

**TO:** Mayor Savage and Members of Halifax Regional Council

**SUBMITTED BY:** Original Signed by   
Jacques Dubé, Chief Administrative Officer

**DATE:** October 1, 2020

**SUBJECT:** Municipal Child Care Policy

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## **ORIGIN**

### **February 16, 2016 Regional Council motions:**

Motion moved and seconded that Halifax Regional Council direct staff to negotiate a Lease Agreement with the South End Community Day Care to transition the Tenant to market rent.

Motion put and passed that the motion be deferred pending preparation of a staff report regarding the opportunities and financial implications of establishing a Child Care Policy similar to Richmond BC to support the integration of not for profit daycares at below market rent into new and existing recreation facilities.

## **LEGISLATIVE AUTHORITY**

*Halifax Regional Municipality Charter*, S.N.S. 2008. C. 39 Section 63 (1&2) and Section 79 A(1)  
63 1) The Municipality may sell or lease property at a price less than market value to a non-profit organization that the Council considers to be carrying on an activity that is beneficial to the Municipality; and  
2) A resolution to sell or lease property referred to in subsection (1) at less than market value shall be passed by at least two thirds majority of the Council present and voting.

79A (1) Subject to subsections (2) to (4), the Municipality may only spend money for municipal purposes if (a) the expenditure is included in the Municipality's operating budget or capital budget or is otherwise authorized by the Municipality

### *Day Care Act of Nova Scotia*, Section 12

12(1) With the approval of the Minister, a municipal unit or two or more municipal units that enter an agreement may, directly or through an agent, erect, acquire, purchase, lease, alter, add to, improve, furnish and equip a building or part of a building as a facility and may purchase, lease or otherwise acquire land therefor and may operate and maintain a facility.

2) A facility provided or operated by a municipal unit shall be regulated by by-laws made by the council of the municipal unit subject to the approval of the Minister.

## **RECOMMENDATION**

It is recommended that Halifax Regional Council:

- 1) adopt Administrative Order 2020-013-OP as set out in Attachment 1, and;
- 2) direct the Chief Administrative Officer to return to Council with proposed less than market value leases for non-profit child care centres currently leasing space in municipal facilities as the existing leases expire.

## **BACKGROUND**

On February 16, 2016, Halifax Regional Council (Council) considered a [recommendation from staff](#) to negotiate a lease agreement with the South End Day Care that would see the organization transition to pay market value rent for their HRM-owned space. Council deferred consideration of this recommendation, pending a staff report to consider the implications of a child care policy similar to that of Richmond, British Columbia (BC). Since that time, the lease for the South End Day Care has been in holdover with the below market terms.

Government's role in child care in Nova Scotia rests primarily with the Provincial Government. The Provincial Department of Education and Early Childhood Development is responsible for licensing and funding the child care sector and providing subsidies to help families with the cost of child care. The Department provides professional development and classification for early childhood educators, and funds early intervention services for children before they start school. It oversees the pre-primary program day cares in Nova Scotia which are governed by the *Day Care Act* and associated provincial regulations.

In 2016, the Province of Nova Scotia released the *Affordable, Quality Child Care: A Great Place to Grow* report which identified 27 action items to build a regulated child care system focusing on quality and accessibility. Provincial child care investments have included:

1. The introduction of a pre-primary program (full implementation in September 2020 through the Halifax Regional Centre for Education).
2. An increase in the number of families eligible for a full child care subsidy (increasing the income threshold and inclusion of part-day programs).
3. An increase in the number of child care spaces through the redevelopment of existing centres.

In January 2018, the Governments of Canada and Nova Scotia signed the Canada-Nova Scotia Early Learning and Child Care Agreement. Through this bilateral agreement, the Government of Nova Scotia is to receive over \$35 million, over three years. As per the agreement, Nova Scotia has committed to use this funding ensuring that children from birth to school entry, and their families, have increased access to affordable, integrated, high quality and inclusive early childhood development programs, resources and supports for healthy early childhood development and improved outcomes for all children.

There are currently 10,380 licensed child care spaces within HRM<sup>1</sup>. This represents 50% of children aged 0-4 in HRM.<sup>2</sup>

KPMG conducted a Child Care Resource Review for HRM in the spring of 2018 which included a jurisdictional scan of child care services offered by municipalities across Canada. The jurisdictional scan conducted by KPMG included 5 comparator municipalities: Richmond, BC; Edmonton, AB; London, ON,

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<sup>1</sup> Accessed August 31, 2020 <https://data.novascotia.ca>

<sup>2</sup> Statistics Canada. [Table 17-10-0135-01 Population estimates, July 1, by census metropolitan area and census agglomeration, 2016 boundaries](#)

Region of Waterloo, ON; and Hamilton, ON. Areas examined included:

1. Provincial and municipal role in the delivery of child care services.
2. The service delivery model employed in the comparator municipality.
3. Financial and additional supports provided to child care providers.
4. Performance data and end user costs for child care within the municipality.
5. Unique characteristics associated with child care in the comparator municipality.

