



CAPE BRETON
REGIONAL MUNICIPALITY

TO: CBRM Committee of the Whole

SUBMITTED BY: Demetri Kachafanas, Chief Administrative Officer

DATE: May 26, 2025

RE: **Housing Accelerator Fund (HAF) Update: Housing Strategy and Fast-Tracked Housing Plans**

INFORMATION REPORT

ORIGIN

On June 19, 2023, CBRM Council passed the following motion:

THAT CBRM Council direct staff to submit a Housing Action Plan, including the initiatives listed in Appendix A of the Issue Paper dated June 15, 2023, and any other required documentation to the Canada Mortgage and Housing Corporation as part of the Municipality's application for the Housing Accelerator Fund (HAF).

MOTION PUT AND CARRIED.

RECOMMENDATION

It is recommended that the Committee of the Whole forward this report to CBRM Council as an Information Report.

BACKGROUND

As part of its commitments under the Housing Accelerator Fund (HAF), the Cape Breton Regional Municipality (CBRM) is developing a comprehensive Housing Strategy to help define its role in supporting housing development. This strategy is being shaped through a series of staff and public engagement workshops to gather meaningful input from the community. To lead the development of the strategy, CBRM retained FBM Architecture, which worked within the existing municipal planning framework and incorporated insights gathered through public consultation.

A second key initiative under HAF focuses on accelerating infill housing development and streamlining the permitting process. Upland Planning, in partnership with Passive Design Architecture, was contracted to deliver a set of pre-reviewed municipal building plans. These fast-tracked housing plans are tailored to meet local zoning regulations, building code standards, and reflect community design preferences.

DISCUSSION

CBRM has made progress toward development of a comprehensive housing strategy and completion of fast-tracked housing plans. In the weeks ahead, public engagement activities will be held, and fast-tracked housing plans will be made available to the public. This section provides an update regarding upcoming events and engagement activities.

Housing Strategy Public Engagement Sessions

The first three phases of the Housing Strategy (Attachments A, B and C), identify potential strategies and mechanisms to address housing in the Municipality. Phase 4 of the Housing Strategy is intended to showcase the selected strategies and receive feedback on their ability to meet the needs of the community. Once complete, the Phase 4 report will be made available to the public on the CBRM website.

Phase 4 public engagement sessions, as part of CBRM's Housing Strategy, are scheduled as follows:

Sydney Engagement Session:

- Date: Wednesday, June 18, 2025
- Time: 2:00 PM - 3:30 PM & 6:00 PM - 7:30 PM
- Location: Sydney Curling Club, Main Floor Lounge
- Address: 619 George Street, Sydney

North Sydney Engagement Session:

- Date: Thursday, June 19, 2025
- Time: 12:00 PM - 1:30 PM
- Location: North Sydney Firemen's Club, Event Hall
- Address: 14 Pierce Street, North Sydney

Glace Bay Engagement Session

- Date: Thursday, June 19, 2025
- Time: 6:00 PM - 7:30 PM
- Location: Glace Bay Miner's Forum, Community Room
- Address: 151 Lower N Street, Glace Bay

Fast-Tracked Housing Plans

The official public launch of the fast-tracked housing plans is scheduled for June 16, 2025. A pop-up style event will be held by CBRM staff to showcase the plans and answer questions from attendees. The event will be open to the public. Details regarding the event time and venue will be made available on the HRM website in the days ahead.

The fast-tracked housing designs include:

- One-Bedroom Accessory Dwelling Unit or One Unit Dwelling (with 1 bedroom)
- Two-Bedroom Accessory Dwelling Unit or One Unit Dwelling (with 2 bedrooms)
- Duplex
- Accessible Duplex
- Triplex
- Fourplex
- Sixplex

Fifteen plan variations have been developed in total, including both standard and net-zero-ready options. Visual distinctions between these are minimal, with differences relating to construction materials and energy performance. Additional information regarding the plans is provided for reference as Attachment D of this report.

FINANCIAL IMPLICATIONS

Initiatives and events described herein have been accounted for in the approved operating budget for 2025/26.

ATTACHMENTS

Attachment A:	What We Heard Report: CBRM Housing Strategy – Phase 1
Attachment B:	Residential Development Incentives: CBRM Housing Strategy – Phase 2
Attachment C:	What We Heard Report: CBRM Housing Strategy – Phase 3
Attachment D:	Fast-Tracked Housing Plans

Reports Available Upon Request:

Staff Report dated June 15, 2023, RE: Canada Mortgage and Housing Corporation Housing Accelerator Fund

Report Prepared by: Tyson Simms, Director, Planning and Development
Travis Radtke, Housing Coordinator, Planning and Development

CBRM's Housing Story

CBRM Housing Strategy - Phase 1 Report
September 2024

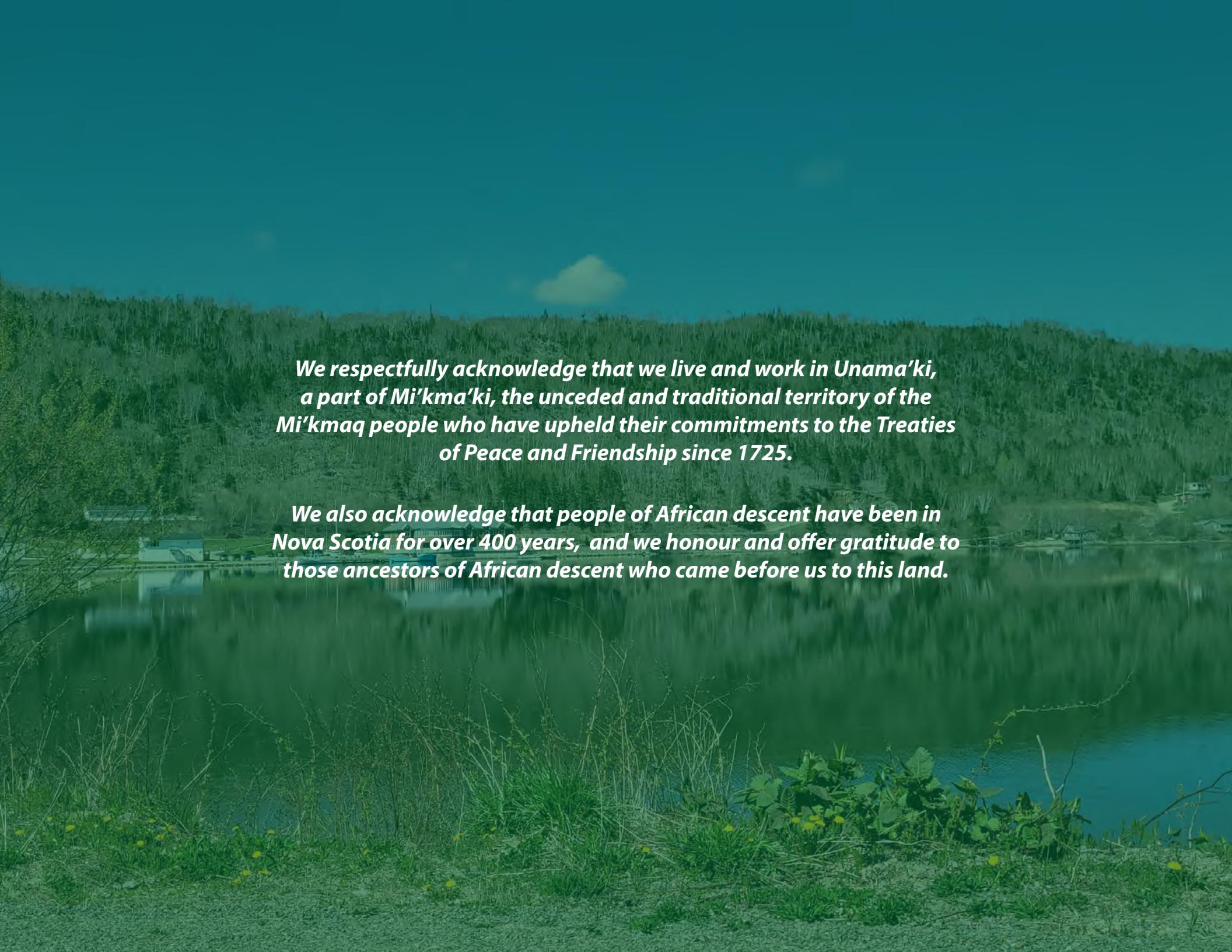


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Lyndsay Francis

S.J. Murphy Consulting

A scenic landscape featuring a body of water in the foreground, likely a lake or river, with a grassy shoreline. The background shows a hillside covered in green vegetation under a clear blue sky with a few wispy clouds.

