

**Opening Statement to
The Board of Commissioners of the Nova Scotia Utility and Review Board
From Ecology Action Centre
on Regional Development Charges(M05811)
November 2013**

The Ecology Action Centre has been working since 1971 to create a healthier, more sustainable Nova Scotia. We have over 3,000 members, many of whom are residents of the Halifax Regional Municipality. The Centre works on a wide range of environmental issues including the reduction of greenhouse gases, the protection and conservation of freshwater and the enhancement of the built environment.

The EAC is an active participant in the five year review of the Halifax Regional Plan otherwise known as RP+5. Much of our engagement in the RP+5 process has been as member of Our HRM Alliance a coalition of environmental, business, health and community groups committed to a livable HRM. The Alliance advocates seven solutions which will enable the HRM to grow in a denser, more sustainable way, environmentally and economically. One of our seven solutions is effective development charges.

We have chosen to be an intervenor in this hearing because we are concerned about the impact of current development patterns on the environment and the residents of the municipality. It is our contention, and one that appears to be shared by HRM, that denser more compact forms of development bring multiple benefits. The environmental and carbon footprint of a city is greatly reduced when it is more compact, in fact, it is the single biggest step a city can take to reduce its impact on the environment. The quality of life and health of residents is improved when commute times are reduced and there are viable options for active transportation. Most importantly, from the point of view of this hearing, denser forms of development keep servicing costs lower thereby reducing the financial burden on the municipality and consequently on the taxpayer and rate payer.

We support water conservation and efficiency as advanced by other intervenors but we do not see these measures as a substitute for a rate structure that reflects the full cost of servicing new development and encourages more compact development.

The Halifax Regional Water Commission has applied for an increase in regional development charges. The Ecology Action Centre is supportive of the concept of development charges. It is reasonable and fair that those who benefit from new infrastructure should pay the cost of the new infrastructure. New infrastructure should not be paid for by rate increases for existing users, as was often done in the past. However, the EAC opposes the proposed regional development charges for wastewater and water. The reason for this is that the charges are flat charges which do not accurately reflect the actual cost of services. Single unit dwellings no matter where they are located in the serviced area of HRM will carry the same wastewater charge of \$5,728 and the same water charge of \$337. Multiple unit dwellings will have a flat charge of \$3,874 for wastewater and \$226 for water.

These proposed rates do not accurately reflect the cost of installing these services to new developments. As numerous reports, including the report *Economic Impact of Growth Related Infrastructure Costs* prepared by Gardner Pinfold, and the report *Quantifying the Costs and Benefits to HRM, Residents and the environment of alternate Growth Scenarios* prepared by Stantec show, it is more expensive to service lower density developments, and developments located farther from existing services, than it is to service high-density developments located closer to existing growth and service centres.

The EAC is opposed to flat charges for the following reasons:

- 1) The proposed charges are unacceptable as to the criteria of fairness by class. Simply these charges are too low for low density single unit home developments, and too high for multiple unit dwellings.
- 2) The flat charges will tend to encourage the building of a disproportionate share of low-density homes in far-flung areas of the suburbs and rural areas as compared to multiple unit dwellings built in the condensed urban core and other growth centres. These charges do not reflect the goals of HRM's regional development plan nor do they make any attempt to achieve the possible savings identified in the Stantec report.
- 3) The proposed charges are not defensible in relation to the expected cost of servicing different forms of settlement. Specifically the cost to service widely dispersed settlement will cost more than servicing a number of apartments built all on one site with one service connection. The reason for this is because HRM's present municipal tax structure is based on property assessment rather than actual cost of service. The encouragement of more suburban development will cause fiscal problems for the city simply because the pattern of servicing costs incurred will not be recovered by taxes collected.
- 4) The proposed charges will expose the Halifax Regional Water Commission to considerable additional financial risk because of the additional costs of servicing low-density development.
- 5) The proposed charges and the rate base analysis make no attempt to reflect the actual existing supply of suburban lots. Instead, by favoring suburban over urban development by under recovering the suburban costs and over-recovering the urban costs there will be a tendency to increase the supply of suburban lots far in excess of any kind of reasonable supply.
- 6) By undercharging for suburban servicing costs, residents of HRM will be encouraged to settle in the suburban areas. We know that sprawling development patterns generate negative impacts including a disproportionate generation of greenhouse gases and negative impacts on human health because of a reliance on the automobile and lack of active transportation options.
- 7) The HRM's Regional Plan growth targets and other policies and the HRWC's proposed rates are not in harmony.
- 8) Through its IRP, the HRWC proposes to help the developers by building the trunk services for them and getting an equal contribution from all developers based on the number of units. What is unclear to the Ecology Action Centre, is why HRWC wants to do this. If Developer A wants to buy expensive valley land with arable soils and have cheap servicing where Developer B buys cheap land on a rocky hill and has expensive servicing why should the HRM harmonize their costs? Let each developer bring services to and through their own subdivisions and have HRWC pay the oversizing costs for trunk services.

To conclude, rather than charging flat rates, a superior method would be to charge by the square foot of the dwelling. This should be adjusted for the lot size and the distance of the lot from water supply and sewage plants. In this instance if new pipes had to be built to get to a new subdivision then there should be an incremental charge for this new infrastructure paid for by that subdivision. Infrastructure charges once collected should be placed in reserve accounts. Transfers from these reserve accounts should not be allowed. This should prevent infrastructure charges collected from dense development in the core of the city from being used to finance even more suburban growth.