


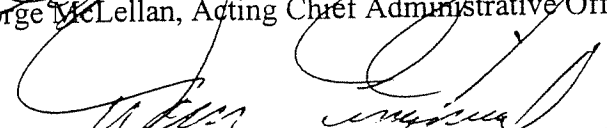
Halifax Regional Council
October 9, 2001

October 23, 2001
April 9, 2002

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:


George McLellan, Acting Chief Administrative Officer


Dan English, Deputy Chief Administrative Officer

DATE: September 24, 2001

SUBJECT: Capital Cost Contribution Policy Public Participation Strategy

ORIGIN:

Proposal originates from the Halifax Regional Municipality's intention to implement a Capital Cost Contribution Policy to recover infrastructure charges in respect of the capital costs associated with new development.

July 3, 2001 motion of the Committee of the Whole recommending that Regional Council adopt a region-wide approach to public participation.

RECOMMENDATION:

It is recommended that Halifax Regional Council adopt the public participation process for the Municipal Planning Strategy and By-law amendments required for implementation of the Capital Cost Contribution program as outlined in Attachment I of this report.

BACKGROUND:

Halifax Regional Municipality has experienced sustained growth for several decades in both the urban and suburban areas. Many of the trunk infrastructure systems are approaching their design capacities.

An Integrated Servicing Study completed for the Municipality in July 1999 examined the future infrastructure needs of the Municipality. The Study identified substantial expenditures for new infrastructure required for the "core" area of the Municipality.

A Multi-Year Financial Strategy has been adopted to address the debt load and financial position of the Municipality. The Municipality cannot absorb the costs identified in the Integrated Servicing Study for new infrastructure required to service future development.

Federal and Provincial Government funding for Oversized Infrastructure has diminished and is insufficient to meet ongoing and future needs. Alternative sources of funding need to be considered in order to support future growth.

The *Municipal Government Act* (the "MGA") authorizes a municipality to impose an infrastructure charge to recover the capital costs incurred by a municipality by reason of the subdivision and future development of land. To date the Municipality has not implemented a charge pursuant to this power under the MGA.

In August 2000, the Municipality undertook to develop a policy for implementing Infrastructure Charges in the Municipality. A study team was assembled and a review undertaken to create a policy that would operate effectively in the Municipality. The review included extensive consultation with Municipal Staff and liaison with the development community.

Stakeholder consultation has been key to the development of the policy to date. The policy was initially drafted by a steering committee consisting of representatives from across HRM's various departments. It was continuously refined through a dialogue over several months in the spring and summer of 2001 with development industry representatives on the Development Liaison Committee. This committee, with representation from industry and various public agencies, has a mandate to encourage safe and affordable housing development in HRM.

Further to the above-noted discussions, staff made a presentation to Committee of the Whole in July providing an overview of the policy and recommended approach to further consultation. The Committee passed a motion to be adopted by Regional Council calling for a regional approach to public consultation for the CCC policy.

DISCUSSION:

The Infrastructure Charge Best Practice Guide, previously distributed to members of Council, addresses the legislation, policies and practices relevant to cost apportionment for new infrastructure in the Municipality. It provides a framework within which Council can consider the implementation of Infrastructure Charges pursuant to the Municipal Government Act. It proposes a policy for recovery of Infrastructure Charges in the Municipality.

The charge recovered under the policy is intended to capture costs directly attributable to the subdivision of land - rather than all costs associated with new infrastructure required for the "core" area of the Municipality. The policy is designed to allow the Municipality to apportion the costs associated with new infrastructure without unduly impacting normal market forces and conditions.

Municipal Government Act - Infrastructure Charges

Section 274 of the MGA provides authority for municipalities to recover Infrastructure Charges in respect of the capital costs associated with new development. The MGA provides that a Municipal Planning Strategy (Municipal Planning Strategy) may authorize the inclusion of provisions for Infrastructure Charges in a Subdivision By-law.

Under the MGA, Infrastructure Charges can include amounts in respect of:

- (a) new or expanded water systems;
- (b) new or expanded wastewater facilities;
- (c) new or expanded stormwater systems;
- (d) new or expanded streets;
- (e) upgrading intersections, new traffic signs and signals and new transit bus bays.