*We respectfully acknowledge that we live and work in Unama'ki,
a part of Mi'kma'ki, the unceded and traditional territory of the
Mi'kmaq people who have upheld their commitments to the Treaties
of Peace and Friendship since 1725.*

*We also acknowledge that people of African descent have been in
Nova Scotia for over 400 years, and we honour and offer gratitude to
those ancestors of African descent who came before us to this land.*

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Thank you to everyone who has taken the time to speak with us or fill in the community survey about housing across CBRM.

Your ideas, insights and experiences have been invaluable in helping us understand CBRM's housing past and present, and envision a better future. We would like to thank and acknowledge those who have been working for years to improve housing across CBRM. This project is built on the work of these individuals and organizations. We are honoured to be a part of CBRM's housing story.

What is this project about?

The Cape Breton Regional Municipality is undertaking a Housing Strategy to identify existing housing challenges, opportunities and solutions.

This work will include:

- Public and stakeholder engagement to inform the Housing Strategy;
- Recommendations for a potential new comprehensive residential development incentive program;
- Identification of municipally-owned surplus lands suitable for residential development;
- Residential development incentive program analysis including a land development framework, policy and regulatory review, and financial feasibility assessment; and
- Implementation of a road map and monitoring and evaluation framework.

This Housing Strategy will provide a framework for CBRM to support housing across the municipality. It will serve as a comprehensive and measurable plan to increase the amount of housing in CBRM's communities while promoting sustainable growth and development.

This report represents our findings from phase 1. The goal of this phase has been to understand CBRM's housing story and housing needs across CBRM. Through targeted research and community engagement, this phase of the work sets the stage for the rest of the Housing Strategy project.

What is CBRM's Housing Past?

To understand CBRM's current and future housing needs, it is necessary to first look at how CBRM came to be and how the population and housing have changed over time. The earliest inhabitants of the lands now known as Cape Breton were the Mi'kmaq.

Unama'ki is the unceded and ancestral territory of the Mi'kmaq People, who have lived here since time immemorial. The Mi'kmaq People lived across the land moving close to the coasts in the spring and summer months and moving inland during the fall and winter¹.

1 Canadian Encyclopedia, Mi'kmaq, 2024

Once settlers arrived in the area, coal mining, fishery, and steelmaking became major industries in CBRM. However, the coal mining industry became less competitive in the market after the Second World War as imported oil became more affordable than domestic coal¹. In recent decades, CBRM has been demolishing derelict homes, many of which were company homes that had become vacant as the population declined with the closing of coal mining and steelmaking operations. Between 2001-2016, CBRM experienced a population decline of 11%.

1 Gillies, Nova Scotia's coal industry is in decline: The province needs a green energy transition, 2021

Population Decline



Example of Company Home for Miners, 1909 (Source: NS Archives)

Company homes

Constructed between the late 1800s and early 1900s, company homes offered distinctive characters to the communities across CBRM. Originally built for workers in mining and steel industries, company homes were a major form of housing in CBRM.

Company homes were typically single-detached or small duplexes (between 700 and 1,000 square feet), featuring Gothic Revival design elements. Company homes are also a symbol of "the tenacity and hard work of the miners"¹, offering a sense of social and historical significance. Company homes are still seen across CBRM today.

1 National Trust of Canada, Nova Scotia – Company Houses, n.d.

The Cape Breton Community Housing Association has profiled CBRM's **rental housing** stock in recent years. Based on their 2016 research¹, the majority of CBRM's rental housing stock (66.5% or 6,589 units) is owned by for-profit operators while another 27.5% (2,729 units) are owned by non-profit operators. Many landlords in the CBRM have a small number of properties with 50% of the for-profit landlords owning one structure

The majority of rental units in CBRM in 2016 were targeted towards specific types of tenants, with seniors having the greatest access to units. Of the 29 for-profit rooming houses (121 rooms), the majority (61%) were targeted toward student renters.

¹ Leviten-Reid, C. & Horel, B., Rental Housing in Cape Breton Regional Municipality in the Context of Homelessness and Housing First: A Research Report, 2016

They found that the majority of rental units (88%) were not accessible, most (82%) non-profit and for-profit units require general maintenance and 7% (503 units) required major repairs. This aligns with anecdotal and documented evidence that CBRM's rental stock is of low quality.

The study recommended "affordable units need to be provided to all segments of the population in core housing need: non-senior, single-person households have fallen through the cracks." (p 24). Furthermore, more accessible housing is needed across the municipality and more supports are needed to encourage this type of development. An adjacent report² also recommended financial incentives be put in place to improve the quality of rental units across CBRM.

² Leviten-Reid, & Horel., Living in Rental Units and Rooming Houses in the Cape Breton Regional Municipality: Tenants and Tenant Experiences, 2016

Rental Market

	Sydney	Non-Sydney	Total
Non-profit	5.5% (280)	6.5% (312)	6.0% (592)
For-profit	72.1% (3670)	60.5% (2919)	66.5% (6589)
Public	22.4% (1137)	33.1% (1592)	27.5% (2729)
Total	100% (5087)	100% (4823)	100% (9910)

Total rental units in the CBRM by housing provider (Source: Leviten-Reid, C. & Horel, B., Rental housing in CBRM in the context of homelessness and housing first: A research report, 2016)

	Non-profit	For-profit ^a	Public	Total ^a
Studio	0%	3%	0% ^b	1%
One Bedroom	16%	19%	59%	38%
Two Bedrooms	41%	62%	6%	32%
Three or More Bedrooms	43%	15%	35%	28%

^a Percentages in these columns do not add up to 100 due to rounding.

^b There are a small number of studio apartments available through public housing. The percentage of studio apartments available through public housing is actually 0.29%, which was rounded to 0%.

Size of rental units in CBRM by housing provider (Source: Leviten-Reid, C. & Horel, B., Rental housing in CBRM in the context of homelessness and housing first: A research report, 2016)

	For-profit Housing ^a	Non-profit Housing	Public Housing	Units Per Target Group ^a
Seniors	36%	28%	60%	47%
Families	6%	32%	40%	25%
Students	4%	0%	0%	2%
Singles/Couples^b	2%	0%	0%	2%
Professionals	8%	0%	0%	4%
First Nations Living	0%	2%	0%	0 ^c %
Off Reserve				
None	46%	38%	0%	23%

^a Percentages do not add up to 100 because a small number of units are targeted to more than one group, and due to rounding.

^b Research participants were typically meaning that the housing was not suitable for children, and that they were wanting mature individuals or couples as tenants.

^c The percentage is actually 0.2, but is presented as 0 due to rounding.

Units targeted to specific renters by type (Source: Leviten-Reid, C. & Horel, B., Rental housing in CBRM in the context of homelessness and housing first: A research report, 2016)

After several decades of population decline CBRM faced significant headwinds with an aging population, shrinking tax base, and looming infrastructure liabilities.

In 2019, **Grant Thornton** conducted a **viability study** to analyze whether CBRM could continue to meet its level of service and infrastructure obligations and ensure its future viability as a municipal government.

Of the three scenarios presented, only the “optimistic scenario” forecasted a return to stable growth and the potential for CBRM to pull out of a downward spiral of a shrinking tax base and mounting infrastructure costs.

