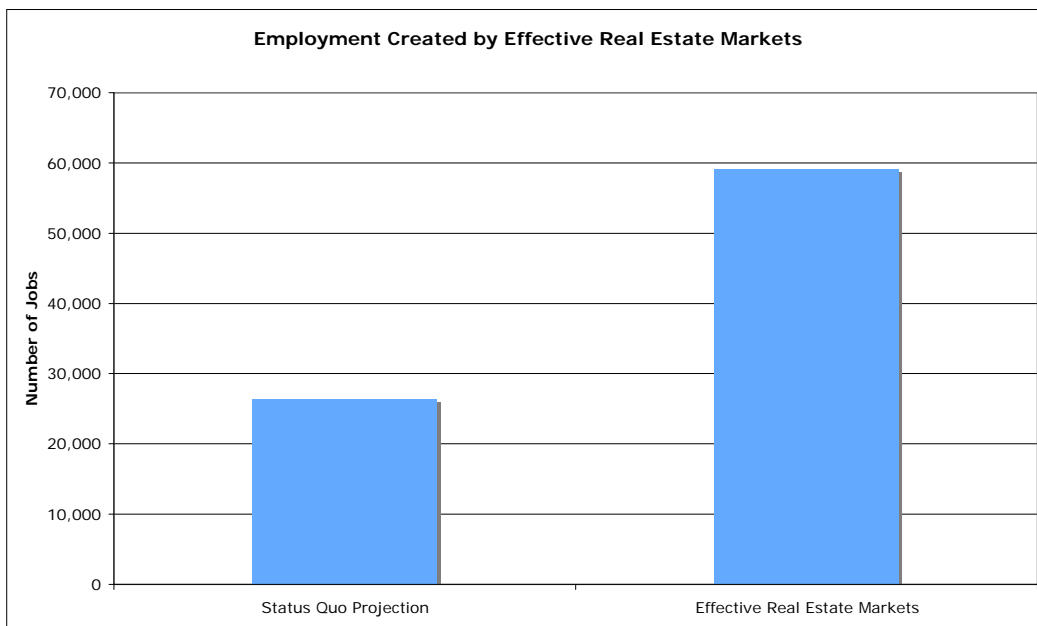


Figure 6 - Increased Employment

It is possible to put a monetary value on increased employment by considering the gain in productivity resulting from that employment. If unemployed persons are employed, it can be conservatively estimated that employment raises productivity by \$15,000 per job. The employment projections in these 30 First Nations would generate between \$338 million and \$452 million in increased productivity with 95% confidence.



Home Ownership Opportunities

We predict with 95% confidence that between 2,111 and 2,930 new open market housing opportunities will be built if real estate markets work more effectively on a sample of 30 BC First Nations. To be clear open market homes are built by developers who do so with the intent of making a profit. The cost to the federal government for building these homes is zero. To provide one example, over the last 5 years, 400 homes have been built in the Sun Rivers development and sold on the open market.

It is estimated that, on average, an extra 2,521 new open market residential units will be created by creating effective real estate markets on this sample of 30 First Nation lands. The current housing stock is difficult to estimate but we have used INAC and assessment information to make a reasonable estimate of the status quo for comparative purposes¹⁰. It is estimated that the current housing stock on a sample of 30 First Nations in BC is 3,156 and the growth in housing opportunities means an increase in the housing stock to 5,677.

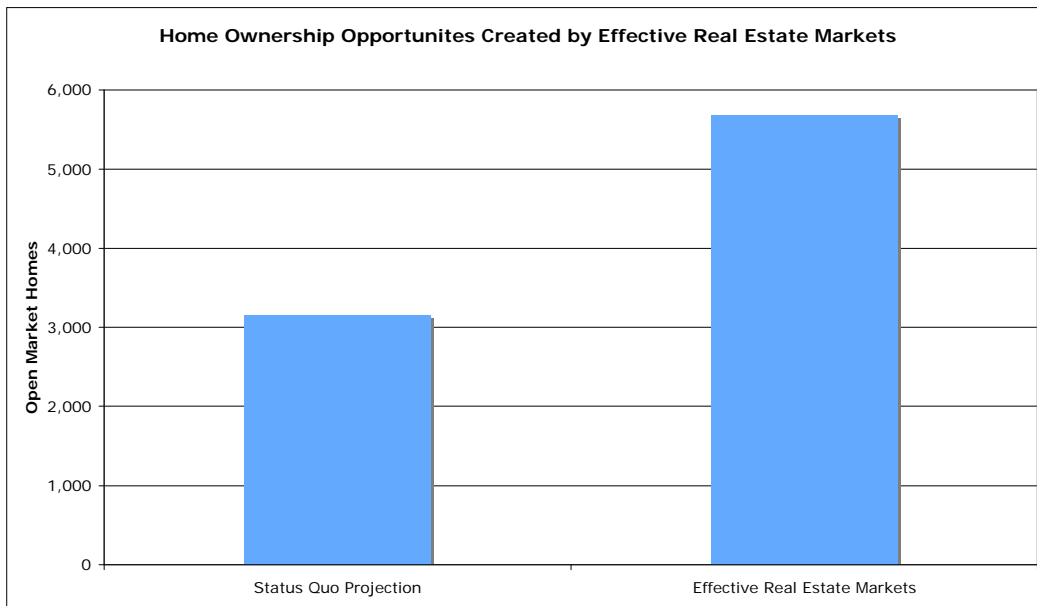


Figure 7 - Increased Homeownership Opportunities

¹⁰ This status quo estimate was formed by adding the housing stock estimates of INAC and the current number of open market homes reported by the BC Assessment Authority.



The majority of this open market housing will be concentrated in areas near employment opportunities. This will help promote First Nation labor mobility and raise First Nation employment participation levels. Moreover, open market housing means First Nation individuals will have equity for wealth and business creation. It also means that First Nations homeowners will have the same stake in the performance of the economy as other Canadian homeowners.



Conclusions and Next Steps

The table below summarizes the projected benefits from effective real estate markets on a selected sample of First Nation lands.

	Lower Bound of Confidence Interval Benefits (over 15 years)	Upper Bound of Confidence Interval Benefits (over 15 years)
Estimates	<ul style="list-style-type: none"> • Increase in real estate value - \$1.4 billion • New Employment – 22,500 FTEs, \$338 million in increased productivity • Increase in Housing Stock – 2,111 residential units 	<ul style="list-style-type: none"> • Increase in real estate value - \$1.8 billion • New Employment – 30,000 FTEs, \$452 million in increased productivity • Increase in Housing Stock – 2,930 residential units
Total	\$1.8 billion in benefits over next 15 years	\$2.25 billion over the next 15 years

The middle range of the benefits from this sample of 30 First Nations is on average \$2 billion. This estimate is based on a sample of First Nations who want to develop their lands and attract investment. It would be inappropriate to scale this benefit estimate for all First Nations but the benefits from creating open markets on First Nation lands are undoubtedly much higher than this.

