2.

HALIFAX
REGIONAL MUNICIPALITY

PO Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Halifax Regional Council
November 23, 2004

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY: Betty MacDonald
Betty MacDonald, Director, Governance and Strategic Initiatives

DATE: November 17, 2004

SUBJECT: **Interim Growth Management - Monitoring Report**

INFORMATION REPORT

ORIGIN

On April 13, 2004 Council requested staff to monitor the effects of Interim Growth Management (IGM) policies that were adopted May 5, 2004 and report back to Council in 6 months.

BACKGROUND

Regional Council approved a series of amendments to Municipal Planning Strategies and Land Use Bylaws in parts of HRM (See Attached Map) to restrict new residential development in order to reduce the risk of speculative lot development in advance of the Regional Plan. Council requested that staff monitor the impacts of the policies and report back at six month intervals. This report marks the first six month period during which the Interim Growth Management Policies have been in place.

SUMMARY OF FINDINGS

To date, no statistical effect can be detected on single family house and building lot prices, lot availability, or housing affordability as a result of the Interim Growth Management policies. Short term changes in employment in the residential construction sector in HRM could not be determined.

DISCUSSION

During the public debate about the Interim Growth Management Policies, there was concern that the policies would affect four key areas: lot availability; lot and house prices; housing affordability and employment in the residential construction sector.

1. Lot Availability

Lot approvals and lots in the process of approval are tracked by Planning and Development staff. Newly approved lots are not necessarily sold to home builders immediately, so building permits for new houses are matched with new lots to determine the take-up of lots in the market. The total number of approved or proposed lots, less those for which building permits are issued, indicates the number of lots potentially available for building.

Findings:

The March 11, 2004 Council report indicated about 5170 residential building lots were either approved or in the process of approval in the IGM area.[1] In addition, 16 lots are proposed under the exemption Council granted for the eastern and central portions of the IGM area. (See Attachment 2 - Summary of Interim Growth Management Measures.) In the first nine months of 2004, 649 residential building permits have been issued in the IGM area, yielding approximately 4500 lots still available. (See Table 1.) This approval activity corresponds to an historical average for the IGM area. In addition to this total, as reported in the March 11, 2004 report to Regional Council, there are about 6600 more lots potentially available in the IGM area.

Table 1. Interim Growth Area - Lot inventory update *

Development activity	# of Lots	Cumulative Total
Lots with HRM approval (since 1997)	2040	2040
Complete tentative applications less newly approved lots	1130	3170
Concept plan lots at 25/year = 1,000/year = 2,000 during interim growth period	2000	5170
Less permits for singles and semis issued on above lots	-649	4521
Lots proposed under the 8 lot exemption in eastern and central areas	16	4537
Total lots available**		**4537** **

Notes:
* This table is derived from tables in the March 11, 2004 Regional Council Report
** Does not include an additional 6630 lots potentially available in the IGM area - see March 11, 2004 Council Report

[1] See HRM Regional Council report, "Interim Growth Management: Plan Amendments," March 11, 2004

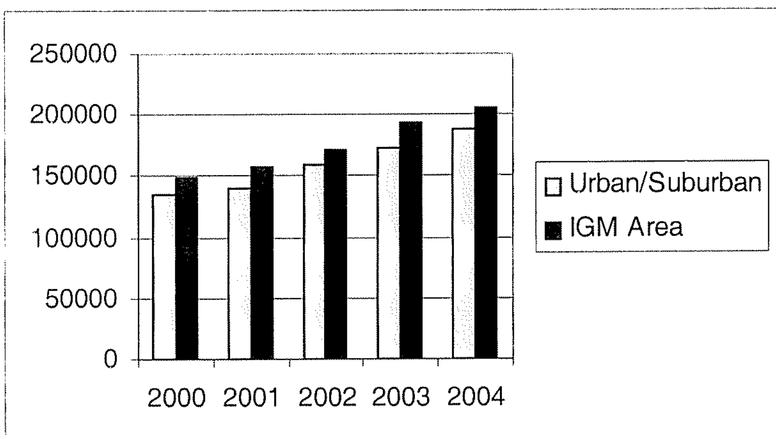
2. Lot and House Prices

Using data from the Multiple Listing Service, average sale prices of single family houses and vacant lots were surveyed in the real estate zones that correspond closest to the Suburban/Urban areas and the IGM area of HRM. The same six-month period (May to October) for each of the last five years was surveyed.

Findings:
The data shows that average lot prices in both the IGM and serviced area of HRM have dropped this year over last. However, the limited data available (i.e. a small number of lot sales) makes determination of trends difficult.

Average single family house prices, both inside and outside the IGM area, have shown a consistent upward trend over the last five years (see Fig.1). There is no perceptible change in this trend since the IGM policies came into effect.

