

Table of Contents

Introduction

Descriptions of the Roles and Responsibilities

Principle 1: Legal Framework

Principle 2: Land Registry

Principle 3: Standards and Quality Control

Principle 4: Developing Real Estate Markets

Principle 5: Good Governance

Principle 6: Finance

Principle 7: Transparency and advanced financial products

Principle 8: Valuation standards

Principle 9: Social Housing

Principle 10: Professional services and capacity building

Understanding Homeownership

Everywhere in Canada homes increase in value:

i.e. \$300,000.00 house, which increases 2% per year after 25 years is worth \$494,410.56

This is not true in Cree community due to the 75 year restriction on ownership which results in a decrease in value:

i.e. \$300,000.00 house, decreases to \$200,000 as 2/3 of the life of the house is left.

Local Governments

The local governments of Eeyou Istchee play the most central role in the development of Cree real estate:

- Determines which lots are developed and what dimensions they will have.
- Generates the first land right.
- Creates laws that protects the ability of residents to peacefully enjoy their property.
- Develops and maintains the local infrastructure which can enhance and protect the value of private property.
- Determines the user fee/property tax.
- Manages local social housing programs

Cree Nation Government

The Cree Nation Government:

- Represents the collective bargaining power of the Cree Nation with the Federal Government, Provincial Governments.
 - Negotiate the adaptation of provincial regimes which can serve the emergence of Cree real estate market (CCQ, RBQ, etc.)
 - Negotiate greater access to federal social housing programs and the implementation of Treaty obligations.
- Maintenance of Programs, Policies and Laws that can facilitate real estate development at the local level.
- Represent a consolidated Cree Nation market which can demand concession and accommodations from financial institutions or insurance providers.

Cree Nation Mortgage and Housing Corporation (Does not exist at this time)

Once the Cree leadership has taken steps to ensure the development of a Cree real estate market a regulatory body will be required to:

- Protect Cree consumers.
- Manage programs and funds concerning the real estate sector.
- Manage programs and guarantees aimed at reinforcing the security for financial institutions to ensure access to competitive financial products.

Government of Canada

The Federal Government must:

- Fulfill JBNQA Treaty obligations related to community development which have not been assumed by the Crees and which could impact the development of Cree real estate.
- Cooperate with the Cree Nation Government in adjusting the legal framework to encourage private homeownership in the Cree communities.

Government of Quebec

The Government of Quebec must:

- Adapt the laws and regulations of Quebec related to housing to the reality of Eeyou Istchee, i.e. C.C.Q.
- Facilitate access to financial institutions.
- Fulfill Treaty obligations related to infrastructure and community development which could impact the development of Cree real estate.

Principle 1 – Legal framework

This principle addresses questions like:

- What happens if someone I lent money to buy a house won't pay me?
- How do I know that my house will go to my children?
- Who will protect me if the band decides to take my house, do I really own it?
- Where do I go if my neighbor builds his fence on my lawn?
- What happens if Cree Nation Government says I am eligible for a program and the local Government says I am not?

Principle 1 – Legal framework

A proper functioning real estate market requires an integrated and harmonized legal system:

- Local, Cree Nation Government, Provincial and Federal laws need to work together and not contradict one another.
- The Quebec judicial system must protect rights of property owners and lending institutions.
- Legal barriers to trade and ownership should be limited to the greatest extent possible for a free market.
- Legal protections on the value of real estate will assist in promoting investment and development.

Principle 2 – Land Registry

This principle addresses questions like:

- What proof do I have that own land? For how long do I “own” it?
- What happens if I lose or if the sales document for my house is stolen?
- What happens if someone tries to say that they own the land or my house?
- How do I know the person who tells me that they own the house I want to buy really do own that house?
- How do I know if the person selling me a house hasn't taken a loan out on it?

Principle 2 – Land Registry

Transaction risks are severely reduced with the establishment of an efficient land registration system. The Cree Naskapi land registry must:

- Be an efficient system for identifying, cataloguing and classifying property rights.
- Cover the entire Cree Nation.
- Be accessible to third parties.
- It must be clear and assist in the clear identification of parties.
- It must always be up to date.
- Assist in the registration of financial instruments associated with the property

Principle 3 – Standards and Quality Control

Standards

They are:

- Based on past experience
 - Major Fires
 - Major Earthquakes
- Based on best practices
- Based on climatic zone
- Done by specialists of their fields who do periodical reviews and updates

Standards need to be adopted by a government in order to be in effect on its jurisdiction

- Example: Approved the use by reference of the Canadian Building Code

Principle 3 – Standards and Quality Control

Standards

Benefits of having standards in housing

- No need to start from scratch, things are done properly right away
- Durability of a construction
- Protection of the investments
- Health and Safety of the occupants
- Optimize the use of energy
- Make people confident about a product or a service
- Reduce the uncertainty and the risk
- The rules are known, well established and they are the same everywhere
- Adequate supply of drinking water for consumption and for fire / sewage collection / storm sewer collection, etc...

Principle 3 – Standards and Quality Control

Quality Control

How to make sure standards are followed:

1) Certification

- Use constructors and subcontractors that are registered and that have insurances
- Use construction workers that are certified
- Use construction material that is certified
- Use plans done by Architects and Engineers for multiplex housing, buildings and infrastructures

2) Inspections

- Perform inspections at key steps of a project by Housing Inspector or Architect / Engineer

Principle 3 – Standards and Quality Control

Quality constructions and development standards will protect the value of real estate for present and future owners:

- Establishment and enforcement of high construction standards will assist in ensuring the value of Cree real estate for generations.
- It is imperative that the quality and standard of infrastructure development be such that real estate is protected, i.e. fire protection, water quality and waste management.
- Data and statistics must be collected and analyzed to ensure that there is always a clear understanding of housing trends and costs.