This conclusion leads to a policy puzzle. The opportunity exists for Canada and First Nations to realize the benefits of effective First Nation real estate markets. Opportunity also exists for Canada and First Nations to increase investment, create jobs and build home equity on a significant amount of First Nation lands. The opportunity exists to make the *Glass* decision even more irrelevant. If the benefits are so high, why has there never been a concerted effort to implement market reforms that create effective real estate markets on First Nation lands?

Advancing a First Nation policy agenda focused on market solutions is challenging for three reasons.

First, Canada has never advanced a policy agenda focused on creating markets for interested First Nations. This may be a result of an under appreciation of the benefits of First Nation participation in markets within INAC. In this regard, much of the policy agenda is focused on dealing with the social problem symptoms of market failure (unemployment, poor housing, and social assistance).



To address this hurdle, clear policy objectives, clear instructions to the bureaucracy and an “optional” approach have characterized successful First Nation policy changes. These conditions characterized the implementation of First Nation property tax systems in the mid to late 1980s. There was a clear objective to facilitate property tax jurisdiction. There were clear instructions to change specific sections of the *Indian Act* led by a focused and supportive Minister. The policy change was implemented incrementally – First Nations could pass a property tax by-law at a time of their choosing.

Second, First Nation governments fear the loss of current entitlements, especially relating to lands. Many are deeply mistrustful of Aboriginal policies advanced by other governments. Even economic development itself is a controversial goal because many First Nations fear it masks an agenda for the federal government to abandon its fiduciary obligations. These apprehensions are exacerbated because there is little business constituency within First Nations and no economic focus in most institution driven First Nation training.

These apprehensions make it politically difficult for First Nation governments to pursue an investment orientated policy agenda. However, it is not impossible. The key to overcoming these difficulties is to offer an optional approach that can clearly speak to community needs. New policies can be demonstrated through a case study or pilot project. It is crucial to work with First Nation leaders who support market solutions in order to advance an economic policy agenda.

In this regard, it is instructive to note that 30 First Nations are on the schedule for the *First Nation Fiscal and Statistical Management Act*. (FSMA) Each of these First Nations joined this legislation because they want to build the type of economic infrastructure necessary to attract investment.



Third, First Nation governments require more support to develop the administrative, legal or professional framework that is necessary for increased investment facilitation on First Nation lands. As was evident in Kamloops and Westbank, much of the necessary policy and legal work is initially expensive to develop. Once developed, these methods are often applicable to First Nations all across the country. However, rather than take advantage of this work, most First Nation governments are forced to repeat this expensive policy development process because there is no national forum to share model laws and administrative systems. Moreover, little institution-based training provides First Nation investment facilitation training or general awareness of the principles of economics and public finance.

Despite these challenges, change can and has happened. Over the last 7 years, five pieces of federal legislation applicable to any interested First Nation has been passed - the *First Nations Land Management Act*, the *First Nations Goods and Services Tax Act*, the *First Nations Fiscal and Statistical Management Act*, the *First Nation Oil and Gas Management Act*, and the *First Nation Commercial and Industrial Development Act*.

While it is beyond the scope of this paper to explain the application and benefits of all this legislation, there is a great deal of similarity among these pieces of legislation. First, each piece was led by First Nations wanting to make change and exercise new authority. Second, each piece is optional. If a First Nation wants to exercise an authority, these pieces of legislation enable them to do so. Third, three of the five legislation pieces established First Nation institutions to help First Nations exercise their new authorities. Fourth, all of this legislation helps address a specific barrier to investment facilitation or market operation on First Nation lands. Finally, three out of the five pieces of legislation received all party support.

Taken together, this body of legislation suggests the following recipe for implementing market oriented First Nation policy change.

- First Nation leadership is required to lead the policy change and communicate its policy implications with interested Aboriginal governments. The federal government must be willing to work with the growing cadre of First Nations that wish to implement market reforms. Aboriginal governments will adopt an investment facilitation policy agenda incrementally. As it proves successful, understanding of and support for this approach, will increase and a larger constituency will develop.



- The federal government must be open to First Nation market reforms. In particular, it must pursue clear, optional, incremental, and beneficial changes. Based on this paper, this means pursuing mandates to transfer best practices in market reforms to First Nations, to support the construction of competitive economic infrastructure and to improve land title certainty on First Nation lands.
- First Nation institutions need to implement the changes. First Nation administrations often need help to properly utilize new investment facilitation tools. Therefore, institutional support is also needed to ensure First Nation policies develop in a manner that enhances the economic union¹¹.
- Legislation ought to be used where appropriate. Federal legislation signals long-term support for change. It also codifies the necessary regulatory, procedural, and standards regimes to make markets work more effectively on First Nation lands. Moreover, an important precedent has been established by the recent body of legislation discussed above. All parties supported this legislation because it was optional and First Nation led. All party support leads to expedited passage of First Nation legislation.

Next Steps - A Suggested Policy Agenda to Build Effective First Nation Real Estate Markets

There are three main priorities for a First Nation policy agenda to help create competitive real estate markets for interested First Nations.

¹¹ *The economic union of Canada is enhanced when barriers to trade are reduced. At the local and/or First Nation level this could mean standardized laws, procedures and practices that reduce the costs of doing business. First Nation institutions would develop and promote such standards.*



1. **Transfer Knowledge** - Transfer the necessary market reform technology to build effective real estate markets to interested First Nations through a First Nation institution. This involves developing templates, sample laws, and model procedures as suggested in the ITAB/INAC research agenda. These models should help develop an investment climate for both First Nations using the new legislative framework and those who want to continue using the *Indian Act*. It also involves conducting investment climate assessments of First Nations so they know what they can develop as an appropriate strategy. Ideally, an existing First Nation institution with experience in transferring model laws and systems to First Nations should be used, as this would reduce time and costs associated with implementation. Two specific ideas from the Fiscal and Statistical Management Act (FSMA) institutions to transfer knowledge include:
 - a. Support the First Nation Tax Commission (FNTC) in the implementation of the Tulo Centre of Indigenous Economics. In partnership with Thompson Rivers University, the Tulo Centre will offer certificates in First Nation Economics and Public Finance to transfer investment facilitation skills and systems to interested students. Much of the course material for the certificate in First Nation economics is based on the ITAB/INAC research. The Tulo Centre will continue the ITAB/INAC research agenda into best practices for continuing to reduce the cost of doing open market business on First Nation lands.
 - b. Work with the FNTC to develop the templates and administrative systems that support open market housing. The FNTC has developed a comprehensive proposal that is available upon request.

