

TO: Mayor Savage and Members of Halifax Regional Council

SUBMITTED BY: Original Signed by 

Jacques Dubé, Chief Administrative Officer

DATE: June 14, 2022

SUBJECT: **Development Charge By-law to Fund Dundas Street Extension**

ORIGIN

June 6, 2019 Harbour East-Marine Drive Community Council, Item 13.1.1:

MOVED by Councillor Karsten, seconded by Deputy Mayor Mancini

THAT Harbour East-Marine Drive Community endorse the Downtown Dartmouth Combined Infrastructure Reviewal Plan as presented at their June 6, 2019 meeting.

MOTION PUT AND PASSED.

September 29, 2020 Halifax Regional Council, Item 7.7:

MOVED by Councillor Austin, seconded by Councillor Cleary

THAT Halifax Regional Council direct the Chief Administrative Officer to draft a Development Charge By-Law to fund 50% of the net project cost as described in the Financial Implications section of the staff report dated August 25, 2020, for the design and construction of the Dundas Street extension and bridge and return to Council for consideration.

MOTION PUT AND PASSED

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter, R.S.N.S. 2008, c. 39:

Part VIII, Planning & Development

Municipal expenditures

79A (1)... 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;

By-law regarding payment of charges

104 (1) The Council may make By-laws imposing, fixing and providing methods of enforcing payment of charges for

(f) laying out, opening, constructing, repairing, improving and maintaining streets, curbs, sidewalks, gutters, bridges, culverts and retaining walls, whether the cost is incurred by the Municipality directly or by, or pursuant to, an agreement with Her Majesty in right of the Province, the Minister of Transportation and Infrastructure Renewal or any person;

RECOMMENDATION

It is recommended that Halifax Regional Council adopt By-law D-600, the *Dartmouth Cove Development Charge By-law*, as set out in Attachment A to this report.

BACKGROUND

The goal of the Comprehensive Plan approved by the Harbour East Community Council in June 2012¹ was to prepare a comprehensive, mixed-use plan for the re-development of the Dartmouth Cove study area. The vision for the community is to have a walkable and cycle-friendly area, increasing the connection between this area and downtown Dartmouth.

In 2019, the Dartmouth Cove plan was updated and included in the Regional Centre Secondary Municipal Planning Strategy (Centre Plan) as a Future Growth Node. This involves the re-development of Dartmouth Cove, creating a new street grid, and extending Dundas Street across Alderney Drive to Maitland Street. The Dundas Street extension will include a crossing over the Shubenacadie Canal. Work on the detailed design is ongoing. The concept plan was endorsed by the Harbour East-Marine Drive Community Council on June 16, 2019. A transportation reserve for the Dundas Street extension has been incorporated into the Centre Plan.

In 2020 and 2021, the required property, designated as a transportation reserve, was acquired for the Dundas Street extension between Alderney Drive and Canal Street. Property acquisition for the required property from Canal Street to Maitland Street, as well as temporary and permanent easements is ongoing.

DISCUSSION

The Dundas Street extension benefits both existing businesses, as well as developers within Dartmouth Cove. Council has adopted a Capital Cost Contribution Policy, primarily aimed at suburban greenfield development, to quantify benefit and assign costs of infrastructure that has a shared benefit between existing residents and developers. Based on the recommendations of the staff report² dated August 25, 2020, a 50/50 cost sharing between HRM and developers was approved by Regional Council at their September 22, 2020 meeting.

By-law D-600 Respecting Development Charges for Dartmouth Cove, Attachment A of this report, proposes that 50% of the capital cost for the Dundas Street crossing and extension be recovered from property owners through a development charge. To clarify, the cost sharing does not include the work to the nearby Prince Albert Road / Portland Street / Alderney Drive intersection, nor the Halifax Water work to further daylight Sawmill Creek, as these are not of direct benefit to the property owners.

