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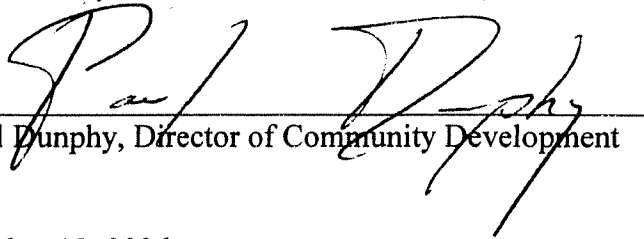


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Halifax Regional Council
October 24, 2006

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:


Paul Dunphy, Director of Community Development

DATE: October 19, 2006

SUBJECT: Infrastructure Charges Study

INFORMATION REPORT

ORIGIN

Staff

BACKGROUND

On October 10, 2006, SGE Acres Ltd. Presented an Infrastructure Charges Study to Committee of the Whole. Council subsequently adopted the study as the basis for developing new policy and by-laws relating to new infrastructure charges.

In the October 19, 2006 edition of the Daily News, an article was written that stated the study had "numerous errors".

DISCUSSION

The study that was presented to Council contained several editorial errors in Section 5 - Comments on New Housing Tax Burden, and specifically in sub-section 5.3 - Municipal Charges and Taxes. It is unfortunate that the report contained these errors, and the purpose of this information report is to assure council that the errors were non-substantive and do not relate to, or effect the fundamental findings or recommendations of the study.

The purpose of the study was to carry out a survey of provincial and municipal best practises across Canada. The survey was to determine:

- what types of infrastructure charges were levied elsewhere; and
- comment on the experience in other jurisdictions, especially the transitional issues that arise when implementing new charges.

The consultant's report was valuable with respect to the national survey; distinguishing between "hard" and "soft" infrastructure charges; establishing a priority for considering new infrastructure charges; recommending the nature and extent of new charges; recommending amendments to the Municipal Government Act; and recommending a regular review of charges every five years.

None of these findings or recommendations were dependent on commentary in the section that contained the errors.

The section that contained the errors was a commentary on the tax burden on new housing. This section was included to address concerns that were anticipated by the public and the development industry. It is important to understand the total tax burden elsewhere in the country relative to HRM in addition to the actual infrastructure charges that are levied.

Most of the errors were made when the author of the study was describing data contained in a previous study conducted for CMHC in 2002. Data tables from the CMHC study were re-printed as Exhibits 5.2 and 5.3, and the author of the SGE Acres study made several errors either when referencing the data or in re-printing the data. One error was made in re-printing data relating to tax rates in other provinces. The errors are summarized in Appendix "A"

A copy of the study with the corrections made is attached, and the website will be corrected as well.

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

- Appendix "A" - Summary of Errors
- Amended Infrastructure Charges Study, SGE Acres Ltd., September, 2006

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by : Peter Duncan, P.Eng., Manager Development Engineering 490-5449

Appendix "A"
Summary of Errors

- The GST/HST for P.E.I. was shown in Exhibit 5.1 (p.5 - 3) as 5.0 %. The amount should read 6.0 %, and the report has been corrected. The combined tax rates for P.E.I. in the table are correct.
- The study stated Exhibit 5.2 (p. 5-4) showed that Vaughn, Laval, Ottawa, Mississauga, and Montreal have the highest municipal imposed charges in Canada. In fact the cities with the highest charges are Vaughn, Ottawa, Mississauga and Surrey. This has been corrected.
- The study stated Exhibit 5.2 showed Montreal had an infrastructure charge of \$16,000, when in fact Montreal has no infrastructure charge. This has been corrected.
- The study stated Exhibit 5.2 showed Halifax had the highest overall charges as a percentage of the price of a unit for both single detached homes and rental apartments. This is correct for single detached homes, but in fact Halifax has the fifth highest overall charges for rental units. This has been corrected.
- The GST on a single-detached house in Sudbury was shown in Exhibit 5.2 as \$6,702. The amount should read \$6,720, and the report has been corrected.
- The total amount of all Levies, Fees, Charges, and Taxes (as a percentage of the price) for a house in Laval was shown in Exhibit 5.2 as 0.1 %. The percentage should read 12.0%, and the report has been corrected.
- The infrastructure charge on a new rental apartment in Halifax in the amount of \$1,500 is reported in Exhibit 5.3 (p. 5-5) as a charge for the City of Moncton, in the row immediately beneath Halifax. The error is in reporting only, the total amount for both cities is correct.