2. **Market Focused Legislation** - Focus on legislative changes that allow markets to work on First Nations lands. This could include developing a First Nation land title system, or expediting additions to reserve, or ensuring that open market housing works effectively on First Nation lands. Legislative changes should also include the assumption of First Nation service responsibilities that reduce investment transaction costs when they are delivered locally. With respect to legislative changes, the federal government should follow the recipe for success described above. The place to start is to identify and work with First Nation leadership that has requested legislative change. Two legislative changes that are currently being advocated by First Nation leadership include:



- a. First Nation Land Title Act – This legislation would affirm First Nation underlying jurisdiction and provide comparable tenure certainty to fee simple and free hold. It would also establish a First Nation institution to implement and administer First Nation land title for interested First Nations. The FNTC has been working on this initiative for the last year and has completed some preliminary research.
 - b. Additions to Reserve – First Nations need to add lands to their reserve for economic development purposes. This legislation would specify conditions and processes to expedite additions to reserve. A proposal to develop this legislation is available from the FNTC.
3. **Work with First Nation Leadership** - Support First Nations that want to implement market reforms. There is a cadre of First Nations interested in investment facilitation forming around the *First Nations Fiscal and Statistical Management Act (FSMA)* and the *First Nation Commercial and Industrial Development Act*. It is important for First Nations and Canada to demonstrate that these market reforms will work. For the federal government, this means filling the gaps for these First Nations, especially related to competitive economic infrastructure. Roads, water, and sewer systems that facilitate growth, are the basic prerequisites to effective real estate markets. Two specific suggestions for this are:
- a. Develop a cost shared economic infrastructure program for FSMA First Nations so they have the same tools for financing infrastructure as other local governments in Canada. A proposal to develop such an infrastructure program has been developed by the FNTC, First Nations Finance Authority, and First Nations Financial Management Board.
 - b. Support the national meeting of the First Nations scheduled on the FSMA. This annual meeting allows First Nations that are developing strong investment climates on their lands to share best practices and identify opportunities to work together. The next meeting is scheduled for fall 2008.

The table below summarizes these recommendations. If there is interest in this agenda, then the next appropriate step is a costing proposal so that Canada can assess the net benefits from proceeding with an agenda that enables and facilitates real estate markets on First Nation lands.



Figure 8 - Summary of Recommendations

Agenda	Projects	Progress
Transfer Knowledge	<ul style="list-style-type: none"> • Support Tulo Centre of Indigenous Economics • FNTC Open Market Housing Templates 	<ul style="list-style-type: none"> • Implementation of certificates underway • Proposal available from FNTC
Legislation	<ul style="list-style-type: none"> • Land Title Act • ATR Legislation 	<ul style="list-style-type: none"> • Preliminary research • Proposal available from FNTC
Leadership	<ul style="list-style-type: none"> • FSMA Infrastructure Program • Support FSMA Annual Meeting 	<ul style="list-style-type: none"> • Proposal available • Scheduled for fall 2008



Appendix A

A methodology for estimating the increase in Development and Property Values

The increase in development on First Nation lands as a result of effective real estate markets captures three benefits. First, it represents an increase in First Nation wealth and assets. Individuals may realize this wealth because their current holdings have become tradable. Second, communities may realize this gain in wealth because collective holdings have become tradable. Third, increased property values mean, by assumption, that lands have become more productive and higher productivity leads to higher economic growth. As such, a methodology for estimating an increase in development and property values includes a method for estimating higher productivity and economic growth¹².

The method for estimating the increase in property values uses the following assumptions:

- Unless it is known from experience that a First Nation has considerably more land already developed, it is assumed that the developed portion of land is 10% of their existing lands. For the more developed, this is probably a slight underestimate and for the less developed this is a probably a significant overestimate. As a starting point, it is chosen as reasonably conservative.
- During the next 15 years, First Nation tax authorities will develop another 40% of their lands. Given the number of certificate of possession holders who will realize significant financial gains from market and land title certainty, this is probably an underestimate. Once again, such an assumption leads to conservative results.
- The current value of First Nation residential lands is 80% of the value of non-First Nation residential lands. This is most certainly an overestimate but it accords with the very best First Nation market situations in Kamloops and Westbank. As an overestimate for most First Nations, it reduces the benefit estimate.

¹² Some might suggest that this is optimistic but it bears repeating that 15 years ago the price of land in Westbank was about 1/10 what it was in the surrounding non-First Nation communities and today it is roughly equal. Similar results have been and could be realized in many other First Nation communities.



- The current value of First Nation commercial lands is 90% of the value of non-First Nation commercial lands. In some cases, this is an overestimate and in others, it will be an underestimate. On balance, it is deemed conservative.
- The current value of First Nation lands that are neither commercial nor residential is 100% of non-First Nation lands that are neither commercial nor residential.
- The value of First Nation developed properties will catch up to those of comparable non-First Nation properties in a linear fashion over the next 15 years.
- The development pattern of First Nation lands will mirror the current development mix (residential, commercial and other) of the comparable jurisdiction.
- A reasonable proxy for real estate inflation is the ten-year average.

With these assumptions, it is possible to develop a four-part method for estimating the gain in First Nation property values from implementing systems necessary to support real estate markets.

Lands of Taxing First Nation – Identify all current available lands for taxing First Nations. Include in the estimate only those taxing First Nations where current assessment information is available. A sample of 30 taxing BC First Nations will be drawn from a total BC sample of 46. These 30 First Nations will be randomly drawn from this global sample 11 times so that a benefit confidence interval can be formed. This method provides a range of benefits estimates that can be deemed confident in 19 times out of 20.

Four First Nations have been identified as having significantly more than 10% of their developable lands developed (Squamish, Westbank, Musqueam, and Campbell River). To be conservative, it is assumed that 75% of the current developable lands in these communities have been developed and 25% remains to be developed¹³. In other communities, we assume that the current assessments represent 20% of the developable lands. For each First Nation, this creates a unique number of hectares that are developed and will be developed.

¹³ This dramatically lowers the benefit estimate. The authors are aware, for example, that real estate developments worth over \$6 billion have been proposed in Squamish, Westbank and Kamloops and this assumption eliminates these possible developments from consideration in the benefit estimates.



Matching Jurisdictions – The First Nation jurisdiction is matched with its comparable off First Nation partner using two rules. If the lands are near (within 2 km) of an existing municipality, town or village, then that is used as the comparable jurisdiction. If the lands are not near another incorporated jurisdiction, the regional district is used as the comparable jurisdiction. This is a rather labour intensive exercise as evidenced by the attached Appendix. Because regional districts are much larger than incorporated jurisdictions and substantially less developed, this represents a conservative estimation method.