Property owners in this area include several private developers, Develop Nova Scotia, the Dartmouth

¹ <https://developns.ca/projects/dartmouth-cove-master-plan/>

² Report available online at [Dartmouth Cove Project – Development Charges - Sep 22/20 Regional Council | Halifax.ca](#)

Curling Club, and marine industrial businesses. There are currently no residences in the area subject to the development charge.

As discussed in the 2020 staff report, the development charge would be distributed among the property owners based on area of land and potential for development density as a proxy for the level of benefit arising from the infrastructure needed to support the development, using development permissions set out in the Centre Plan. Because the costs are assigned based on future development rights, the pre-development landowner should not be required to pay. The development charge is triggered by a development permit or building permit. This will allow existing uses such as the Curling Club to continue operations, without additional financial burden, until such time that the property is redeveloped.

The estimated costs are as indicated in Table 1.

Table 1 – Dartmouth Cove Development Charges			
Property Identifier	Property Owner	Fixed Percentage	Estimated Cost*
	Halifax Regional Municipality	50.00	\$ 5,500,000
00114249	Dartmouth Curling Club	2.85	\$ 314,000
00114256	Mosaik Property Management Ltd	4.10	\$ 451,000
00114264	Dominion Diving Ltd	4.83	\$ 532,000
00114272	Develop Nova Scotia	3.01	\$ 331,000
00381228	Duck Rock Holdings Inc	0.96	\$ 105,000
40612384	Smithers Marine Services Ltd	0.37	\$ 40,000
00114330	Mosaik Property Management Ltd	11.72	\$ 1,290,000
00114322	Develop Nova Scotia	1.29	\$ 142,000
40180127	Develop Nova Scotia	1.32	\$ 145,000
40718934	Develop Nova Scotia	3.94	\$ 433,000
00114306	Develop Nova Scotia	6.84	\$ 753,000
00114280	Smithers Marine Services Ltd	2.12	\$ 233,000
40612376	Smithers Marine Services Ltd	2.15	\$ 236,000
00097568	Develop Nova Scotia	3.99	\$ 439,000
41496472	Mosaik Property Management Ltd	0.30	\$ 33,000
40612996	Smithers Marine Services Ltd	0.21	\$ 23,000
		Sub-Total:	\$ 11,000,000

*Costs shown are based on the current project estimates, rounded to the nearest \$1,000. Final charges to property owners will be a percentage of the final project cost. Inflation will be accounted for as described in Attachment A, By-law D-600.

The proposed by-law will allow HRM to recover up to 50% of the project costs, without compromising existing uses in the area. Should Council choose to approve the recommendations in this report, staff will continue to execute the design and construction of the Dundas Street extension infrastructure.

FINANCIAL IMPLICATIONS

The costs associated with executing the Development Charge By-law for Dartmouth Cove can be accommodated within the approved 2022/23 budget.

Funding for the Dundas Street Extension is identified in the 2022 – 2025 Capital Plan. There is \$13.5 million in years 1-2 for both the Dundas Street Extension work and the PAPA intersection work in capital account CT190003 – Downtown Dartmouth Infrastructure Renewal. The \$4.5 million budgeted for the PAPA intersection work is not part of the development charge. There is \$9 million planned in years 1-2 for remaining property acquisition and the construction of the Dundas Street extension. \$2 million has already been spent on project design, testing and property acquisition. If approved, the development charge will recover up to \$5.5 million of the capital costs.

The Municipality will fully fund the project costs up front and recover up to 50% of capital costs from identified property owners through the development charge as described in this report. However, there are significant risks associated with HRM's ability to recover the full 50% of capital costs. These are listed in the Risk Consideration section of this report.

Dartmouth Cove was one of six Future Growth Nodes identified for the Regional Centre Local Wastewater Servicing Capacity Analysis (LowSCA) study in 2016, which require upgrades to the wastewater system to provide developer capacity. The 2016 report identified a cost of \$616,000 for upgrades to the wastewater system in Dartmouth Cove. This will also be recovered from developers and will be the subject of a future report when the exact nature and extent of the upgrades is known.