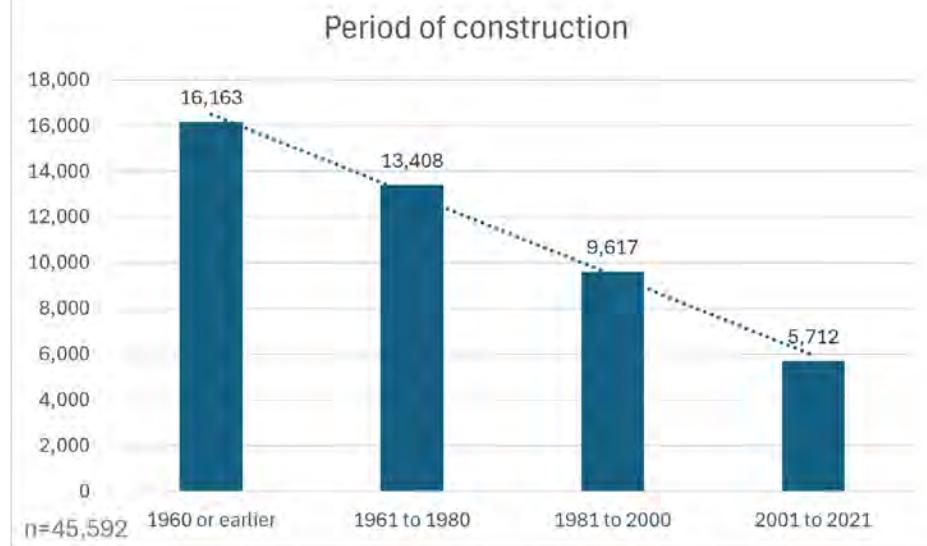
Two key recommendations from the report that are relevant to housing were to use:

1. Land Banking to expedite the processing of delinquent and abandoned properties, and
2. Property tax incentives for urban residential development.

These recommendations were used to inform this Housing Strategy project.

“Ultimately the region’s continued viability will be dependent on marginally reversing the historic trend of a declining population, which will largely be driven through continued coordination among all levels of private and public institutions, as well as the necessary time and capital investment for the strategies to produce the intended results.” - Grant Thornton CBRM Viability Study, 2019

Viability



CBRM's housing stock by year of construction (Source: FBM & Manifold Data Mining Inc, data vintage 2023/2024)

Housing Stock

The majority (67.7%) of CBRM's current housing stock was built prior to 1980. After that time, new housing construction slowed, likely due to population decline. This lack of demand for new housing has left CBRM with a significant amount of older housing stock.

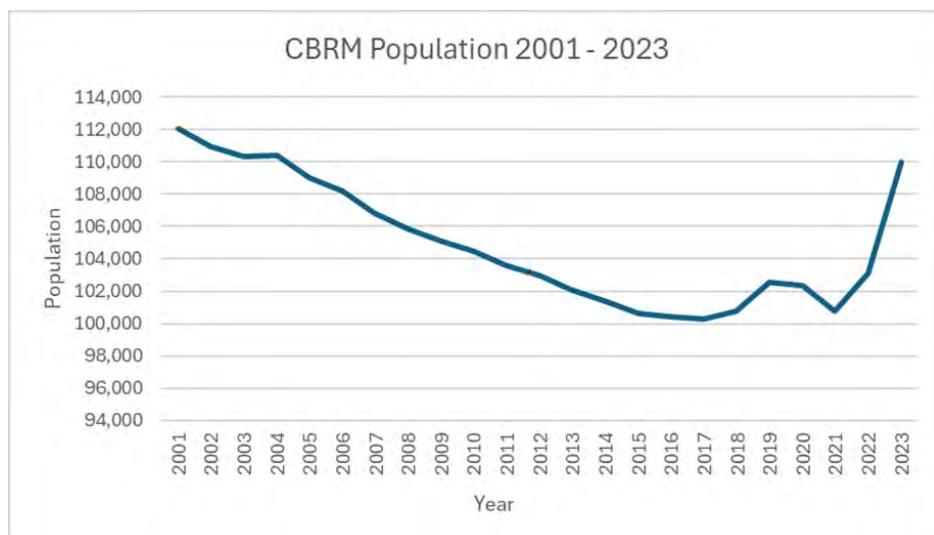
What is CBRM's current housing situation?

Starting in 2019 CBRM had a bump in population that would mark the first period of growth in nearly 60 years. After a slight dip in 2021, the population growth again resumed at an even faster rate, increasing by an average of 4.2% per year between 2021-2023.

This recent population change has had a significant impact on CBRM's housing situation. The following pages tell the story of how population growth has impacted housing supply and demand, while also affecting rates of homelessness. We also profile barriers and opportunities around affordable housing, CBRM's housing needs, challenges with seasonal housing and short term rentals, and planning efforts to related to housing. We also share our housing strategy findings to date.

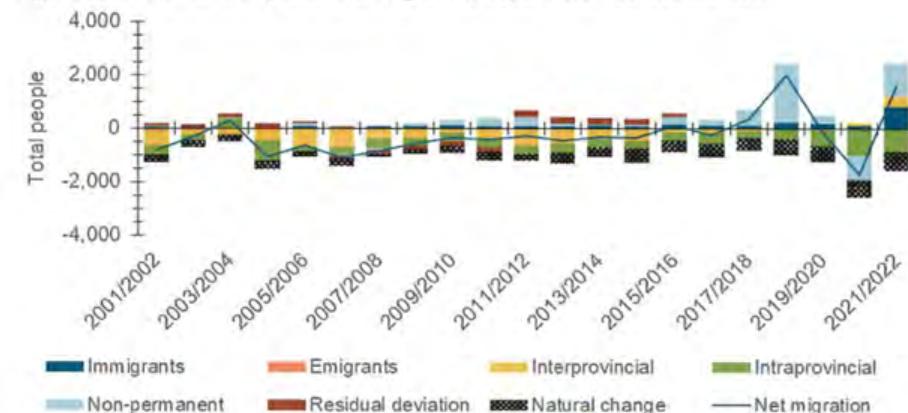
The story of today starts with **population growth**. A successful strategy of attracting international students and intraprovincial migration has helped to put CBRM back on a path of viability. Recent population growth has far exceeded even the optimistic scenario of the Grant Thornton Viability Study. Without this spike in population, CBRM's population would have continued to decline.

Population Growth



CBRM population decline and increase 2001-2023 (Source: Statistics Canada Table 17-10-0148-01)

Figure 7.1: Historical Components of Migration, Cape Breton Census Division



Historical components of Migration for CBRM, 2001-2022 (Source: Statistics Canada Table 17-10-0140)

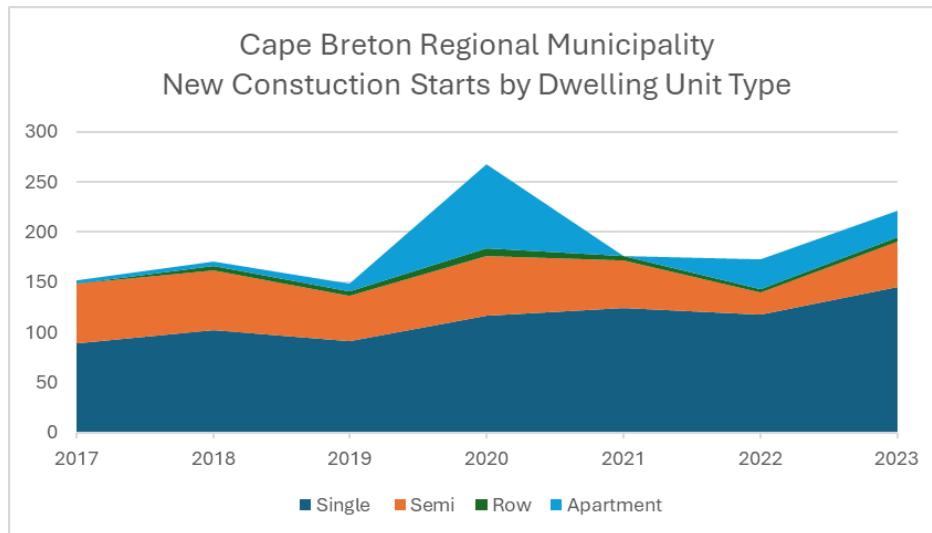
This fast reversal of population decline has not come without its challenges. With this sudden reversal in population growth the average **vacancy rate** around the municipality declined to 0.8% in 2023. While vacancy rates have fluctuated significantly over the past decade, they have generally been at or above 3% (considered to be a healthy vacancy rate range) until 2022.