Comparison Parameter – Property value per hectare as determined by provincial or local assessment authorities is used for comparisons. For example, if the average assessed value per developed hectare in the adjacent jurisdiction is \$200,000, the value of a developed hectare in the First Nation would be expected to approach that value during the next 15 years.

Property Value Increase – The assumptions and methods make it relatively straightforward to estimate property value increases. First Nations develop 40% of their lands in a linear fashion over the next fifteen years. The values of these developments rise from 80% of off reserve values to 100% of off First Nation lands values in a linear fashion over the next 15 years.

A methodology for estimating the increase in employment

Employment will increase as a result of new development on First Nation land. Two types of employment impacts will be estimated, those related to construction and those related to non-residential development on First Nation lands.

Direct construction impacts will be estimated conservatively as 1.5 person years per \$100,000 in new construction¹⁴. No indirect or implicit employment impacts will be estimated from the new development.

¹⁴This is the smallest possible direct multiplier that could be identified. It is based on an average annual wage in the construction industry of \$65,000 (Statistics Canada figures are much lower). This figure was obtained from development experts in an effort to capture recent labour cost inflation in BC.



The employment impact estimate of the new development will use a non-construction employment per assessed dollar constant. This constant will be determined by dividing total non-construction employment in BC by total non-residential assessment in BC. Since the value of total non-residential development is being estimated for each First Nation in the sample, it is a simple multiplication to estimate the amount of non-construction employment created during the next 15 years. Assessment and Statistics Canada data will be used.

A methodology for estimating new home ownership

Residential development on marketable First Nation lands increases the opportunities for First Nation home ownership and by extension First Nation labour mobility. The amount of residential development on a particular First Nation lands will depend on a number of factors but mostly on the availability of employment. For this reason, First Nations near centres of employment are more likely to have residential development than those that are not.

This reality of residential real estate markets is captured through the comparative jurisdiction method. It will be assumed that First Nations development will occur in the same proportion of commercial and residential mix as their comparative organized jurisdiction or regional district. For residential development, the comparative parameter is residential units per assessed dollar. In this way, the opportunities for First Nation home ownership is the product of the total residential assessed value and the residential units per dollar of assessed value.

To be fair, this estimate does not mean that First Nations will own all of these residential units. It simply estimates the number of new open market residential units available on First Nation lands.



Appendix B

BC Assessment

BC Assessment. 2007. Media Backgrounder – Occurrence Counts by Property Class.

<http://www.bcassessment.bc.ca/news/index.asp>

The Department of Indian Affairs and Northern Development

The Department of Indian Affairs and Northern Development. 1997-2004. First Nation Profiles.

http://sdiprod2.inac.gc.ca/FNProfiles/FNProfiles_home.htm

BC Stats

BC Stats. 2005. 2001 Census Geography Boundary Maps.

<http://www.bcstats.gov.bc.ca/data/pop/maps/rdmap.asp>

BC Stats (Statistics Canada). 2007. British Columbia Employment by Industry.

<http://www.bcstats.gov.bc.ca/DATA/dd/handout/naicsann.pdf>

British Columbia Local Government Statistics

Government of British Columbia Ministry of Community Services. 2006. Local Government Statistics, Schedule 701 – 2006 Assessed Values.

http://www.cserv.gov.bc.ca/LGD/infra/statistics_index.htm

Government of British Columbia Ministry of Community Services. 2006. Local Government Statistics, Schedule 702 – 2006 Tax Rates.

http://www.cserv.gov.bc.ca/LGD/infra/statistics_index.htm

Government of British Columbia Ministry of Community Services. 2006. Local Government Statistics, Schedule 703 – 2006 Total Taxes and Charges for all Property Classes.

http://www.cserv.gov.bc.ca/LGD/infra/statistics_index.htm

Government of British Columbia Ministry of Community Services. 2006. Local Government Statistics, Schedule 704 – 2006 Taxes and Charges on a Representative House.

http://www.cserv.gov.bc.ca/LGD/infra/statistics_index.htm



Government of British Columbia Ministry of Community Services. 2006. Local Government Statistics, Schedule 707 – 2006 Assessments, Tax Rates, Municipal Taxes and Class Proportions of Taxes and Assessments. http://www.cserv.gov.bc.ca/LGD/infra/statistics_index.

Government of British Columbia Ministry of Community Services. 2006. 2006 Revised Roll Measures by Property Class, Sub Classes for all Jurisdictions.

Government of British Columbia Ministry of Community Services. 2006. Statistics Relating to Regional & Municipal Governments in B.C. – 2006.

http://www.cserv.gov.bc.ca/LGD/infra/statistics_index.htm

Statistics Canada

Statistics Canada. n.d. Table 326-0002 Consumer Price Index (CPI), 2001 Basket Content, Annual. CANSIM. Using E-STAT. http://estat.statcan.ca.ezproxy.tru.ca/cgi-win/CNSMCGI.EXE?regtk=&C2Sub=&ARRAYID=3260002&C2DB=&VEC=&LANG=E&SDDSLOC=&ROOTDIR=ESTAT/&RESULTTEMPLATE=ESTAT/CII_PICK&ARRAY_PICK=1&SDDSID=&SDDSDESC=



First Nation Reference Jurisdictions

First Nation	Reference Jurisdiction	Jurisdiction Type
Adams Lake Indian Band	Chase	
HUSTALEN NO. 1	Columbia-Shuswap	Regional District
SQUAAM NO. 2	Thompson-Nicola	Regional District
TOOPS NO. 3	Thompson-Nicola	Regional District
SAHHALTKUM NO. 4	Chase	Regional District
STEQUMWHULPA NO. 5	Columbia-Shuswap	Regional District
SWITSEMALPH NO. 6	Columbia-Shuswap	Regional District
SWITSEMALPH NO. 7	Columbia-Shuswap	Regional District
Ashcroft Indian Band	Ashcroft	
CHEETSUM'S FARM NO. 1	Thompson-Nicola	Regional District
105 MILE POST NO. 2	Thompson-Nicola	Regional District
ASHCROFT NO. 4	Ashcroft	Village
MCLEAN'S LAKE NO. 3	Thompson-Nicola	Regional District
Bonaparte Indian Band	Cache Creek	
LOWER HAT CREEK NO. 2	Thompson-Nicola	Regional District
BONAPARTE NO. 3	Thompson-Nicola	Regional District
LOON LAKE NO. 4	Thompson-Nicola	Regional District
MAUVAIS ROCHER NO. 5	Thompson-Nicola	Regional District
GRASSLANDS NO. 7	Thompson-Nicola	Regional District
HIHIUM LAKE NO. 6A	Thompson-Nicola	Regional District
HIHIUM LAKE NO. 6B	Thompson-Nicola	Regional District
HIHIUM LAKE NO.	Thompson-Nicola	Regional District
Boothroyd Indian Band	Boston Bar	
TSAWAWMUCK NO. 1	Fraser Valley	Regional District
TSINTAHKTL NO. 2	Fraser Valley	Regional District
SPEYUM NO. 3	Fraser Valley	Regional District
KAHMOOSE NO. 4	Fraser Valley	Regional District
SHO-OOK NO. 5	Fraser Valley	Regional District
BOOTHROYD NO. 5A	Fraser Valley	Regional District
BOOTHROYD NO. 5B	Fraser Valley	Regional District
BOOTHROYD NO. 5C	Fraser Valley	Regional District
INKAHTSAPH NO. 6	Fraser Valley	Regional District
BOOTHROYD NO. 6A	Fraser Valley	Regional District
BOOTHROYD NO. 6B	Fraser Valley	Regional District
CHUKCHEETSO NO. 7	Fraser Valley	Regional District
STAIYAHANNY NO. 8	Fraser Valley	Regional District