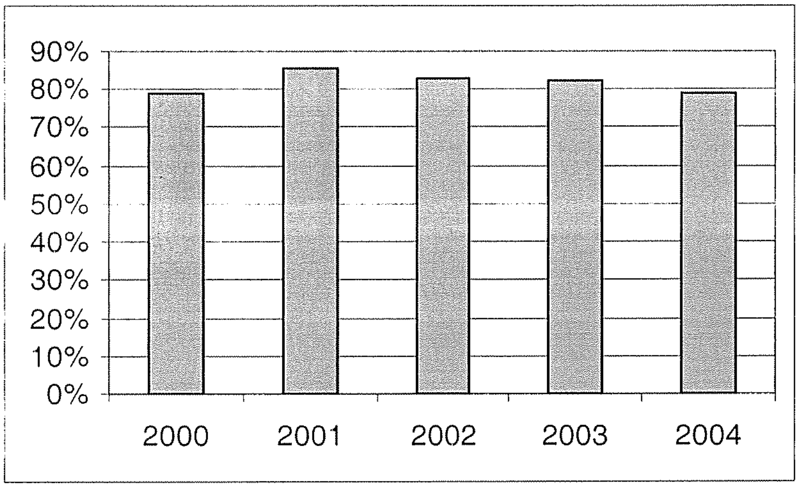
Figure 1. Average Single Family House Sale Prices in HRM
Source: Celerity MLS database



3. Housing Affordability

Housing affordability is defined as housing that does not consume more than 30% of pre-tax household income. The proportion of HRM residents who live in housing they cannot afford is only tracked by Statistics Canada every five years through the census. Short term changes in affordability must, therefore, be determined indirectly through other available data, in this case the buying power of a given household income. Three dynamics work simultaneously to influence buying power: - interest rates, income levels and housing prices. Figure 2 shows the net effect of these three influences and indicates the portion of all house sales in HRM that are below an "affordable" price. "Affordable" in this case, means housing costs are no more than 30% of the average household income in HRM. Although interest rates have decreased and income levels have increased in the last five years, which should make affordable housing more available, long term house price increases (See Fig. 1) have overshadowed those potential gains. Again the trend has not changed over the last few years.

Figure 2 Proportion of HRM Single Family House sales that are "affordable" for average income earners.
Source: Celerity MLS Database and NS Dept of Finance.



4. Employment Impact

Although employment data for the entire construction sector (which includes both commercial and residential construction)in all of Nova Scotia are available, short term employment statistics are not available specifically for the residential construction sector in HRM. It is difficult, therefore, to determine from the data available whether there has been any impact on residential construction employment as a result of the IGM policies.

Conclusion

To date, no statistical effect can be detected on single family house and building lot prices, lot availability, or housing affordability as a result of the Interim Growth Management policies. Short term changes in employment in the residential construction sector in HRM could not be determined.