Highlights from each of these jurisdictions include:

Richmond, British Columbia:

- Provincial Government has primary responsibility for early childhood education and care.
- City of Richmond leads a comprehensive child care system. This is a discretionary service.
- City provides less than market value leases for non-profit child care providers.
- City provides property tax exemptions and capital grants for non-profit child care facilities.

London, Ontario:

- Province has primary responsibility for child care policy, legislation and regulations.
- Municipalities play a role in child care as publicly operated programs are delivered by municipal/regional entities known as Consolidated Municipal Service Managers (CMSM). CMSMs are supported with provincial funding. CMSMs provide coordination, administration, service planning, compliance and allocate provincial funding to child care providers.
- City of London is the designated CMSM for the city and surrounding county.
- City is required to cost share with the Province for child care delivery.

Hamilton, Ontario:

- Province has primary responsibility for child care policy, legislation and regulations.
- City of Hamilton is a designated CMSM. It also operates a child care centre.
- City is required to cost share with the Province for child care delivery.

Region of Waterloo, Ontario:

- Province has primary responsibility for child care policy, legislation and regulations.
- The Region of Waterloo is a designated CMSM. It also operates 5 child care centres.
- The Region of Waterloo is required to cost share with the Province for child care delivery.

Edmonton, Alberta:

- Province has primary responsibility for early childhood education and care.
- City does not have a direct role in delivery of child care services or provide financial support.
- Recently amended bylaws to reduce restrictions on child care services locations.

In summary, the report shows there is a relatively wide range of municipal approaches to child care across Canada. This includes municipalities taking roles to support child care in the areas of delivery, financial support, operational support and land use planning. Depending on the legislative and policy context in a given municipality, the surveyed municipalities are more or less involved in child care, with some extensively involved and providing direct delivery of child care, while others are limited to primarily a role related to land use planning.

### **HRM Role in Child Care**

HRM has supported child care centres in a variety of ways in the past. It has provided less than market value leases to child care centres located in HRM buildings and has provided financial support to non-profit day cares. Grants to child care service providers have been primarily issued under the District Activity or Capital Funds. Nominal funding has also been provided to non-profit child care under the Community

Grants Program, exclusively for adaptive equipment for those organizations serving infants and children with a disability or providing community-owned playgrounds. Financial support to the day care sector is primarily through the annual Tax Relief for Non-Profit Organizations Program which provides support to some non-profit and charitable organizations.

HRM's support of child care centres through land use planning is well described in the staff report on a potential [Children's Charter](#):

The Regional Plan supports the development of complete communities including access to the goods, services and facilities needed by residents. Consistent with this direction, HRM's various [secondary] municipal planning strategies (SMPS) and land use by-laws (LUB) permit a variety of commercial land uses, including day cares. Large scale day cares are generally permitted within HRM's various commercial and mixed-use zoning, while home day cares, which are limited in scale, are generally permitted in zones that permit residential uses. However, due to the diverse origins of each LUB, there is a lack of consistency regarding regulations for home day cares. These diverse regulations demonstrate the need for the Planning and Development's Plan and By-law simplification efforts, which is aimed at creating a more streamlined and consistent regulatory framework. This work is underway through the Centre Plan and other project work and home day cares are expected to be one of several topics reviewed.

Municipal facilities housing day cares:

Within municipal facilities, child care space is currently leased to providers in five (5) municipal facilities for a total of 450 spaces.<sup>3</sup> This represents about 4.3% of available licensed child care spaces.

Service provider	# Spaces	Municipal Facility	Operating Model
Tallahassee Preschool / Afterschool	101	Tallahassee Recreation Centre	For Profit
South End Community Day Care	81	Spencer House	Non-Profit
The Growing Place Daycare	117	North Woodside Community Centre	For Profit
Beaver Bank Children's Learning Centre	96	Beaver Bank Kinsac Community Centre	For Profit
Needham Preschool & Daycare	55	Needham Community Centre	Non-Profit

Using the 2016 Statistics Canada's Census data the population of children within the municipality from birth to age 4 is 19,795 resulting in a 52% ratio of children to available spaces in licensed child care centres.