First Nation	Reference Jurisdiction	Jurisdiction Type
BOOTHROYD NO. 8A	Fraser Valley	Regional District
STLAKAMENT NO. 9	Fraser Valley	Regional District
DUFFERIN NO. 10	Fraser Valley	Regional District
CHAUMOX NO. 11	Fraser Valley	Regional District
SAM ADAMS NO. 12	Fraser Valley	Regional District
BOOTHROYD NO. 13	Fraser Valley	Regional District
Burns Lake Indian Band	Burns Lake	
POISON CREEK NO. 17	Bulkley-Nechako	Regional District
POISON CREEK NO. 17A	Bulkley-Nechako	Regional District
BURNS LAKE NO. 18	Burns Lake	Village
SHERATON CREEK NO. 19	Bulkley-Nechako	Regional District
Chawathil Indian Band	Hope	
SCHKAM NO. 2	Hope	District
GREENWOOD ISLAND NO. 3	Hope	District
CHAWATHIL NO. 4	Hope	District
TUNNEL NO. 6	Fraser Valley	Regional District
Cheam Indian Band	Rosedale	
CHEAM NO. 1	Chilliwack	City
TSEATAH NO. 2	Kent	District
Cook's Ferry Indian Band	Spences Bridge	
KUMCHEEN NO. 1	Thompson-Nicola	Regional District
SKOONKOON NO. 2	Thompson-Nicola	Regional District
SHAWNIKEN NO. 3	Thompson-Nicola	Regional District
SPENCES BRIDGE NO. 4	Thompson-Nicola	Regional District
SPENCES BRIDGE NO. 4C	Thompson-Nicola	Regional District
LOWER SHAWNIKEN NO. 4A	Thompson-Nicola	Regional District
SHAWNIKEN NO. 4B	Thompson-Nicola	Regional District
CHUCHHRIASCHIN NO. 5	Thompson-Nicola	Regional District
CHUCHHRIASCHIN NO. 5A	Thompson-Nicola	Regional District
NICOELTON NO. 6	Thompson-Nicola	Regional District
KLOKLOWUCK NO. 7	Thompson-Nicola	Regional District
TSINKAHTL NO. 8	Thompson-Nicola	Regional District
UPPER TSINKAHTL NO. 8A	Thompson-Nicola	Regional District
PEMYNOOS NO. 9	Thompson-Nicola	Regional District
POKHEITSK NO. 10	Thompson-Nicola	Regional District
SPATSUM NO. 11	Thompson-Nicola	Regional District
SPATSUM NO. 11A	Thompson-Nicola	Regional District
TWOYQHALSHT NO. 16	Thompson-Nicola	Regional District



First Nation	Reference Jurisdiction	Jurisdiction Type
SHPAPZCHINH NO. 20	Thompson-Nicola	Regional District
ENQUOCTO NO. 14	Thompson-Nicola	Regional District
SCHIKAELTON NO. 16	Thompson-Nicola	Regional District
LISH-LEESH-TUM NO. 17	Thompson-Nicola	Regional District
BASQUE NO. 18	Thompson-Nicola	Regional District
ENTLQWEKKINH NO. 19	Thompson-Nicola	Regional District
PEQ-PAQ NO. 22	Thompson-Nicola	Regional District
ANTKO INDIAN RESERVE NO. 21	Thompson-Nicola	Regional District
Cowichan Indian Band	Duncan	
COWICHAN NO. 1	Duncan	Regional District
THEIK NO. 2	Cowichan Valley	Regional District
KIL-PAH-LAS NO. 3	North Cowichan	District
EST-PATROLAS NO. 4	Cowichan Valley	Regional District
TZART-LAM NO. 5	Cowichan Valley	Regional District
KAKALATZA NO. 6	Cowichan Valley	Regional District
SKUTZ NO. 7	Cowichan Valley	Regional District
SKUTZ NO. 8	Cowichan Valley	Regional District
COWICHAN NO. 9	Lake Cowichan	Town
Fort Nelson Indian Band	Fort Nelson	
FONTAS NO. 1	Northern Rockies	Regional District
FORT NELSON NO. 2	Northern Rockies	Regional District
KAHNTAH NO. 3	Northern Rockies	Regional District
SNAKE NO. 5	Northern Rockies	Regional District
Kanaka Bar Indian Band	Lytton	
NEKLIPTUM NO. 1	Thompson-Nicola	Regional District
KANAKA BAR NO. 1A	Thompson-Nicola	Regional District
KANAKA BAR NO. 2	Thompson-Nicola	Regional District
PEGLEG NO. 3	Thompson-Nicola	Regional District
PEGLEG NO. 3A	Thompson-Nicola	Regional District
WHYEEK NO. 4	Thompson-Nicola	Regional District
Kwaw Kwaw Apilt First Nation	Chilliwack	
KWAWKWAWAPILT NO. 6	Chilliwack	City
GRASS NO. 15	Clinton	Village
SKUMALASPH NO. 16	Coldstream	District
Lake Babine First Nation	Burns Lake	
CLOTALAIRQUOT NO. 4	Bulkley-Nechako	Regional District
NO-CUT NO. 5	Bulkley-Nechako	Regional District
BABINE NO. 6	Bulkley-Nechako	Regional District



