

Development Charges in HRM



Community Design Advisory Committee |

October 10, 2012





“Developers reap an economic benefit from their activities, and part of that benefit accrues from public infrastructure”

New Tools for New Times, A Sourcebook for the Financing, Funding and Delivery of Urban Infrastructure, Canada West Foundation, 2006



What is a Development Charge and Why collect it?

Form of User Fee on Future Development

- service capacity is being provided today for tomorrow's growth
- DC's Prevent existing homes and businesses from paying growth related capital costs

Includes growth related share of capital cost of assets

Does NOT include

- Operating or maintenance
- Benefit to existing community, costs related to prior growth



Before Development Charges

Developer built systems in new developments

- Often cost shared from the general tax rate if regional or community benefit

Municipality generally built regional infrastructure

Someone paid too much up-front - Cannot recover from future developers

Often led to inadequate infrastructure/expensive upgrades

- The cost of providing “undersized” infrastructure far outweighs the cost of providing over-sized infrastructure

Doesn't lend itself to Regional Planning



Area Based Development Charge's

1999 - Municipal Government Act Amended To Allow Infrastructure Charges

- “Costs incurred by...the sub-division and future development of land”
- Limits to “new or expanded” water, sewer, and roads
- No methodology, did not distinguish between on-site/off-site

2002 - Area Based DC's Formally Adopted

- Extensive Consultation with Development Industry
- Based on Halifax Water Capital Cost Contribution Program
- Tested before the NS Utility and Review Board



Area Based Development Charge's *Key Features*

Funds Infrastructure Needed For The Specific Development Area

- Infrastructure Within Or Along Side Of A Charge Area
- Developers' cost (CCC) based on demand created by new development
- HRM cost based on demand created by existing development

Costs Are Defendable With Reasonable Level Of Effort

**One Charge Per Charge Area, Collected prior to
Subdivision Approval**



Area Based Development Charge's *Key Features*

Supports Efficient Development Patterns/Regional Plan

- Selecting areas with the least cost of servicing favours areas with remaining capacity

Comprehensive Community Planning

- Infrastructure, land use, financing plans
- Multi-stakeholder approach

Charges adopted for Bedford South, Wentworth Estates, Bedford West, Russell Lake West, Portland Hills



Larry Uteck Blvd/Highway 102 Interchange

	2003 Interchange	2009 Interchange
Total Cost	\$ 7,535,370	\$ 22,070,000
Federal Grant		5,900,000
Provincial Grant	2,200,000	6,900,000
Bedford South DC	2,295,155	2,295,155
Bedford West DC		3,365,005
Halifax Water/Heritage Gas		970,000
Net HRM Cost	\$ 3,040,215	\$ 2,639,840



2006 – Development Charge Program Review

Area Specific DC's Do Not Collect from In-fill, Re-development, High Rise Development

Area Specific DC's limited in scope –

- Applies only to “hard” services
- only in specific locations

Infrastructure Charges Study (SGE Group Inc., September, 2006)

- Best practises and issues faced in other Canadian municipalities
- Adopted by Council as basis for policy and by-laws



2006 – Development Charge Policy Directives

Development Pays its Share of Infrastructure

- Best use of development contributions is a blended program of Region-wide and Area Based DC's
- Different rates for different housing types

Assign Charges to all development that will use infrastructure

- Infill on existing lots, development on new lots, residential and commercial
- Collected prior to issuing a building permit

Recommended Five Categories of services to be reviewed for Region Wide DC's ranked from easiest to the most difficult



2006 Policy Directives for Region Wide DC's

Easiest



Most Difficult

Group	Service	Standards Exist	Legislation Exists	Status
1	Wastewater Treatment	Yes	Yes	Adopted
2	Solid Waste	Yes	Yes	
2	Transit and Transportation	Yes	Yes	Report drafted
3	Police and Fire	Yes	No	Pending Legislation
4	Recreation, Libraries, Regional Parks	No	No	
5	Admin. Buildings, Convention/Meeting Venues, Tourism/Cultural Facilities	No	No	



Development Charges

Key Issues

Who Bears the Burden....

- **Developer?**
- **Home Owner?**
- **Pre-development land owner?**

Consider total burden on housing from taxes, fees, charges, and changing standards



Summary

Next Steps – Adopt Charges for Transit & Transportation

Formal request made for legislation to collect DC's in respect of Fire, Parks, Recreation, and Libraries

Issue to consider: Should DC's be collected in the Regional Centre