Principle 4 – Developing Real Estate Markets

This principle addresses questions like:

- How long do I have to wait for a lot when I have my money ready now?
- Why can't I use the company from the neighboring community which is giving better prices?
- How do I evaluate the quote that a contractor has given me to build my home?
- Why does equity matter and why should I invest in a home?
- How do I get the return on my investment in my home?

Principle 4 – Developing Real Estate Markets

The real estate sector can be a driving force for development due to its close interconnection with many other sectors of the economy :

- Transparent reliable community planning properly combined with building laws can encourage investment and economic development.
- Efficient and open markets between communities are critical to ensure that the Cree Nation as whole benefits equally from the emergence of the Cree real estate market.
- The community plans need to work together to ensure that there is value for dollar to maximize the local economic impact of spending.

Principle 4- Developing a Real Estate Market

Real Estate is about investing in a stable, appreciable asset

- Building services, programs and initiatives that enable our members to be part of an ownership culture
- Identifying the needs of our members, the right real estate model for our communities is imperative
- Facilitating entrepreneurship that benefits from the tangible spin-offs of real estate development

Principle 4- Developing a Real Estate Market

Community Planning that assists a real estate market has a number of important benefits

- Ownership is an investment, creating equity in the long-term through appreciation of an asset, which is your home
- Creating a market that enables home owners to access equity is at the heart of a good real estate market
- A functioning market should facilitate access to opportunities

Principle 5 – Good governance

This principle addresses questions like:

- Why is there so much red tape?
- Why did so and so get a house before me?
- How come the Council approved that person but didn't approve me?
- What are the rules for owning a house or getting a house built?

Principle 5 – Good governance

Clear decision making processes based on unambiguous rules will foster healthy real estate markets:

- If there is a Cree wanting to sell a house and there is a Cree wanting to buy a house, there should be no restriction.
- Customer friendly proceedings should remove unnecessary and substantial delays in administrative approval of procedures for real estate development.
- All laws and procedures affecting property rights and transactions must be well documented.
- Locals Governments and the Cree Nation Government need to make their laws and regulations easily and publicly available.

Principle 6 – Finance


This principle addresses questions like:

- How do I know the bank is giving me the best rate?
- Why is the bank telling me I have to use their insurance which is so expensive?
- Why is everybody only going to one bank?
Can I use a different one?

Principle 6 – Finance

Access to credit and mortgages are essential elements of a healthy real estate market

- Private investment in real estate must be encouraged
- Mortgage markets need to be well regulated but there should be no restriction on financial institutions to ensure competitive markets.
- Insurance coverage needs to be available at competitive rates
- There should be incentives for first time buyers.



Principle 7 – Transparency and advanced financial products

This principle addresses questions like:

- Does credit rating matter?
- How do I know the bank is not just trying to increase by debt on my really ugly trailer?
- I am worried the people are borrowing too much in our community, how do I know we won't crash?

Principle 7 – Transparency and advanced financial products

Transparency and appropriate use of real estate assets as guarantee of advanced financial products can produce social and economical benefits and avoid Financial Crisis

- There has to be a direct and transparent connection between the valuation and rating of a financial product and the real estate asset.
- There must be a regulated minimum capital reserve to meet outstanding risk (solvency ratio)
- Loan-to-value (LTV) ratio has to be considered a basic and prudential criteria for providing financing to the private borrower.
- LTV is not the only standard for providing financing, the borrower needs to have a job, a steady income, and a good payment record.

Principle 8 – Valuation standards

This principle addresses questions like:

- How do I know what my house is really worth?
- How do we know what a big house should pay for using local resources versus a small house?

Property appraisal criteria based on commonly shared valuation standards should be applied

Principle 8 – Valuation standards

- User fees or taxation should be based on appraised value. Larger houses rely more heavily on local infrastructure.
- There should be sufficient transparency in data recording for information regarding comparable sales transactions to be readily available to all valuers.
- Statistical data on the development of real estate markets should be determined from the data on transactions and should be published on an annual basis at least

Principle 9 – Social housing

This principle addresses questions like:

- How do we get people who can afford their own private homes not to take up space in social housing?
- How much social housing do we need?
- How can we ease the financial burden on the local band when addressing social housing?

Social housing is integrally linked to the viability of a real estate market

Principle 9 – Social housing

- Social housing policies need to respond and adapt to local requirements.
- Social housing rent needs to be geared to income or it will become a disincentive for private investment in housing.
- Public private partnerships can address housing needs

Principle 10 – Professional services and capacity building

This principle addresses questions like:

- Who is going to do all this?
- Who is driving training and professional development in our communities?
- Why are trained Cree professionals unemployed or underemployed within their sector of training?
- How do we create consistency and stability that makes the employment a core part of the Housing Strategy?



Principle 10 – Professional services and capacity building

We need to invest in training and developing our own professionals to meet the demand required for an efficient real estate market

- Diverse professionals are needed at all levels of real estate development
- The construction and maintenance industry will require skilled qualified labour.
- We need to educate our people to participate in a real estate economy

Discussion



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Grand Council of the Crees (Eeyou Istchee)
Grand Conseil des Cris (Eeyou Istchee)

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Cree Nation Government
Gouvernement de la Nation Crie