RISK CONSIDERATION

1. Development Charges are collected at the time of issuance of a streets and services permit or building permit. Therefore, the project costs will not be recouped until the area is developed. This poses a risk because the Municipality cannot be certain of the timing of development. Also, there is some risk that property owners may choose not to redevelop which would leave a portion of the development charge uncollectible. This risk is rated low as the property owners have potential to increase the value of their properties by redeveloping and the majority of property owners have already indicated that they intend to do so.
2. Develop Nova Scotia is a Provincial Crown Corporation and therefore not subject to taxes imposed by the Municipality, and do not require development approvals or building permits.
In the past, Provincial Crown Corporations have agreed to pay a development-based charge. Develop NS owns 41% of the area included in the development charge. Therefore, the Develop NS allotted share is approximately \$ 2.24 M.

Develop NS have thus far indicated they are willing to pay but have indicated they would prefer to not commit to paying a fixed fee according to the densities set out in the Centre Plan. Develop NS have instead indicated they are only willing to accept a charge which reflects the densities they build to in the future but are not currently in a position to state to what density, form or use they will be building. This is contrary to the intent of a development-based charge, which strives to provide infrastructure in advance of when it is needed, and apportion costs based on fair and reasonable predictions on future land use. As a result, HRM may not be able to recoup the full portion of the development charge allotted for the Develop NS properties. In this event, the Municipality may choose to:

- a. distribute the Develop NS share of the charge to the other property owners identified in the By-law, and HRM; or,
 - b. absorb the cost.
3. The remaining required land for the extension of Dundas Street is privately owned and Develop NS owned land. It is designated as a Transportation Reserve under the Centre Plan. HRM has up

to 5 years in which to acquire the property, which may require expropriation if private owners are not willing sellers. Develop NS is not subject to municipal expropriation. This risk is rated low, as developers have thus far been cooperative.

4. There is a risk of cost overrun due to rising costs in property and construction. Based on recent experience, this risk is rated high. The development charge will be recalculated based on actual construction costs, and nothing in this report or the By-law compels the Municipality to proceed with the project if actual costs are significantly higher than the current estimate.

COMMUNITY ENGAGEMENT

Community Engagement on the Dartmouth Cove project overall is described in the 2020 staff report.

Community Engagement regarding By-law D-600 is as follows:

- Two meetings have been held with the Dartmouth Curling Club to discuss the concept plan.
- Throughout the design process, meetings have been held with several property owners in the Future Growth Node to discuss the project plan, including the plan for project funding and a development charge.

ENVIRONMENTAL IMPLICATIONS

Environmental Implications on the Dartmouth Cove project overall are described in the 2020 staff report. There are no environmental implications associated with the recommendations of this report.

ALTERNATIVES

1. Regional Council may decline to adopt By-law D-600 as set out in Attachment A.
2. Regional Council may choose to reallocate the Develop NS portion of the development charge to both HRM and the remaining properties subject to the development charge. This will require a supplementary report to revise the cost amounts in the report and the By-law.

ATTACHMENTS

Attachment A – By-law D-600 Respecting Development Charges for Dartmouth Cove

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

Report Prepared by: Shannon O'Connell, Senior Program Engineer, Infrastructure Planning, 902.476.2917

**HALIFAX REGIONAL MUNICIPALITY
BY-LAW NUMBER D-600
RESPECTING DEVELOPMENT CHARGES FOR DARTMOUTH COVE**

WHEREAS the Dundas Street Bridge and Extension project is a plan to improve access and development opportunities in the Dartmouth Cove area; and

AND WHEREAS the Dundas Street Bridge and Extension project will be funded by development charges and by the Halifax Regional Municipality;

BE IT ENACTED by the Council of the Halifax Regional Municipality, under the authority of Section 104 of the *Halifax Regional Municipality Charter*, 2008 R.S.N.S., c.39, as amended, as follows:

Number and Short Title

1. This By-law shall be known as By-law D-600 and may be cited as the *Dartmouth Cove Development Charge By-Law*.

Interpretation

2. In this By-law

“Floor Area Ratio (FAR)” means; floor area ratio as defined in the Regional Centre Land Use By-law.