First Nation	Reference Jurisdiction	Jurisdiction Type
ALPHONSE TOMMY NO. 7	Bulkley-Nechako	Regional District
CASDEDED NO. 8	Bulkley-Nechako	Regional District
TSAK NO. 9	Bulkley-Nechako	Regional District
NE-TSAW-GREECE NO. 10	Bulkley-Nechako	Regional District
NEDOATS NO. 11	Bulkley-Nechako	Regional District
MICHELL PIERRE NO. 12	Bulkley-Nechako	Regional District
NEDOATS NO. 13	Bulkley-Nechako	Regional District
CHANOODANDIDALCH NO. 14	Bulkley-Nechako	Regional District
TADINLAY NO. 15	Bulkley-Nechako	Regional District
BABINE NO. 16	Bulkley-Nechako	Regional District
BABINE LAKE NO. 20	Bulkley-Nechako	Regional District
BABINE RIVER NO. 21	Bulkley-Nechako	Regional District
BABINE RIVER NO. 21A	Bulkley-Nechako	Regional District
BABINE LAKE NO. 21B	Bulkley-Nechako	Regional District
AUGIER LAKE NO. 22	Bulkley-Nechako	Regional District
PINKUT LAKE NO. 23	Bulkley-Nechako	Regional District
TAHLO LAKE NO. 24	Bulkley-Nechako	Regional District
BABINE NO. 25	Bulkley-Nechako	Regional District
BABINE NO. 26	Bulkley-Nechako	Regional District
WOYENNE NO. 27	Bulkley-Nechako	Regional District
CHAPEL PARK NO. 28	Bulkley-Nechako	Regional District
Leq'á: mel First Nation	Deroche	
YAALSTRICK NO. 1	Fraser Valley	Regional District
LACKAWAY NO. 2	Fraser Valley	Regional District
LAKWAY CEMETERY NO. 3	Fraser Valley	Regional District
PAPEKWATCHIN NO. 4	Fraser Valley	Regional District
AYLECHOOTLOOK NO. 5	Fraser Valley	Regional District
HOLACHTEN NO. 8	Fraser Valley	Regional District
ZAITSULLACHAN NO. 9	Fraser Valley	Regional District
SKWEAHM NO. 10	Fraser Valley	Regional District
LAKAHAMEN NO. 11	Fraser Valley	Regional District
SUMAS CEMETERY NO. 12	Fraser Valley	Regional District
Lheidli T'enneh Nation Band	Prince George	
FORT GEORGE CEMETERY NO. 1A	Prince George	City
FORT GEORGE (SHELLEY) NO. 2	Fraser-Fort George	Regional District
CLESBAONEECHECK NO. 3	Fraser-Fort George	Regional District
SALAUQUO (CHILAKO RIVER) NO. 4	Fraser-Fort George	Regional District



First Nation	Reference Jurisdiction	Jurisdiction Type
Little Shuswap Band	Chase	
QUAAOUT NO. 1	Thompson-Nicola	Regional District
CHUM CREEK NO. 2	Thompson-Nicola	Regional District
MEADOW CREEK NO. 3	Thompson-Nicola	Regional District
SCOTCH CREEK NO. 4	Thompson-Nicola	Regional District
NORTH BAY NO. 5	Thompson-Nicola	Regional District
Lower Kootenay Indian Band	Creston	
CRESTON NO. 1	Central Kootenay	Regional District
LOWER KOOTENAY NO. 1A	Central Kootenay	Regional District
LOWER KOOTENAY NO. 1B	Central Kootenay	Regional District
LOWER KOOTENAY NO. 1C	Central Kootenay	Regional District
LOWER KOOTENAY NO. 2	Central Kootenay	Regional District
LOWER KOOTENAY NO. 3	Creston	Town
LOWER KOOTENAY NO. 5	Central Kootenay	Regional District
Lower Similkameen Indian Band	Keremeos	
LOWER SIMILKAMEEN NO. 2	Okanagan-Similkameen	Regional District
NARCISSE'S FARM NO. 4	Keremeos	Regional District
BLIND CREEK NO. 6	Keremeos	Village
BLIND CREEK NO. 6A	Keremeos	Village
CHOPAKA NO. 7 & 8	Okanagan-Similkameen	Regional District
ALEXIS NO. 9	Keremeos	Village
ASHNOLA NO. 10	Okanagan-Similkameen	Regional District
KEREMEOS FORKS NO. 12 & 12A	Okanagan-Similkameen	Regional District
RANGE NO. 13	Okanagan-Similkameen	Regional District
Matsqui Indian Band	Matsqui	
SAHHACUM NO. 1	Abbotsford	City
MATSQUI MAIN NO. 2	Abbotsford	City
THREE ISLANDS NO. 3	Abbotsford	City
MATSQUI NO. 4	Langley Township	District
Nadleh Whut'en Indian Band	Fort Fraser	
NAUTLEY (FORT FRASER) NO. 1	Bulkley-Nechako	Regional District
FRASER LAKE NO. 2	Bulkley-Nechako	Regional District
YENSISCHUCK NO. 3	Bulkley-Nechako	Regional District
SEASPUNKUT NO. 4	Bulkley-Nechako	Regional District
CANYON LAKE NO. 7	Bulkley-Nechako	Regional District
ORMONDE CREEK NO. 8	Bulkley-Nechako	Regional District
FONDEUR NO. 9	Bulkley-Nechako	Regional District
Neskonlith Indian Band	Chase	



First Nation	Reference Jurisdiction	Jurisdiction Type
NESKONLITH NO. 1	Thompson-Nicola	Regional District
NESKONLITH NO. 2	Thompson-Nicola	Regional District
SWITSEMALPH NO. 3	Thompson-Nicola	Regional District
Nicomen Indian Band	Lytton	
NICOMEN NO. 1	Thompson-Nicola	Regional District
KYKINALKO NO. 2	Thompson-Nicola	Regional District
SACKUM NO. 3	Thompson-Nicola	Regional District
GULADA NO. 3A	Thompson-Nicola	Regional District
SKHPOWTZ NO. 4	Thompson-Nicola	Regional District
KLAHKOWIT NO. 5	Thompson-Nicola	Regional District
SLEETSIS NO. 6	Thompson-Nicola	Regional District
SHOSKHOST NO. 7	Thompson-Nicola	Regional District
UNPUKPULQUATUM NO. 8	Thompson-Nicola	Regional District
SKEIKUT NO. 9	Thompson-Nicola	Regional District
SQUIANNY NO. 10	Thompson-Nicola	Regional District
ENHALT NO. 11	Thompson-Nicola	Regional District
SKAYNANEICHST NO. 12	Thompson-Nicola	Regional District
NAYKIKOULTH NO. 13	Thompson-Nicola	Regional District
PUTKWA NO. 14	Thompson-Nicola	Regional District
SHUOUCHTEN NO. 15	Thompson-Nicola	Regional District
Osoyoos Indian Band	Oliver	
OSOYOOS NO. 1	Okanagan-Similkaneen	Regional District
OSOYOOS NO. 3	Osoyoos	Town
Popkum First Nation	Chilliwack	
POPKUM NO. 1	Fraser Valley	Regional District
POPKUM NO. 2	Fraser Valley	Regional District
Seabird Island Indian Band	Agassiz	
SEABIRD ISLAND	Kent	District
PEKW'XE:YLES INDIAN RESERVE	Agassiz	
Shuswap Indian Band	Invermere	
SHUSWAP	Invermere	Regional District
Siska Indian Band	Lytton	
KUPCHYNALTH NO. 1	Thompson-Nicola	Regional District
KUPCHYNALTH NO. 2	Thompson-Nicola	Regional District
SISKA FLAT NO. 3	Thompson-Nicola	Regional District
MOOSH NO. 4	Thompson-Nicola	Regional District
ZACHT NO. 5	Thompson-Nicola	Regional District
SISKA FLAT NO. 5A	Thompson-Nicola	Regional District



