

Regional Development Charges April 8, 2021

Background: Regional Development Charges (RDC) were introduced in 2014, with approval of the Nova Scotia Utility and Review Board (NSUARB). The purpose of the RDC is to ensure that growth pays for growth and helps protect affordability and equity of existing rate payers. In other words, current customers do not pay for, or subsidize new infrastructure required to support growth. This supports the user-pay principle, and also inter-generational equity, as today's customers will not pay for the infrastructure required to support the future customers.

The RDC is designed to "break even" with no surplus or deficit at the end of the planning period. The RDC has an adjustment mechanism which ensures that the charge will be adjusted every 5 years or when a condition changes that results in an impact of 15% (+/-) on the charges.

Update: Following a virtual public hearing in June 2020, the NSUARB approved Halifax Water's application to adjust the water and wastewater RDC on October 29, 2020. The approval came with a number of Compliance Filings before the setting of the final adjusted RDC was approved on April 7, 2021. The *Regulations* are in effect now, however the **new rates become effective May 31, 2021.**

FAQ: What is the purpose of the RDC? The RDC funds upgrades to **regional** water and wastewater infrastructure (i.e. treatment facilities, transmission mains and large wastewater collection infrastructure) required to support growth and development; helps ensure new growth and development pays for the infrastructure costs caused by new development; and ensures current Halifax Water customers do not subsidize new growth and development.

Is this a new charge? The RDC was first approved by NSUARB in 2014. It replaced three existing charges – the Sewer Redevelopment Charge (SRC), the Trunk Sewer Charge, and the Regional Wastewater Capital Cost Contribution Charge, all of which were previously established and administered by Halifax Regional Municipality (HRM) prior to the 2007 transfer of wastewater and stormwater services to Halifax Water.

Why did Halifax Water want to adjust the RDC set in 2014? At the time of the RDC approval in 2014, the NSUARB required Halifax Water to update the RDC after five years. The proposed charges are based on the 2019 Infrastructure Master Plan that outlines the infrastructure requirements to facilitate the projected growth within the municipality over the next 20 years.

What are the charges?

Wastewater Regional Development Charge (all areas within HRM with wastewater service)

Type of Development	Current Charge	May 31, 2021*
Single Unit Dwellings / Townhouses	\$ 4,080.80 / unit	\$ 5,495.68 / unit
Multiple Unit Dwellings	\$ 2,740.84 / unit	\$ 3,691.13 / unit
Industrial/Commercial/Institutional Buildings	\$ 2.24 / sq.ft.	\$ 27.12 / sq. m. (\$2.52 / sq.ft.)

Water Regional Development Charge (all areas within HRM with water service)

Type of Development	Current Charge	May 31, 2021*
Single Unit Dwellings / Townhouses	\$ 182.88 / unit	\$ 1,723.84 / unit
Multiple Unit Dwellings	\$ 122.83 / unit	\$ 1,157.80 / unit
Industrial/Commercial/Institutional Buildings	\$ 0.09 / sq.ft.	\$ 8.51 / sq. m. (\$ 0.79 / sq.ft.)

*An adjustment for CPI will be made annually to the RDC on April 1st.

The RDC is designed to collect charges on **new or additional** residential units and/or any **new or additional** non-residential (ICI) floor area that are connecting to the water and wastewater systems.

When is the Regional Development Charge paid? The RDC is due with the *Water Permit* application. The *Water Permit* application includes water, wastewater and stormwater service connections. *Water Permit* applications are made online through the HRM online Land Management System. All *Water Permits* submitted on or after May 31, 2021 will be subject to the new charges. *Water Permits* submitted, and RDCs paid, prior to May 31, 2021 will be subject to the current charge. If the RDCs are not paid prior to May 31, 2021, the *Water Permit* will be subject to the new charges. *Water Permits* are valid for two (2) years from date of issuance.

Does the RDC apply to backyard/secondary suites? Yes, backyard/secondary suites are subject to the charges. The addition of a backyard/secondary suite to an existing single-unit dwelling changes the premise from a single-unit dwelling to a two-unit multi-unit dwelling. The calculation includes credit for the existing single unit dwelling. The RDC for the addition of a backyard/secondary suite to an existing single-unit dwelling will be \$1,886.58 (wastewater), and the \$591.76 (water) (2021 rates*)

Different households have differing number of people (i.e. my house only has 2 people and we are adding a backyard suite for 1-person vs a family of 5 next door)? Halifax Water is mindful of varying household sizes, and in developing the charge converts the future population to be served to equivalent units, and applies Census Canada and HRM development data of the typical number people per dwelling unit, by type of unit. The intention is to establish a charge based on the average population per unit.

Why is the increase to the proposed charge for water higher than that proposed for wastewater? At the time of the RDC approval in 2014, Halifax Water did not have all the components of a water system master plan fully identified. Halifax Water has completed a comprehensive infrastructure master plan for both water and wastewater. The proposed charges are reflective of the infrastructure required to service growth over the next 20 years.

Can the charge be deferred? Currently, if the RDC for water or for wastewater is above \$100,000 the applicant can defer payment of 25% of the respective RDC for water and/or wastewater. In either scenario, the deferred amount goes as a lien on the property tax account through HRM. The deadline for repayment of the deferred amount is two (2) years from the issuance of the building permit. Interest will not be applied if the balance is paid in full within two (2) years. Any unpaid balance could initiate a tax sale process.

Is the charge applicable to Affordable Housing Initiatives?

Yes, however, the NSUARB Decision also approved Halifax Water's request to allow RDC payments to be deferred for up to 10 years for affordable housing developments, as defined by HRM.

Was there public consultation related to the recent RDC? Three formal stakeholder workshops were held and Halifax Water offered to meet individually with any stakeholder. Halifax Water responded to all inquiries received regarding the RDC and stakeholders were provided the background data to support the RDC figures. The NSUARB process is also public. On June 10-12, 2020 a virtual NSUARB public hearing was held.

For more information on the Regional Development Charge (RDC) please visit: www.halifaxwater.ca/rdc, contact engineeringapprovals@halifaxwater.ca, or call 902-420-9287.