A charge in respect of these items may be imposed in the Subdivision By-law to recover all, or part, of the capital costs incurred, or anticipated to be incurred, by a municipality by reason of the subdivision and future development of land. The infrastructure charge may include costs associated with land acquisition, planning, studies, engineering, surveying and legal costs incurred as a result of new development.

The MGA requires that the Subdivision By-law set out the infrastructure charge areas in which Infrastructure Charges are to be levied, the purposes for which Infrastructure Charges are to be levied and the amount of, or method of calculating, each infrastructure charge. The MGA provides that final approval of a subdivision shall not be granted unless the infrastructure charge is paid or the applicant has entered into an agreement with the municipality securing the payment of the charges.

Proposed Municipal Planning Strategy and By-law Amendments

It is anticipated that Infrastructure Charges will apply primarily in areas where development proceeds by development agreement. The proposed Municipal Planning Strategy and By-law amendments require that a development agreement make provision for payment of an infrastructure charge at the time of Subdivision Approval.

It should be recognized however that a charge area (with a corresponding infrastructure charge) might also be imposed in areas where subdivision can occur as-of-right. In such cases, the infrastructure charge would simply be recovered at the time of Subdivision Approval.

The proposed Subdivision By-law amendments include requirements for provision of an enhanced concept plan as part of the Subdivision Approval process. It is intended that the information provided with the concept plan will enable staff to identify development patterns which, absent the imposition of Infrastructure Charges, could result in substantial future costs to the Municipality for new infrastructure.

As a safeguard against undue exposure to anticipated future costs, the proposed By-law amendments give the Municipality authority to impose a Holding Zone (permitting certain limited development) where it appears that new infrastructure costs associated with future development would be prohibitive.

To the extent that new infrastructure includes water related systems and facilities, expenditures for water infrastructure require approval of the Halifax Regional Water Commission. The water services component of the infrastructure charge will therefore require approval by the Commission prior to consideration of the infrastructure charge by Regional Council.

Under the MGA the infrastructure charge is to be paid (or satisfactory arrangements made) at the time of Subdivision Approval. Provision can be made under the Municipal Services Agreement (which facilitates the construction and take-over of services) for deferral of payment until Primary Service take-over.

Municipal Planning Strategies

The amendments provide policy support for recovery of Infrastructure Charges through the Subdivision By-law. The policy statements indicate that the Municipality will follow the methodology outlined in the CCC Policy adopted by policy of Council in determining charge areas and calculating Infrastructure Charges in the Municipality.

Subdivision By-law

The amendments enable Council to determine charge areas and related Infrastructure Charges and effect recovery of the charges through the Subdivision By-law. Under the proposed amendments, charge areas (and applicable charges) would be adopted by Council from time to time by amendment of the Subdivision By-law. Each amendment would include a map of the charge area as well as the amount of the charge.

Land Use By-laws

The amendments implement and enable the Municipal Planning Strategy policies regarding recovery of Infrastructure Charges in the Municipality.

The amendments noted above are presented in a standard form for purposes of this report. Ultimately, the standard form amendments will need to be adopted for incorporation into the various strategies and by-laws now in effect in the Municipality.

BUDGET IMPLICATIONS:

There are no immediate implications associated with adopting the recommended public participation program. The adoption of the proposed plan and bylaw amendments will have significant implications over the long run as described below.

MULTI-YEAR FINANCIAL STRATEGY:

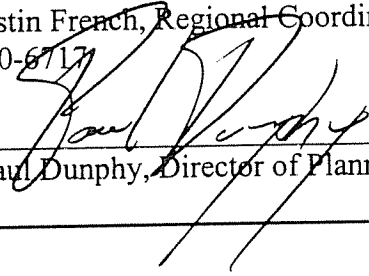
The Capital Cost Contribution program will provide clarity both in defining the future requirements for infrastructure in HRM and also in the fair apportionment of costs to those deriving direct benefit. The Municipality will establish charges to be applied to land developers and also the share of expenditures which form a regional benefit and accrue to existing taxpayers. The Municipality will identify infrastructure investment and cost sharing through its annual capital budgeting process. The policy recognizes that investments must be consistent with the Multi-Year Financial Strategy.

ATTACHMENTS:

- Attachment I: Capital Cost Contribution Policy: Proposed Public Participation Program
Attachment II: Proposed Municipal Planning Strategy and By-law Amendments (Standard Form)

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.

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