First Nation	Reference Jurisdiction	Jurisdiction Type
SISKA FLAT NO. 5B	Thompson-Nicola	Regional District
HUMHAMPT NO. 6	Thompson-Nicola	Regional District
HUMHAMPT NO. 6A	Thompson-Nicola	Regional District
NAHAMANAK NO. 7	Thompson-Nicola	Regional District
SISKA FLAT NO. 8	Thompson-Nicola	Regional District
Skeetchestn Indian Band	Savona	
SKEETCHESTN	Thompson-Nicola	Regional District
HIHIUM LAKE NO. 6A	Thompson-Nicola	Regional District
HIHIUM LAKE NO. 6B	Thompson-Nicola	Regional District
MARSHY LAKE NO. 1	Thompson-Nicola	Regional District
Skuppah Indian Band	Lytton	
SKUPPAH NO. 1	Thompson-Nicola	Regional District
INKLYUHKINATKO NO. 2	Lytton	Village
SKUPPAH NO. 2A	Lytton	Village
SKUPPAH NO. 2B	Lytton	Village
POOEYELTH NO. 3	Thompson-Nicola	Regional District
SKUPPAH NO. 3A	Thompson-Nicola	Regional District
SKUPPAH NO. 4	Thompson-Nicola	Regional District
SKUPPAH NO. 4A	Thompson-Nicola	Regional District
Sliammon First Nation	Powell River	
SLIAMMON NO. 1	Powell River	Regional District
HARWOOD ISLAND NO. 2	Powell River RD	Regional District
PAUKEANUM NO. 3	Powell River RD	Regional District
TOQUANA NO. 4	Powell River RD	Regional District
TOKENATCH NO. 5	Powell River RD	Regional District
KAHKAYKAY NO. 6	Powell River RD	Regional District
Snuneymuxw First Nation	Nanaimo	
NANAIMO TOWN NO. 1	Nanaimo	City
NANAIMO RIVER NO. 2	Nanaimo	City
NANAIMO RIVER NO. 3	Nanaimo	City
NANAIMO RIVER NO. 4	Nanaimo	City
GABRIOLA ISLAND NO. 5	Nanaimo RD	Regional District
MA-GUALA NO. 6	Nanaimo RD	Regional District
Soda Creek Indian Band	Williams Lake	
SODA CREEK NO. 1	Cariboo	Regional District
DEEP CREEK NO. 2	Cariboo	Regional District



First Nation	Reference Jurisdiction	Jurisdiction Type
Songhees Indian Band	Victoria	
NEW SONGHEES NO. 1A	Esquimalt	Regional District
DISCOVERY ISLAND NO. 3	Capital	Regional District
CHATHAM ISLANDS NO. 4	Capital	Regional District
Spuzzum Indian Band	Yale	
SPUZZUM NO. 1	Fraser Valley	Regional District
SPUZZUM NO. 1A	Fraser Valley	Regional District
PAPSILQUA NO. 2	Fraser Valley	Regional District
PAPSILQUA NO. 2A	Fraser Valley	Regional District
PAPSILQUA NO. 2B	Fraser Valley	Regional District
TEEQUALOOSE NO. 3	Fraser Valley	Regional District
TEEQUALOOSE NO. 3A	Fraser Valley	Regional District
YELAKIN NO. 4	Fraser Valley	Regional District
YELAKIN NO. 4A	Fraser Valley	Regional District
LONG TUNNEL NO. 5	Fraser Valley	Regional District
LONG TUNNEL NO. 5A	Fraser Valley	Regional District
SKUET NO. 6	Fraser Valley	Regional District
SPUZZUM NO. 7	Fraser Valley	Regional District
STOUT NO. 8	Fraser Valley	Regional District
SADDLE ROCK NO. 9	Fraser Valley	Regional District
CHAPMAN'S BAR NO. 10	Fraser Valley	Regional District
St. Mary's Indian Band	Cranbrook	
KOOTENAY NO. 1	East Kootenay	Regional District
ISIDORE'S RANCH NO. 4	East Kootenay	Regional District
CASSIMAYOOKS (MAYOOK) NO. 5	East Kootenay	Regional District
BUMMERS FLAT NO. 6	East Kootenay	Regional District
ST. MARY'S NO. 1A	East Kootenay	Regional District
Tl'azt'en Nation	Fort St. James	
TACHE NO. 1	Bulkley-Nechako	Regional District
BINCHE NO. 2	Bulkley-Nechako	Regional District
CARSOOSAT NO. 17	Bulkley-Nechako	Regional District
BIHLK'A NO. 6	Bulkley-Nechako	Regional District
BINCHE BUN NO. 7	Bulkley-Nechako	Regional District
TES GHA LA NO. 7A	Bulkley-Nechako	Regional District
CHUZ GHUN NO. 8	Bulkley-Nechako	Regional District
BINCHE NO. 10	Bulkley-Nechako	Regional District
BINCHE NO. 12	Bulkley-Nechako	Regional District
DZITLINE LEE NO. 9	Bulkley-Nechako	Regional District