Classical economics states that supply and demand influences the price of a good. This law appears to hold true in the case of CBRM - as the vacancy rate was at a recent peak of 6.2%, average rent declined. A few years later when the vacancy rate declined below 3%, average rents increased annually by more than 6%. While correlation does not mean causation, the low vacancy rates in CBRM are undoubtedly putting upward pressure on housing costs.

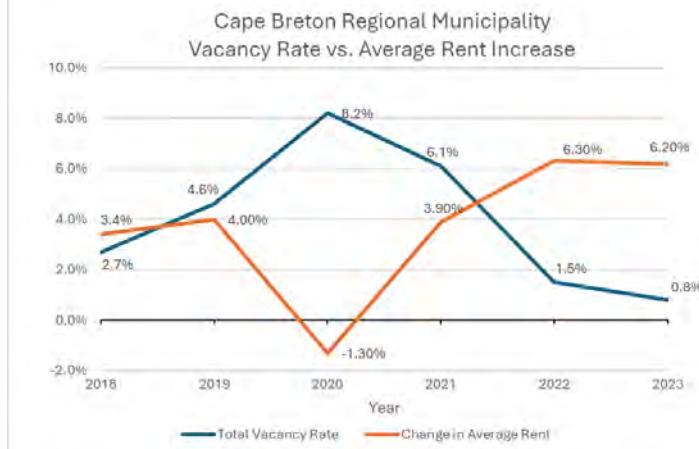
To increase the supply of housing in CBRM, **construction** of additional dwelling units is needed. In 2023, the total number of housing construction starts was up 45% above 2017 levels.

Since 2017 there has been an increase in the share of apartment units in this total, with a noticeable bump in 2020. The past few years indicate a growing demand for apartment housing and capacity for the construction industry to deliver this type of housing. Despite this, single detached dwellings are still the most common type of housing being constructed in CBRM, representing 66% of housing construction starts in 2023. If housing demand is to be adequately met, the number of annual construction starts will need to continue growing.

Supply and Demand



Housing Starts by Dwelling Type (Source: CMHC Housing Market Data, 2023)



Rental Market Survey (Source: CMHC Housing Market Data, 2023)

Homelessness, both visible and hidden, has been increasing in CBRM over the past decade. As of the most recent count (2021), there are 325 individuals experiencing homelessness in CBRM. The next homelessness count is anticipated to occur in Fall 2024 and will likely report an increase in homelessness.

Homelessness is a structural and systemic issue that manifests as a form of social exclusion from housing. The causes of homelessness differ per person, but often factors such as economic and societal issues (structural factors), poverty, lack of access to housing, system failures where “systems of care and support fail”, personal circumstances and relational problems (e.g. mental health, traumatic events, etc.), and domestic violence compound to push an individual into homelessness¹.

1 Evangelista, G. F. Poverty, Homelessness and Freedom: An Approach from the

In Cape Breton, the main causes of homelessness include poverty, addiction and substance use, family conflict and domestic abuse². In the 2016 Point in Time Count, 69% of surveyed clients experienced poor housing options and low income as a barrier to finding permanent housing. In 2021, the top barriers to clients accessing affordable and appropriate housing included lack of appropriate housing availability (55% of respondents) and poor housing options (35%)³.

Lack of affordable housing, financial barriers, lack of employment, family conflict, mental health and addiction issues, and gaps in transition support (e.g. from public systems such as child welfare or corrections) also contribute to youth homelessness⁴.

Capabilities Theory. European Journal of Homelessness, 4, 189-202 (2010).

2 CBRM Homelessness Count Committee (2016) and Affordable Housing and Homelessness Working Group (2018), Homeless in Cape Breton Point in Time Counts.

3 Service-Based Homelessness Count: Counting those experiencing homelessness in Eastern Nova Scotia (2021)

4 Cape Breton Community Housing Association, Youth Homelessness in CBRM, 2018

Homelessness

Housing Situation	2016		2018		2021
	PIT	SBA	PIT	SBA	SBA
Absolute homelessness					
Unsheltered	24	10	9	47	33
Emergency Sheltered	30	85	20	50	65
Provisionally Accommodated					
Transitional Housing	17	28	7	31	107
Another's home	30	93	21	64	
Transitional Residential Centres & Institutions	36	88	58	72	46
At risk of homelessness	NA	NA	NA	NA	74
TOTAL number of people experiencing homelessness	137	304	115	278	325

CBRM Point in Time (PIT) and Service Based Approach (SBA) Homelessness Counts compiled by FBM with data shared by the Affordable Housing and Homelessness Working Group (2016, 2018, 2021).

For more info on community and support services, visit

welcometocapecbreton.ca/live/everyday-essentials/community-support/

An **affordable housing strategy** to prevent homelessness and support affordable housing has been explored in the past by the Cape Breton Community Housing Association (CBCHA) and the Affordable Housing and Homelessness Working Group (AHHWG). The Situational Assessment¹ that informed their work grounds the strategy in housing as a human right and as a social determinant of health. Their vision was: "All people living in CBRM will have access to safe, adequate, affordable housing" (p 3).

¹ Moore, Affordable Housing in the Cape Breton Regional Municipality: Situational Assessment, 2019

The Situational Assessment, which profiled CBRM's affordable housing situation as of 2019, highlighted that **major barriers to development** include the high cost of land, construction and property taxes which can increase rents until they are unaffordable to the intended residents.

Stigma towards service providers and 'not in my backyard' (NIMBY) attitudes were other barriers. They noted that repairing, renovating and retrofitting existing homes can help people, such as seniors, stay in their homes longer. These repair and renovation projects can benefit from increased non-profit collaboration and social enterprise.

Barriers

CBRM has a number of housing supports available, including but not limited to:

- Public housing and rent supplements through the Cape Breton Island Housing Authority
- Housing programs for various types of tenants (e.g. seniors, families) - most are delivered by non-profits
- Housing co-operatives - most providing seniors housing
- Homeless shelters for men and women - no designated shelter for youth exists
- Rapid housing initiatives through New Dawn

For more info on local housing initiatives, visit
www.endhomelessnesstoday.ca/working-group