**DISCUSSION**

On May 12, 2020, Regional Council adopted *Social Policy Administrative Order 2020-002-GOV* (the Social Policy AO). The purpose of HRM's social policy is to provide a clearly defined, consistent, and collaborative approach to social policy. It is meant to be a framework to guide decisions, activities and outcomes which are compatible with the vision, strategic directions, and principles informed by HRM's Strategic Plan 2017-2021. The three goals of the Social Policy AO are to strengthen community health and well-being, to enhance equity and inclusion, and to build on social assets and community capacity. Broadly speaking, municipal support for child care connects to all three of these goals. More specifically, municipal support for child care relates to the following strategic directions of the Social Policy AO;

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<sup>3</sup> Crichton Community Centre includes the Dartmouth Day Care Centre, a non-profit day care with 50 spaces, however the facility is not HRM owned. The facility is owned by the Roman Catholic Episcopal Corporation and is operated under agreement with HRM. It has 50 spaces and is non-profit

- HRM shall be an active partner in supporting community well-being programs,
- HRM is a leader in building an accessible community where everyone can participate fully in life, and
- HRM communities, families, youth, and seniors have access to social infrastructure that enables them to participate fully in their community.

The Social Policy AO identifies three initial areas of focus: connected communities and mobility, food security and housing. Of these three focus areas, child care is the most relevant to connected communities.

As noted above the primary governmental role for child care rests with the provincial government. The report on the Social Policy AO describes three potential roles for the municipality with respect to social policy issues. These are: primary, shared, and complementary. While, as evidenced by the jurisdictional scan, some municipalities play a primary role – actually delivering child care services alongside other providers– in municipalities where there is not a legislative requirement, most municipalities appear to fall under the categories of shared or complementary.

Council's approved Public Safety Strategy includes a number of priorities and objectives that child care centres can support. These include:

- **Build Resident Resilience:** Help people to reduce their sense of isolation, build resilience and improve their quality of life.
  - Connect residents to quality jobs
  - Help children and youth succeed at school
  - Build child and youth resilience
- **Strengthen Communities:** Increase local participation and social interaction and develop ways to deal with conflict in non-violent ways.
  - Support residents in parenting and mentorship
  - Enhance community cohesion and engagement

Finally, in terms of broad strategic direction, the 2016-2021 Economic Growth plan speaks to increasing workforce attachment and making Halifax more family and child friendly, both goals that child care centres can support.

With respect to Council's priority outcomes, child care, in a broad definition, is reflected in multiple Council Priority outcomes but most particularly within the Healthy, Liveable Communities goal of Community Well-Being. The goal is for the municipality to be an active partner in supporting community well-being.

The Building Poverty Solutions report also speaks in several places to the importance of availability of child care spaces particularly for low-income and marginalized families.

In addition to the above noted relationships with municipal policies and priorities, studies have shown various socio-economic benefits associated with accessible, high quality child care. These benefits include increased labour force participation, reduced poverty and decreased reliance on government-funded programs, improved child development outcomes, and increased social and support networks for families. As cited in a City of Toronto staff report, one study of Quebec's universal child care program found it to now be contributing an "estimated annual net gain of over \$200 million to the provincial government". The long-term improvements in the labour force outcomes for mothers in Quebec were so strong that several researchers have calculated that the program increased tax revenue at all levels of government by more than the cost to subsidize child care.

### **Interim Child Care Administrative Order**

As described above, municipal support to child care contributes to many of the objectives in HRM's strategic priorities and strategic plans. This said, the current implementation plans and focus areas for the public safety strategy, economic strategy and social policy do not contemplate specific actions related to child care at this time.

A staff report on a Municipal Children's Charter is pending return to Council, and it is expected to outline policy guidance in a number of areas that impact the lives of children. The question of municipal support for child care should be considered as part of the Children's Charter to ensure it is contemplated in the overall context of all services impacting children. If municipal support for child care is maintained or amended as part of the creation of the Children's Charter, the currently proposed AO could be incorporated into such a charter.

As such, it is recommended that support for child care be maintained at recent levels (i.e. with less than market value leases to non-profit day cares in municipally owned spaces) with the addition of priority consideration being given to child care centres in HRM owned facilities, until the overall question of municipal support for child care centres can be considered in the broader Children's Charter review of all municipal services impacting the lives of children.

While Council's initial direction outlined an expectation for policy direction related to the inclusion of child care centres in recreation facilities, the creation of the proposed AO highlighted the fact that child care centres may not be located in existing recreation facilities and opportunities may arise for consideration of inclusion of child care centres in future municipal facilities. In particular, the facility in which the proposed lease resulted in Council's request for a Child Care Policy did not include recreation services. Therefore, consideration to child care centres in new or existing HRM owned facilities is recommended to be given where appropriate and once municipal needs have been met. This would include the direct municipal need (e.g. recreation) and associated requirements (e.g. ancillary services). As a result, an interim *Child Care Administrative Order, Administrative Order 2020-013-OP*, is recommended to provide guidance for Council and staff on the consideration of inclusion of child care services within municipal facilities.