Development Charge

3. A development charge shall be applied to the properties identified on Schedule 1 entitled “Properties Subject to the Dartmouth Cove Development Charge”, dated September 16, 2021.

4. (1) The interim development charge shall be based on the fixed percentages and the estimated project cost, and shall be collected prior to the issuance of a building permit, or streets and services permit associated with a new development, whichever occurs first.

(2) The percentages in subsection (1) are calculated based on area of land parcel PID and Floor Area Ratio as set out in the Regional Centre Secondary Municipal Planning Strategy, 2021, and set out in Table 1:

Table 1 – Dartmouth Cove Development Charges		
Property Identification Description	Fixed Percentage	Interim Cost
Halifax Regional Municipality	50.00	\$ 5,500,000
00114249	2.85	\$ 314,000
00114256	4.10	\$ 451,000
00114264	4.83	\$ 532,000
00114272	3.01	\$ 331,000
00381228	0.96	\$ 105,000
40612384	0.37	\$ 40,000
00114330	11.72	\$ 1,290,000
00114322	1.29	\$ 142,000
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00114280	2.12	\$ 233,000
40612376	2.15	\$ 236,000
00097568	3.99	\$ 439,000
41496472	0.30	\$ 33,000
40612996	0.21	\$ 23,000

5. The Interim development charge shall be adjusted at the substantial completion of the project and will be calculated based on the total net cost of the project.

Indexing

6. (1) The development charge prescribed in this By-law shall be indexed without amendment to this By-law on April 1, 2023, and in each subsequent year on April 1, by the “all-in cost” debenture rate published by the Nova Scotia Municipal Finance Corporation for their most recent debenture issue.

(2) The development charge shall not be indexed in the year that it is adjusted based on the total net cost of the project.

(3) The fees indexed in this manner shall be reduced to the nearest dollar where they contain a fraction of a dollar less than \$0.50 and shall be increased to the nearest dollar where they contain a fraction of a dollar equal to or greater than \$0.50.

(3) The Council of the Halifax Regional Municipality shall inform the public by publication of an Administrative Order, or by such other means as it considers appropriate, of the indexing calculated under this By-law.

Interest

7. Interest shall accrue on the Development Charges outstanding from the date of billing forward at the rate as set out in Administrative Order 14, *Respecting the Application of Interest Charges on Outstanding Accounts*.

Lien

8. (1) A charge imposed pursuant to this By-Law constitutes a lien upon the real property with respect which the charge has been levied in the same manner and with the same effect as taxes.

(2) A charge imposed pursuant to this By-law is collectable in the same manner as taxes and at the option of the Treasurer is collectable at the same time and by the same proceedings as taxes.

(3) The lien provided for in this By-law shall become effective on the date on which the Treasurer receives documentation confirming completion.

(4) The lien provided for in this By-law shall remain in effect until the charge plus interest has been paid in full.