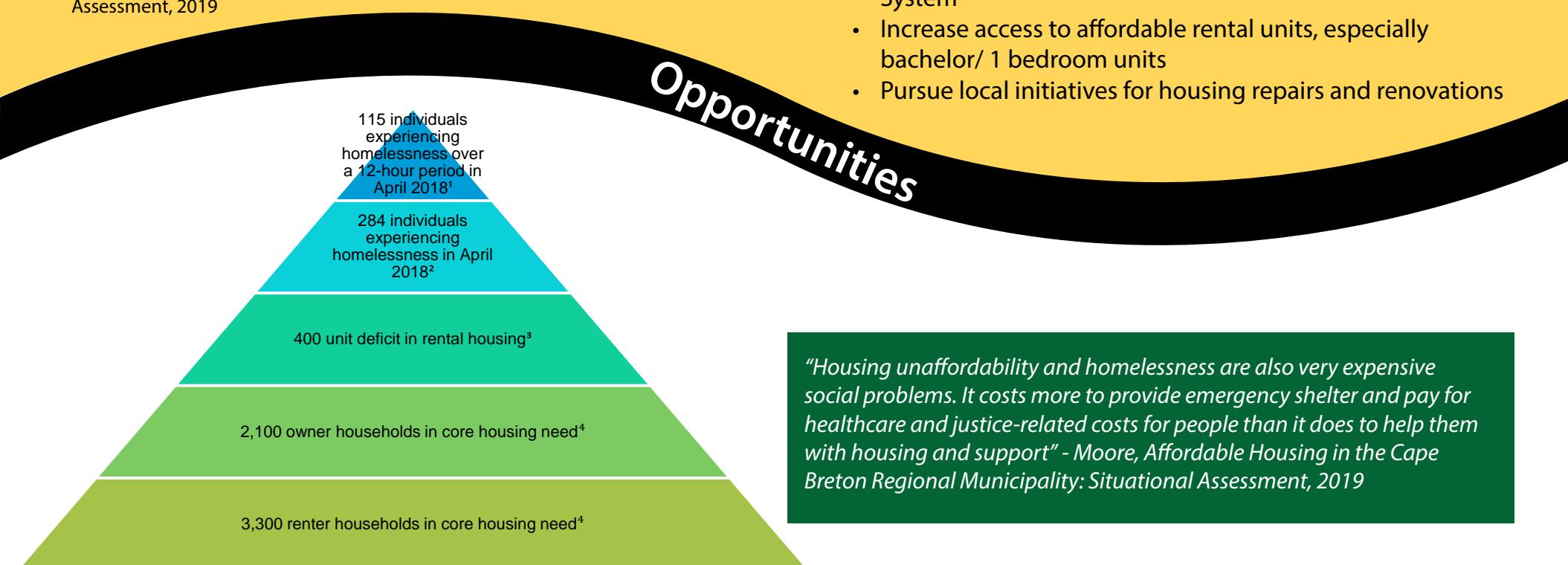
Key incentives for for-profit housing operators to build affordable housing included financial resources such as lower development costs and rent supplements, and tenant support such as through Housing First¹. Housing First focuses on rapidly housing those experiencing homelessness into stable housing with supports. Landlords can benefit from partnering in Housing First programs through reliable rent payments and assistance with repairs when damage is caused by a tenant.

The Situational Assessment also reported a need for a collaborative support model where housing and multiple supports are located in one space. Specific consideration for the safety of vulnerable women and their unique housing needs was also highlighted.

¹ Moore, Affordable Housing in the Cape Breton Regional Municipality: Situational Assessment, 2019

The Situational Assessment outlined the following strategic recommendations:

- Leadership, collaboration and alignment
 - Establish an affordable housing coalition with non-profit, for-profit and public sectors involved.
 - Explore community-university housing partnerships
 - Advocate for adequate income and housing affordability, including through provincial rent supplements and increasing maximum shelter allowance
- Homelessness and housing systems planning
 - Expand supports for those experiencing or at risk of homelessness including establishing a Coordinated Access System
 - Increase access to affordable rental units, especially bachelor/ 1 bedroom units
 - Pursue local initiatives for housing repairs and renovations



Scope of homelessness and housing need in CBRM as of 2019 (Source: Moore, Affordable Housing in the Cape Breton Regional Municipality: Situational Assessment, 2019)

"Housing unaffordability and homelessness are also very expensive social problems. It costs more to provide emergency shelter and pay for healthcare and justice-related costs for people than it does to help them with housing and support" - Moore, Affordable Housing in the Cape Breton Regional Municipality: Situational Assessment, 2019

The **Provincial Housing Needs Assessment**, completed in 2023, provided a comprehensive analysis of housing needs across Nova Scotia, along with individual assessments for each municipality including CBRM. The assessment was based on the data available at the time which had not yet shown the sharp increase in population growth from 2021-2023. Despite this, the assessment painted a picture of declining housing affordability, a shortage of approximately 1,000 units, historically low vacancy rates, and a housing construction industry largely focused on the development of single detached homes. These were the circumstances surrounding a municipality believed to be continuing a trend, albeit slowing, of population decline.

Although the assessment assumed population decline, it also considered the potential for a high growth scenario which would exacerbate the shortage of housing already being experienced. Rather than the projected decrease of housing unit shortage (deficit) from 1,000 to 230 units under the current rate of construction, a high growth scenario anticipated that the demand would outpace construction and cause the housing shortage to grow to 1,185 units by 2027. This shortage would be most acutely felt within Sydney. Investments into the construction of affordable housing will be one important way to help to fill the housing shortage gap. Two recently funded examples¹ where half of the units will be rented at 80% of average market rate are:

- Stephen Jamael Property Rentals Inc, Sydney: \$3.8 million for 36 units
- Future Growth Co-op Ltd., Sydney Mines: \$3.9 million for 22 units

¹ Municipal Affairs and Housing, More Affordable Housing for Nova Scotians, 2023

Figure 4.2: Historical and anticipated change in demand and supply balance, Sydney



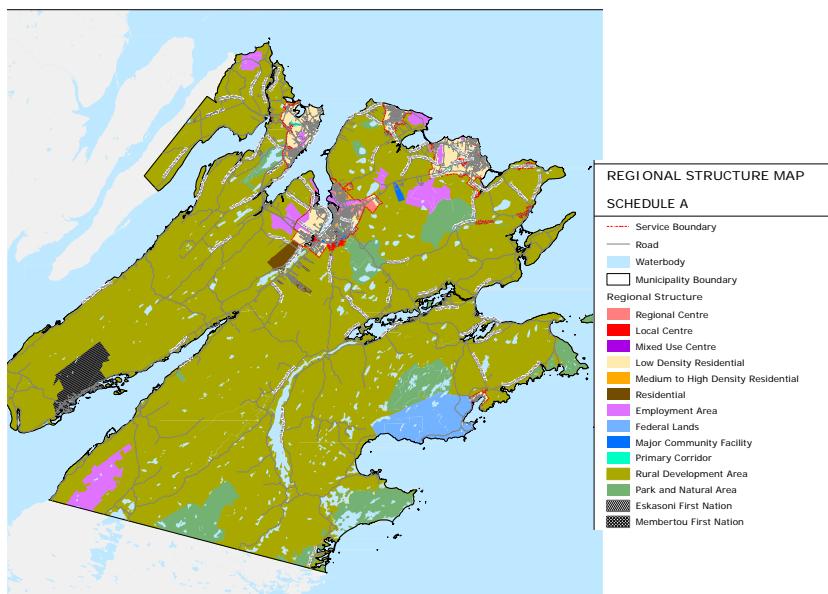
Housing Supply in Sydney (Source: Provincial Housing Needs Assessment for CBRM, 2023)

In response to changing community needs and demographics, CBRM decided to take action with a bold strategy to halt and reverse this decline. In 2023, CBRM approved a new **Municipal Planning Strategy** (MPS) called "**CBRM Forward**" which spans the entire municipality.

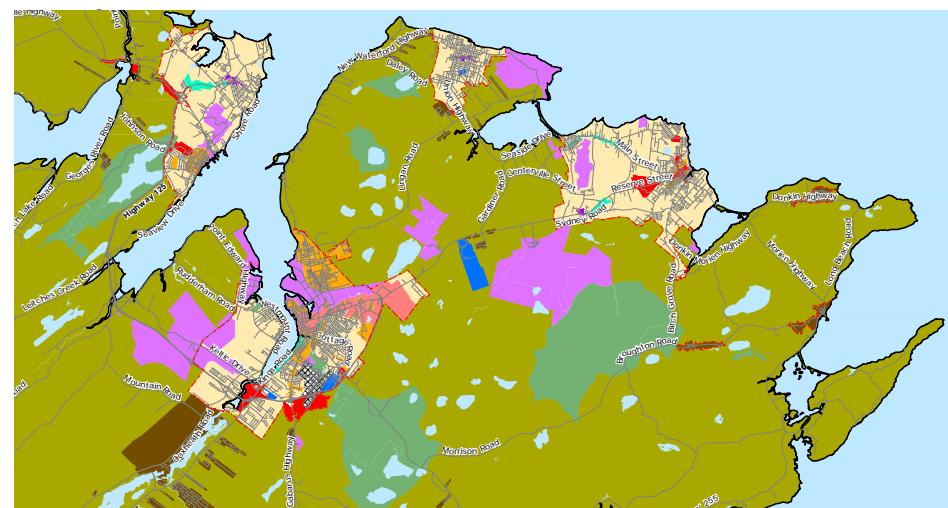
CBRM Forward is a progressive planning strategy which focuses on development within serviced areas – particularly the "Regional Centre" (Downtown Sydney). Through this plan, CBRM aims to accommodate its share of the Province's overall population growth and allocate new development along existing services and infrastructure. The accompanying Land Use Bylaw permits up to 6 dwelling units as-of-right within the Urban Residential 2,3 and 4 zones, and the Small Community (R7) zone.