### **Next Steps**

As noted in the background section, the request for a Child Care Policy was initiated during the debate on a lease renewal for a specific child care centre. Council deferred that report pending completion and consideration of this report. While the lease for the centre has been maintained in holdover status with the existing terms, a renewal of the lease is required. Should Council approve this Administrative Order, staff would then return to Council with a supplementary report in order to resolve that specific case. Other instances of non-profit child care centres currently in municipal facilities would return to Council as the leases expire.

### **FINANCIAL IMPLICATIONS**

There are no direct financial implications associated with this report. Any lease agreements between HRM and a potential child care centre would outline financial terms and conditions. Any agreements which would include less than market value terms would be presented to Council for consideration, as per the HRM Charter.

In the case of a below market value lease, Council is essentially providing a grant to a non-profit organization, the amount of which, would vary depending on the specific situation. The amount of the grant would be outlined in individual council reports.

### **RISK CONSIDERATION**

The most significant risk associated with this report is that a continuation or expansion of the municipality's role with respect to child care, increases the expectations of the public in this area. Budget increases (if any) would be commensurate with any increased activity in this area.

### **COMMUNITY ENGAGEMENT**

There was no community engagement in the preparation of this report.

### **ENVIRONMENTAL IMPLICATIONS**

There are no environmental implications associated with this report.

### **ALTERNATIVES**

1. Council may choose not to adopt the Administrative Order.
2. Council may choose to adopt the Administrative Order with amendments. Should Council direct an Administrative Order with additional municipal support for child care centres, it is recommended that staff return with a supplementary report.
3. Council could choose to not direct the CAO to return with less than market value leases for non-profit child care centres and instead require the CAO to proceed with market leases.

### **ATTACHMENTS**

Attachment 1 – Administrative Order 2020-013-OP, Respecting Child Care Centres

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A copy of this report can be obtained online at [halifax.ca](http://halifax.ca) or by contacting the Office of the Municipal Clerk at 902.490.4210.

Report Prepared by: Maggie MacDonald, Manager, Regional Recreation Services 902.490.6252

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**ADMINISTRATIVE ORDER 2020-013-OP  
RESPECTING CHILD CARE CENTRES**

**WHEREAS** benefits associated with accessible, high quality child care include increased labour force participation, reduced poverty, improved child development outcomes, and increased social and support networks for families.

**BE IT RESOLVED AS AN ADMINISTRATIVE ORDER** by the Council of the Halifax Regional Municipality, under the authority of the *Halifax Regional Municipality Charter*, as amended, as follows:

**Short Title**

1. This Administrative Order may be cited as Administrative Order 2020-013-OP, the *Child Care Administrative Order*.

**Interpretation**

2. In this Administrative Order:

- (a) "Child Care Centre" means a facility that provides full-day or part-day licensed child care under the *Day Care Act*, RSNS, 1989, c.120;
- (b) "Municipality" means the Halifax Regional Municipality; and
- (c) "Non-Profit Child Care Centre" means a Child Care Centre that is registered as a charity, society, or non-profit corporation in accordance with provincial or federal laws.
- (d) "Facility" means a municipally owned building.

**Purpose**

3. The purpose of this Administrative Order is to outline a process to prioritize the inclusion of Child Care Centres within Facilities owned by the Municipality when excess space is available.

**Application**

4. This Administrative order applies to all Facilities.

**Prioritization of Child Care Centres in Facilities**

5. When designing and constructing new Facilities intended predominantly for recreation or community purposes, the Municipality shall consider including spaces intended for the operation of a Child Care Centre, based on the needs of the local community.
6. Leasing of space to Child Care Centres within Facilities shall only be considered once all municipal needs for the Facility have been met and provided that a Child Care Centre is compatible with the predominant use of the Facility.
7. When considering tenants for excess spaces located within new or existing Facilities, the Municipality shall prioritize tenants that provide services ancillary to the operations of the Facility, followed by Child Care Centres and other tenants that provide a community benefit.
8. When leasing spaces to Non-Profit Child Care Centres in Facilities, the Municipality shall, subject to the approval of Halifax Regional Council in accordance with the requirements of the *Halifax Regional Municipality Charter*, lease the space to the Non-Profit Child Care Centre at less-than-market-value.



9. Leases to for-profit Child Care Centres must be at market value and may be approved in accordance with Administrative Order 2018-004-ADM, the *Real Property Transactions Policy*.

Done and passed in Council this [ ] day of [ ], 2020.

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
Municipal Clerk

I [ ], Municipal Clerk of the Halifax Regional Municipality, hereby certify that the above noted Administrative Order was passed at a meeting of the Halifax Regional Council held on [ ], 2020.

\_\_\_\_\_ [ ] Municipal Clerk