First Nation	Reference Jurisdiction	Jurisdiction Type
TEESLEE NO. 15	Bulkley-Nechako	Regional District
TSAY CHO NO. 4	Bulkley-Nechako	Regional District
KUZ CHE NO. 5	Bulkley-Nechako	Regional District
BIHL' K'A NO.18	Bulkley-Nechako	Regional District
SISUL TL'O K'UT NO. 14	Bulkley-Nechako	Regional District
NORTH ROAD NO. 19	Bulkley-Nechako	Regional District
BIHL' K'A CHAH NO. 20	Bulkley-Nechako	Regional District
SISUL TL'O K'UT NO. 21	Bulkley-Nechako	Regional District
TL'O BA NO. 22	Bulkley-Nechako	Regional District
METSO A CHOOT NO. 23	Bulkley-Nechako	Regional District
TSAZ CHEH KOH NO. 24	Bulkley-Nechako	Regional District
NATAZUTLOOH NO. 25	Bulkley-Nechako	Regional District
O K'AY WHA CHO NO. 26	Bulkley-Nechako	Regional District
TSAZ CHECH NO. 27	Bulkley-Nechako	Regional District
TSAZ CHECH NO. 28	Bulkley-Nechako	Regional District
LHOH CHO NO. 29	Bulkley-Nechako	Regional District
CAMSELL LAKE NO. 30	Bulkley-Nechako	Regional District
DLAH KOH NO. 31	Bulkley-Nechako	Regional District
JUS K'AY TL'OH NO. 32	Bulkley-Nechako	Regional District
LA TSE CHO DIZ I NO. 33	Bulkley-Nechako	Regional District
TSE BAY HA TINE A NO. 34	Bulkley-Nechako	Regional District
SHAS DZUHL KOH NO. 35	Bulkley-Nechako	Regional District
TA DUHL' NO. 36	Bulkley-Nechako	Regional District
TSUN TINE AH NO. 37	Bulkley-Nechako	Regional District
KEOM CHO NO. 38	Bulkley-Nechako	Regional District
NAK'A LAT NO. 39	Bulkley-Nechako	Regional District
WHA T'A NOO NO. 40	Bulkley-Nechako	Regional District
CHUZ TEESLEE NO. 41	Bulkley-Nechako	Regional District
NOO KAT NO. 42	Bulkley-Nechako	Regional District
TANIZUL NO. 43	Bulkley-Nechako	Regional District
IHCH'AZ UZ TA TSOH NO. 44	Bulkley-Nechako	Regional District
CHUNDOO LH'TAN LA NO. 45	Bulkley-Nechako	Regional District
DZIN TL'AT NO. 46	Bulkley-Nechako	Regional District
K'AY NOO NO. 47	Bulkley-Nechako	Regional District
SKOOBY ISLAND NO. 48	Bulkley-Nechako	Regional District
TEH NOO'N CHE NO. 49	Bulkley-Nechako	Regional District



First Nation	Reference Jurisdiction	Jurisdiction Type
Ts'Kw'aylaxw First Nation	Lillooet	
PAVILION NO. 1	Squamish-Lillooet	Regional District
PAVILION NO. 1A	Squamish-Lillooet	Regional District
LEON CREEK NO. 2	Squamish-Lillooet	Regional District
LEON CREEK NO. 2A	Squamish-Lillooet	Regional District
MARBLE CANYON NO. 3	Squamish-Lillooet	Regional District
PAVILION NO. 3A	Squamish-Lillooet	Regional District
PAVILION NO. 4	Squamish-Lillooet	Regional District
TS'KW'AYLAXW NO. 5	Squamish-Lillooet	Regional District
Tsawwassen First Nation	Tsawwassen	
TSAWWASSEN	Delta	District
Tzeachten First Nation	Chilliwack	
TZEACHTEN NO. 13	Sardis	Regional District
GRASS NO. 15	Chilliwack	City
Upper Similkameen Indian Band	Keremeos	
VERMILION FORKS NO. 1	Okanagan-Similkameen	Regional District
CHUCHUWAYHA NO. 2	Okanagan-Similkameen	Regional District
CHUCHUWAYHA NO. 2C	Okanagan-Similkameen	Regional District
WOLF CREEK NO. 3	Okanagan-Similkameen	Regional District
NINE MILE CREEK NO. 4	Okanagan-Similkameen	Regional District
LULU NO. 5	Okanagan-Similkameen	Regional District
ONE MILE NO. 6	Okanagan-Similkameen	Regional District
Whispering Pines Band	Kamloops	
KELLY CREEK NO. 3	Thompson-Nicola	Regional District
WHISPERING PINES NO. 4	Thompson-Nicola	Regional District
Tsawout Indian Band	Sannich	
EAST SAANICH NO. 2	Saanich	Regional District
FULFORD HARBOUR NO. 5	Saanich	Regional District
SATURNA ISLAND NO. 7	Saanich	Regional District
PENDER ISLAND NO. 8	Saanich	Regional District
BARE ISLAND NO. 9	Saanich	Regional District
GOLDSTREAM NO. 13	Saanich	Regional District
Westbank First Nation	Kelowna	
MISSION CREEK NO. 8	Kelowna	City
TSINSTIKEPTUM NO. 9	Kelowna	City
TSINSTIKEPTUM NO. 10	Kelowna	City
MEDICINE HILL NO. 11	Central Okanagan	Regional District
MEDICINE CREEK NO. 12	Central Okanagan	Regional District



First Nation	Reference Jurisdiction	Jurisdiction Type
Squamish Nation	North Vancouver	
MISSION NO. 1	North Vancouver	District
SEYMOUR CREEK NO. 2	North Vancouver	District
CAPILANO NO. 5	North Vancouver	District
SKOWISHIN NO. 7	Squamish-Lillooet	Regional District
CHUCKCHUCK NO. 8	Squamish-Lillooet	Regional District
POYAM NO. 9	Squamish-Lillooet	Regional District
SKOWISHIN GRAVEYARD NO. 10	Squamish-Lillooet	Regional District
CHEAKAMUS NO. 11	Squamish-Lillooet	Regional District
YOOKWITZ NO. 12	Squamish-Lillooet	Regional District
POQUIOSIN & SKAMAIN NO. 13	Squamish-Lillooet	Regional District
WAIWAKUM NO. 14	Squamish-Lillooet	Regional District
AIKWUCKS NO. 15	Squamish-Lillooet	Regional District
SEAICHEM NO. 16	Squamish-Lillooet	Regional District
KOWTAIN NO. 17	Squamish-Lillooet	Regional District
YEKWAUPSUM NO. 18	Squamish-Lillooet	Regional District
YEKWAUPSUM NO. 19	Squamish-Lillooet	Regional District
STAWAMUS NO. 24	Squamish-Lillooet	Regional District
KAICALAHUN NO. 25	Squamish-Lillooet	Regional District
CHEKWELP NO. 26	Squamish-Lillooet	Regional District
CHEKWELP NO. 26A	Squamish-Lillooet	Regional District
SCHALTUUCH NO. 27	Squamish-Lillooet	Regional District
DEFENCE ISLAND NO. 28	Squamish-Lillooet	Regional District
KWUM KWUM	Squamish-Lillooet	Regional District
Musqueam Indian Band	Vancouver	
MUSQUEAM NO. 4	Delta	District
MUSQUEAM NO. 2	Vancouver	Regional District
SEA ISLAND NO. 3	Delta	District
Campbell River First Nation	Campbell River	
HOMAYNO NO. 2	Comox-Strathcona	Regional District
LOUGHBOROUGH NO. 3	Comox-Strathcona	Regional District
MATLATEN NO. 4	Comox-Strathcona	Regional District
CAMPBELL RIVER NO. 11	Campbell River	City