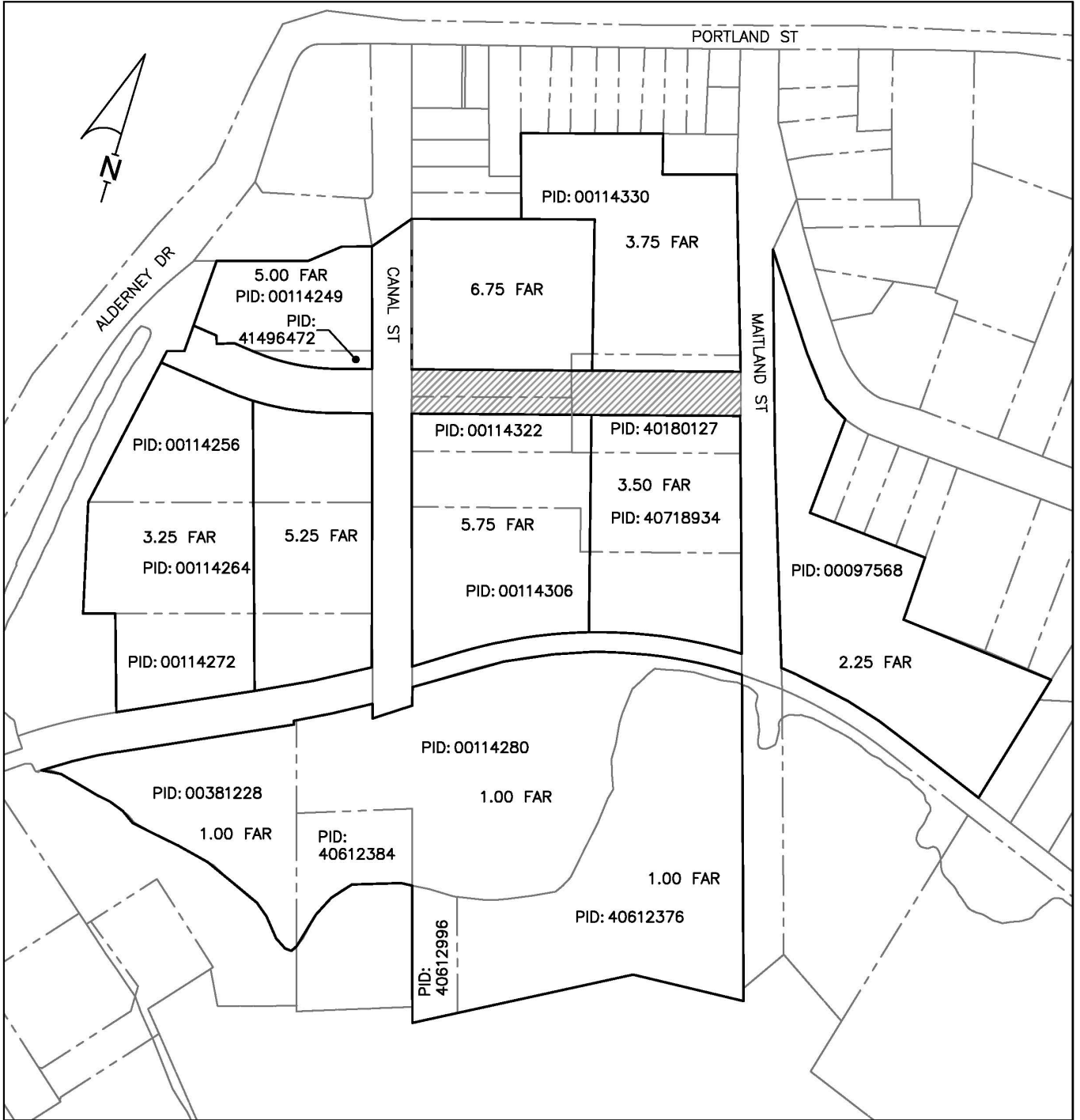
Done and passed by Council this _____, 2022.

Mayor Mike Savage

Iain MacLean, Municipal Clerk

I, Iain MacLean, Municipal Clerk of the Halifax Regional Municipality, hereby certify that the above-noted By-law was passed at a meeting of the Halifax Regional Council held on _____, 2022.

Iain MacLean, Municipal Clerk



**Schedule 1
Properties subject to
Dartmouth Cove
Development Charge**

- Legend**
- Property Boundaries
 - FAR Boundaries
 - Transportation Reserve

HALIFAX