BUDGET IMPLICATIONS

N/A

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

ALTERNATIVES

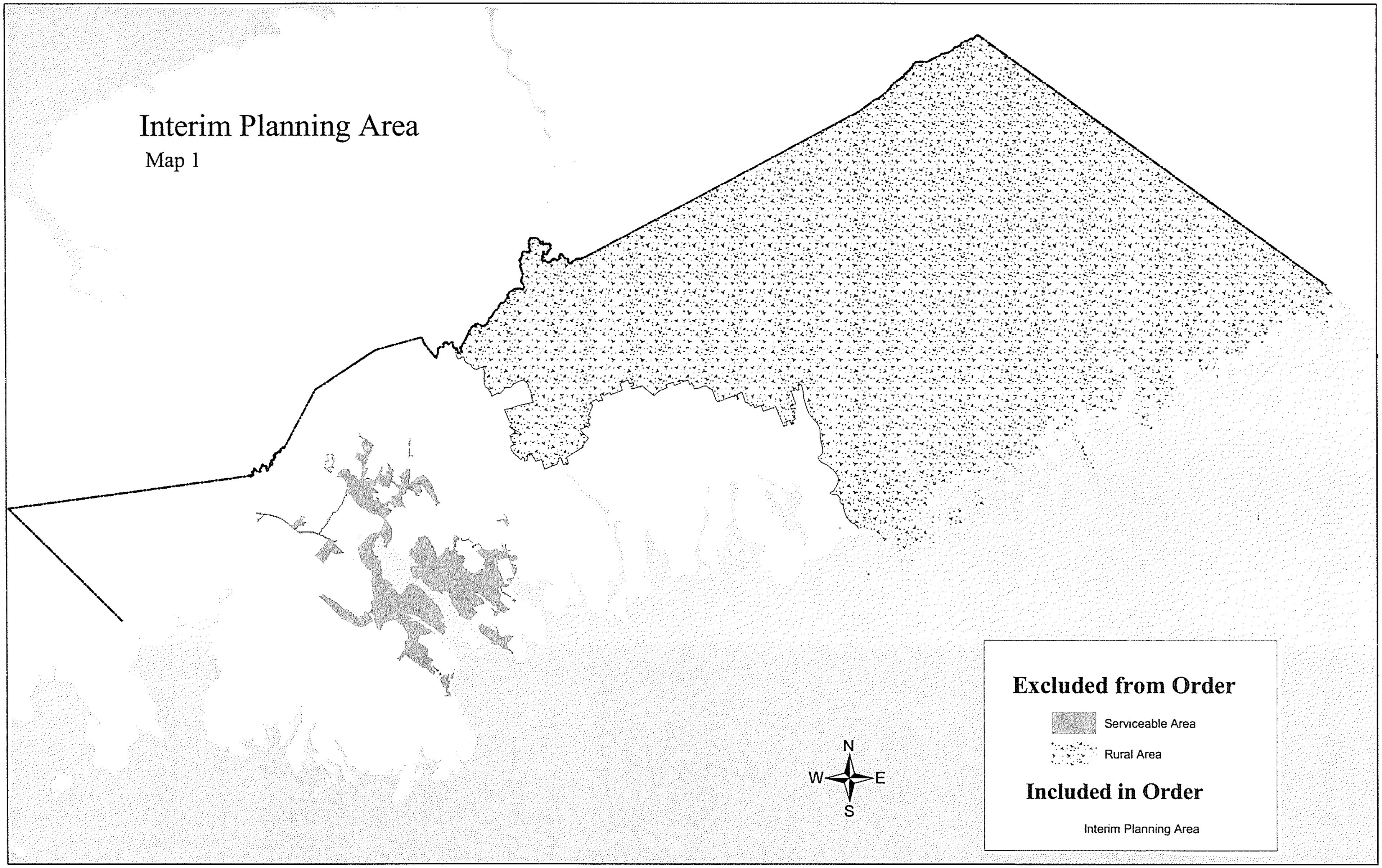
N/A

ATTACHMENTS

Map of Interim Growth Management Area Attached
Summary of Interim Growth Management Measures

Additional copies of this report, and information on its status, can be obtained by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by:	Fred Wendt, MCIP, Senior Planner
Report Approved by:	Carol Macomber, Project Manager, Regional Planning



Interim Planning Area
Map 1
Excluded from Order
Serviceable Area
Rural Area
Included in Order
Interim Planning Area
N
W
E
S

HALIFAX REGIONAL MUNICIPALITY

Interim Growth Management Measures

The approved interim growth management measures **allow subdivision and lot development**, as follows:

Within the Interim Growth Management Area

- New lots with frontage on existing public and private roads;
- New lots based on the reduced lot frontage provisions of the Subdivision By-law (i,e., 1 lot and a remainder without frontage; 3 lots with 20 feet of frontage);
- All Final subdivision applications on file prior to January 22, 2004 will be permitted to proceed;
- All Tentative subdivision applications on file prior to January 22, 2004 will be permitted to proceed;
- Concept subdivision applications on file prior to January 22, 2004 will be permitted to proceed on a basis of 25 new lots per year;
- All flag lots shown on Preliminary, Tentative and Final subdivision applications filed between May 20, 1997 and March 13, 2004 will be permitted to proceed*;
- Continue existing growth management measures within:

  Dartmouth, Hammonds Plains/Upper Sackville/Beaver Bank, Bedford, Halifax, and Eastern Passage/Cow Bay;
- recognize existing approved development agreements and those complete applications in process prior to January 22, 2004; and
- place restrictions on new re-zoning and development agreement applications (development will be restricted to existing roads).

Within the Central/Eastern Growth Management Area

- New local public roads that meet the following requirements are permitted;
  - no more than 8 lots may be created;
  - new streets may intersect or extend only from existing local public roads;
  - new streets may not intersect with the following non-local roads: Trunks 2 and 7 & Routes 207, 318, and 357
- removal of the mandatory "Concept Plan" subdivision approval process for these new developments

May 5, 2004

HALIFAX
REGIONAL MUNICIPALITY

Interim Growth Management Measures

The approved amendments **restrict subdivision**, within the Interim Growth Management Area, as follows:

- ❑ Prohibit new roads (public and private), other than as per concept plans on file prior to January 22, 2004 and in the areas with existing growth controls (Dartmouth - outside the Development Boundary, Hammonds Plains/Upper Sackville/Beaver Bank - within the Residential, Resource, Spingfield Lake, Upper Hammonds Plains Community and Mixed Use A, B and C designations, Bedford - within the RR (Residential Reserve) zone, Halifax - within the H (Holding) zone, and Eastern Passage/Cow Bay - within the RA (Rural Area) zone);

- ❑ Prohibit more than 3 flag lots (other than those shown on Preliminary, Tentative and Final subdivision applications filed between May 20, 1997 and March 13, 2004) per parcel of land that existed prior to January 22, 2004; and

- ❑ Eliminate the "final endorsement" stage under the Subdivision By-law; (to ensure that subdivisions are completed in a timely manner)*.

Any questions concerning the application of the approved and proposed amendments to specific subdivision proposals should be directed to Kelly Denty at 490-4650 or Sharon Bond at 490-4800.

This checklist has been prepared to provide basic information about the interim growth controls. Any difference between the contents of this checklist and applicable by-laws, regulations and procedures shall be resolved by reference to the official documents.

*These are general amendments to the Subdivision By-law and apply to serviced as well as unserviced development.

May 5, 2004