Four key themes that are addressed in the plan are:

- Attracting newcomers: Taking a share of the Province's population growth targets and leveraging growth in foreign students.
- Infrastructure liabilities: Managing a sprawling infrastructure network. Growth should be directed in areas with existing services to grow the tax base and use existing infrastructure more efficiently.
- Housing challenges: Recognizing housing challenges including aging housing stock, limited supply of rental units, fluctuating rental vacancy rate, and more people experiencing housing poverty.
- Housing Opportunities: The potential to create a more diverse housing stock and be a partner in facilitating the development of affordable housing.



CBRM map showing service boundary and residential areas (Source: CBRM Regional Structure Map, 2023)

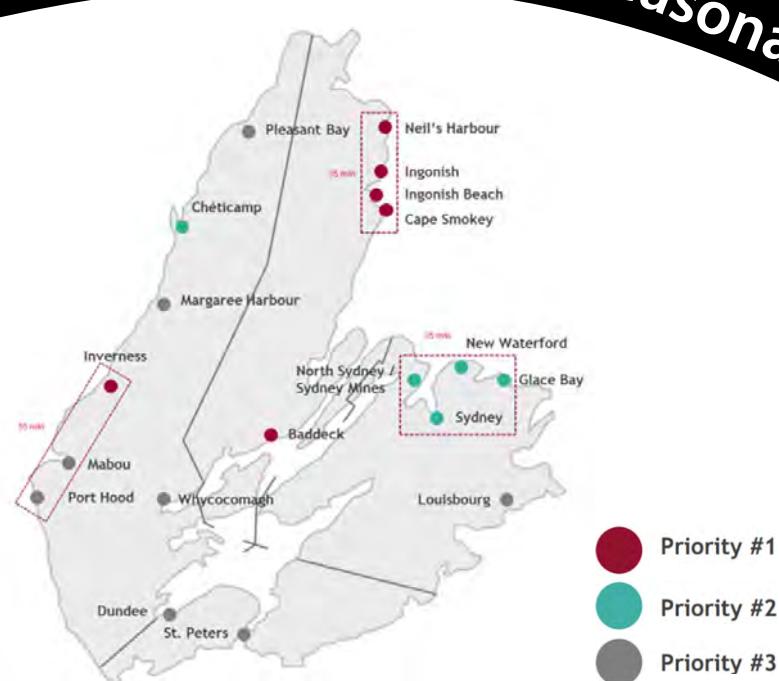


In 2020 the Cape Breton Partnership conducted a **Study of Housing Needs to Support the Growth and Sustainability of Seasonal Industries in Cape Breton**. They emphasized that many of the current solutions to offer adequate and affordable housing had been small in scale, including employers partnering with landlords to secure accommodation for their employees and non-profit organizations providing affordable rooms for individuals in need.

The study identified “Priority Areas” for future housing development, which was based on the extent to which housing could support the growth of seasonal industries. Communities in CBRM were identified as Priority 2 areas.

Recommendations for CBRM focused solely on providing student housing, including dormitories and modular apartments. While the study highlighted that housing students would be crucial, they also recognized that “[the] student-focused solutions [were] somewhat out of scope for this project,” indicating that further research could be beneficial to explore more options for students.

Another major recommendation for CBRM was enhancing transit support. The study indicated that CBRM could be a major hub for transportation. Examples included “formalized carpooling program, private operators offering planned routes, or some publicly funded solution.” The Study underscored the importance of enhancing transit as it would increase the mobility of the population and could expand options for where to be based.



Seasonal Housing

CBRM Communities

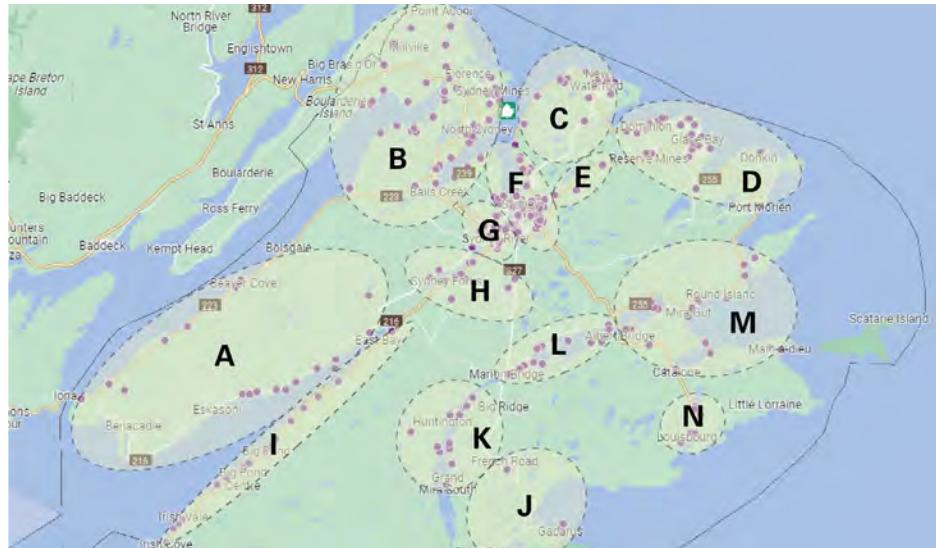
Priority #2: While housing in these areas is important to the growth of seasonal industries, investments in these areas may be less meaningful than in priority one areas.

Two-Year to Five-Year Time Horizon

Short-Term Rental (STR) accommodations are important to consider because not only do STRs impact the broader accommodations market, but they can also fundamentally impact the availability of long-term rentals, which affects housing options and affordability.

Based on data from AirDNA Marketfinder in July 2024, CBRM's STR was quite active with 419 within County boundaries. While the highest concentration of STR listings was in zone F (Sydney) with 103 listings, the STR listings in other areas were distributed evenly across CBRM.

The average number of bathrooms, number of people, and the occupancy cost were mostly consistent across CBRM. The largest gap between communities was the revenue, ranging from 8.4K (Zone L, Albert Bridge) to 22.8 K (Zone H, Sydney River). Zone



Air DNA Listing Zones (Source: FBM with data from AirDNA Marketfinder, July 2024)

Short Term Rentals

H also had the highest number of days accommodations were available (234.5 days), while accommodation in Zones L and M had less than 100 available days on average.

Across CBRM, the average cost per night is \$187.7 with southern and western portions (Zones A, I, and K) being on the higher end. Most of the listings were categorized as “House” in AirDNA Marketfinder (n=296), with 72 apartments and 33 Bed & Breakfasts.

The province of Nova Scotia regulates these accommodations through the Short Term Registration Act (2020, renamed 2024). Under this Act, operators and accommodation platforms that rent for 28 days or less must complete the online registration every year by April 1. This requirement applies to most accommodations, including houses, apartments, condominiums, bed and breakfasts, and cottages. Owners of STRs must comply with municipal land use by-laws and include the registration number from the Registry in all listings on booking platforms.



Air DNA Market Review for Cape Breton County (Source: AirDNA Marketfinder, July 2024)

In recent years, Cape Breton Regional Municipality has actioned a number of initiatives aimed at improving the housing situation. As a municipal government, CBRM does not build housing, but they do enforce the building code and land use bylaws which shape the look and feel of communities.

In 2023, CBRM applied for and received Housing Accelerator Funding from the Canada Mortgage and Housing Corporation for eight initiatives aimed at building more homes faster. Many of these actions are already underway, including the establishment of an Affordable Housing Grant Policy in April 2024. This policy provides up to \$200,000 (\$20,000 per unit) for the development of affordable housing units where the rent does not exceed 30% of a tenant's gross annual household income.

In May 2024, Council also passed the Shared Dwelling License Bylaw which requires shared dwelling owners/operators to obtain a license to legally operate in CBRM and comply with all applicable CBRM bylaws along with Nova Scotia Building Code Regulations, National Building Code, and Fire Safety Regulations.

In spring 2024, CBRM launched two new initiatives aimed directly at housing. The first is aimed at developing pre-approved building designs which fit into CBRM's existing neighbourhoods and can be quickly built. The second is the development of a Housing Strategy to coordinate CBRM's housing efforts and chart a path for a better housing future. This report marks the start of this journey and the following pages record what we've learned so far through community engagement between June and July 2024.

CBRM Initiatives

CBRM Housing Accelerator Fund Initiatives

1. Community Climate Adaptation & Land Banking
 - Develop approach for land banking for affordable housing development and climate sensitive design
2. Transit Oriented Development & Promotion of High-Density Development
 - Regulatory changes to promote intensification and mixed-use housing in urban serviced areas
3. Parking Requirement Modernization
 - Creation of parking strategy and elimination of parking minimums
4. Affordable Housing Construction Program
 - Provide incentives for affordable housing projects
5. Infill & Gentle Density Initiative
 - Create pre-approved housing plans for small scale residential infill up to 6 units
6. Housing Incentives Initiative
 - Analyze and implement tax incentive program for residential development
7. E-Permitting System
 - Design and implement new online permitting system

Open House Findings

On June 18 & 19, 2024, four public open houses were held with two being in Sydney, one in North Sydney, & one in Glace Bay. The purpose of the open houses was to share information about CBRM's Housing Strategy and learn more about the community's experience with housing and vision for the future. Each open house began with a presentation and was followed by discussions using engaging questions to gather feedback from participants.

What we asked

The following questions were displayed on boards for feedback from participants. People wrote responses on sticky notes and added them to the boards. In some cases, we had conversations that touched on these questions or individual experiences with housing.

- What's your vision for housing?
- What's happening now?
- How would you describe CBRM's housing situation?
- What do you consider to be housing-related issues in CBRM?
- What opportunities do you see to increase housing across CBRM?

What we learned

The current housing situation was summarized by the words "dire" and "desperate" due to the low vacancy rates, increasing and hidden homelessness, lack of shelter options, lack of affordable housing, lack of rental units, and stories of people living in unsafe conditions.

Additionally, it was identified that there is not enough housing, particularly for students, seniors, and people who need accessible units. People expressed that they don't have choice when it comes to housing and that people are living with their extended families as a result. Another barrier to housing can be one's family name or reputation.

The three most identified housing related issues were:

- **Physical condition of existing housing** – Not all housing has been maintained and some housing has health and safety issues. The cost to renovate is too high for people to make upgrades.
- **Affordability** – There is a lack of affordable housing units and the people cannot afford what units are available on top of their other expenses.
- **Excessive distance to amenities** – People are limited to finding housing where transit is provided so they can access amenities such as grocery stores to meet their daily needs.

To improve housing, participants suggested CBRM explore different built forms of housing such as co-ops, condominiums, tiny homes, and houseboats. Other opportunities identified by participants include tax exemptions for affordable or supportive housing, incentives to renovate existing housing to include heat pumps, using surplus lands for housing, and future student housing. Further work is required to determine what actions are within CBRM's jurisdiction.

Focus Groups Findings

On July 15 & 16, 2024, two virtual focus groups were held, one with housing service providers & one with community organizations. The purpose of these meetings was to have in-depth discussions with people in roles related to housing to get a deeper understanding about the community's experience with housing. Each focus group was guided by open-ended discussion questions.

What we asked

The following questions were asked to each focus group to prompt discussions:

- How would you describe the current housing situation in CBRM?
- What challenges are people facing related to housing? What needs are going unmet?
- What role can CBRM play in meeting those needs?
- What opportunities are there to improve housing?
- What residential development incentives do you think would have the biggest impact in CBRM?

What we learned

At the focus groups, participants spoke about social, institutional, financial, and built environment barriers that exist. They also acknowledged that housing needs are interconnected with other needs and living expenses that affect people's ability to obtain housing. The challenges are summarized below:

- **Perception** - Negative sentiments and perception towards students and people experiencing homelessness and that they are causing the housing crisis.
- **Tenant Support** – Tenants are not connected to the supports that are available to them and do not know where to find this information.

- **Infrastructure** – Existing infrastructure cannot support higher density development and limits what housing can be built.
- **Housing Options** – There are limited options for downsizing and moving to a smaller house.
- **Maintenance & Repairs** – Housing falls into disrepair because people cannot afford repairs or upgrades.
- **Labourer Housing** – To build new homes there needs to be accommodations for labourers during construction.
- **Development Costs** – High development costs require high sales prices or rents.

Participants identified the follow opportunities to improve housing in CBRM:

- Exploring different built forms of housing such as pre-fabricated housing, mini/modular homes, and conversion of existing unused schools.
- Providing development incentives for increasing housing diversity.
- Increasing density within the downtown area.
- Real Estate firms creating rental branches to help people find appropriate rentals.
- Prioritizing awarding surplus lands to non-profits to create affordable housing.
- Rapid Housing Initiative can help non-profits create more affordable housing.
- Real Estate Investment Trusts (REITs) may be able to be developed to support condominium development.

As CBRM's role in housing is to create regulations and to facilitate the development process, participants suggested CBRM restrict Airbnbs to be owner-occupied, explore inclusionary zoning, create a winter housing strategy, collaborate with the non-profit sector, and reduce barriers (red tape) for developers. CBRM can support people experiencing homelessness by not removing tents encampments.

Community Survey Findings

The project team launched a community survey in June 2024 to explore local and municipal housing needs. The online survey was open from June 13th to July 12th 2024 and received 940 responses from across the municipality.

What we asked

The survey contained 17 questions grouped under three headings:

- Demographics
- Tell us about your experiences with housing: including but not limited to, what's your housing situation, what are your housing needs, what challenges prevent you from meeting your needs, what's your (gross) household income and how much of your household income do you spend on housing?
- Tell us about housing in CBRM: how would you describe the current housing situation, what opportunities do you see for improving housing, what do you consider to be housing issues in CBRM, and what is your long-term vision for housing in your community?

What we learned

Throughout the survey, respondents consistently reported housing affordability and availability as key housing concerns alongside lack of repair and maintenance. Many reported the current housing situation as a desperate crisis as housing becomes increasingly unaffordable for the average person.

Approximately 48% of respondents reported their housing needs were not being met by their current housing, with renters representing the majority. Approximately 56% of respondents reported spending more than 30% of their income on housing.

Across the open-ended survey questions, respondents expressed a desire for the following housing types (in approximate order of most to least commonly reported):

- Multi-unit buildings
- Apartments
- Student targeted housing
- Senior targeted housing
- Family housing and rentals (2-3 bedrooms)
- Co-operative housing
- Accessible housing
- Tiny homes
- Pet friendly housing
- Non-market housing options
- Starter homes
- Accessory Dwelling Units (ADU's)

The desire for a greater variety of housing types, more rental and ownership options, and lower cost of living were consistent themes across respondents. Of the opportunities identified to improve the housing situation, the majority fell into the themes of: systematic financial changes; incentives for new development; better utilize existing resources; and improve the rental situation.

As the project team continues to prepare the Housing Strategy, we are keenly aware that survey respondents want to see a housing strategy that addresses housing affordability both immediately and over the long term. It is necessary to establish clear housing targets that are within municipal jurisdiction and progress towards those goals must be communicated publicly in an accessible and transparent manner.

Housing Data

As of 2023, CBRM has a population of 101,908 people (45,592 households). The average household income is \$75,572 and the average dwelling value is \$197,205. The majority (63.3% / 33,679 dwellings) of the housing stock is single detached homes, with the second most common housing type being apartments under five stories (15.3% / 4,726 dwellings). The average number of bedrooms per dwelling is 2.76 with the majority (41.7%) being 3 bedrooms or 2 bedrooms (27.1%). Owners pay on average \$748 / month for housing costs compared to renters who pay an average of \$867 / month.

Approximately 8.2% of CBRM's population (3,633 households) are in core housing need. A household is in core housing need if its housing does not meet one or more of the adequacy, suitability or affordability standards and it would have to spend 30% or more of its before-tax income to access acceptable local housing.

Approximately 4,330 (9.5%) homes are in need of major repairs and 7,124 households (16%) are spending 30% or more of their household income on shelter costs. While 30% of the average household income is \$1,889 / month, this reflects a household's before tax income. CBRM's affordability threshold for is likely far lower. Survey respondents consistently reported on the significant increase in housing costs in recent years due to population growth, lower residential vacancies, higher taxes, and higher electricity costs. The increasing cost of living has placed a burden on many CBRM households which directly contributes to housing insecurity.

Attribute	Benchmark		CA (225): Cape Breton, NS		
	value	percent			
	value	percent			
HOUSING SUITABILITY					
Total number of occupied private dwellings by structural type of dwelling	455,208		45,592		
Suitable	439,568	96.56%	43,877	96.24%	100
Not suitable	15,640	3.44%	1,715	3.76%	109
MAINTENANCE					
Only regular maintenance or minor repairs needed	418,174	91.86%	41,261	90.50%	99
Major repairs needed	37,034	8.14%	4,330	9.50%	117
HOUSING COSTS					
Total number of owner and tenant households spending 30% or more of total household income on shelter costs	80,863	17.88%	7,124	16.03%	90
Total - Households with household income greater than zero and shelter-cost-to-income ratio less than 100%	452,246		44,430		
In core need	44,673	9.88%	3,633	8.18%	83
Not in core need	407,573	90.12%	40,797	91.82%	102
Owner households in non-farm, non-reserve private dwellings	301,836		31,562		
% of owner households spending 30% or more of total household income on shelter costs		7.52%		7.21%	96
% in core housing need		2.52%		1.28%	51
Average monthly shelter costs for owned dwellings \$	\$882.00		\$748.00		85
Tenant households in non-farm, non-reserve private dwellings	150,410		12,868		
% of tenant households in subsidized housing		8.58%		20.16%	235
% of tenant households spending 30% or more of total household income on shelter costs		31.78%		26.83%	84
% in core housing need		17.35%		12.73%	73
Average monthly shelter costs for rented dwellings \$	\$1,123.00		\$867.00		77

Summary of key housing figures (Source: FBM and Manifold Data Mining Inc, data vintage 2023/2024).

Index	Description
>= 180	Extremely High
>=110 and <180	High
>=90 and <110	Similar
>=50 and <90	Low
<50	Extremely Low

Interpretation: Header rows span all columns and are shown as bold black text. Each indented row represents a subset of the data above. For example, the 'tenant households in non-farm, non-reserve dwellings' row shows there are 12,868 tenant households in CBRM. All indented rows below that row reflect information about those households only.

Note: 'Non-farm' refers to all households which are not on farm lands.

What is CBRM's Housing Future?

While no one can be certain of the future, there are a number of changes happening federally, provincially and across Cape Breton that will impact the future of housing in CBRM, and which will influence the development of this Housing Strategy.

At a federal level, the Canadian government announced in January 2024 that there would be a 2 year cap on **international student** permits in response to the housing crisis across the country. Each province has been allocated a maximum number of permitted students, with Nova Scotia having a maximum of 12,900 across universities and colleges¹.

¹ NS Advanced Education, Nova Scotia Implements Federal Cap on New International Student Applications, 2024

International students play an important role in Nova Scotia's economy and as of February 2024, universities across Nova Scotia must prepare international student sustainability plans detailing how students will be supported and housed.

Meanwhile, the NS Department of **Municipal Affairs and Housing** is also continuing to deliver affordable housing programs to those in need. Their business plan for 2023-24 includes increasing using provincial land to increase housing supply and building capacity within the Community Housing sector.

Separately, the Nova Scotia **Provincial Housing Agency** is starting the construction of 222 new housing units, developing a 3-year accessibility plan, publishing their Energy Management Plan, and targeting improvements on 120 units by year end 2025 under their Deep Energy Retrofit Program².

² NSPHA 2024-2025 Business Plan

Provincial Direction



Our Mission

Improve the delivery of public housing so more Nova Scotians have a place to call home.

Our Vision

Make a difference in the lives of those we serve and be recognized as leaders in how we deliver our services.

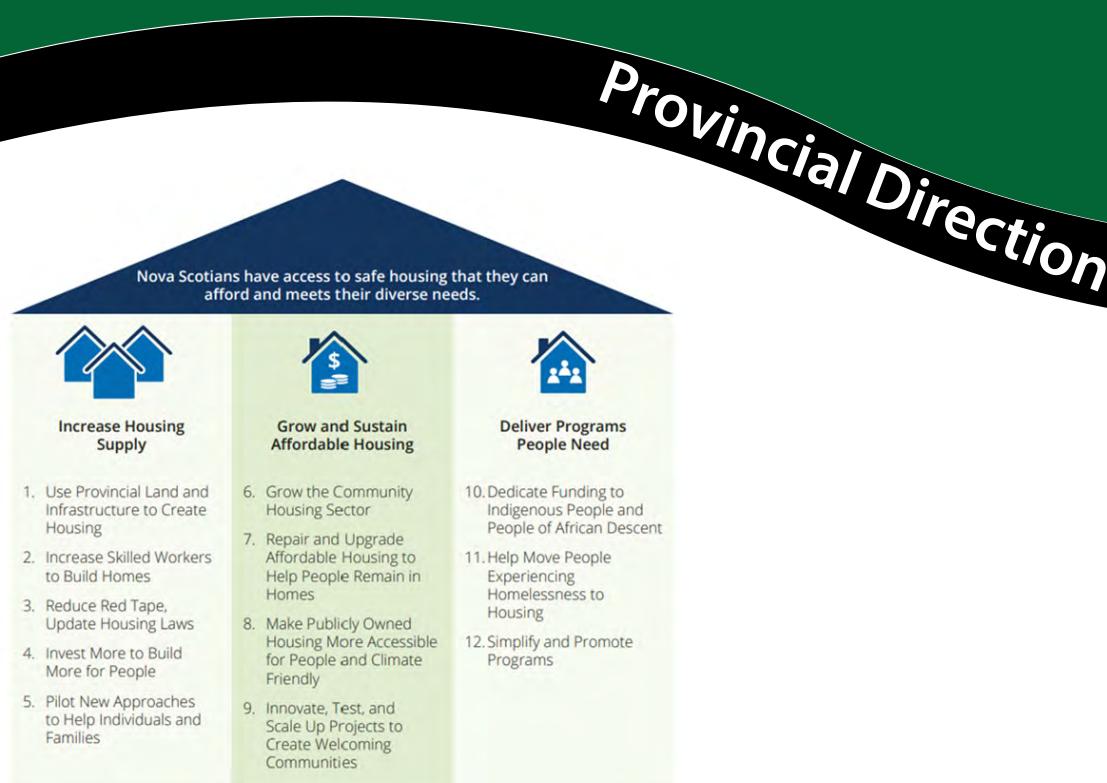
Nova Scotia Provincial Housing Agency Mission, Vision and role in housing spectrum (Source: NSPHA 2024-2025 Business Plan)

Our Homes, Action for Housing (2023) is a provincial housing strategy for Nova Scotia outlining the Province's commitments to encourage housing development. The underlying vision for this Plan was: "Nova Scotians have access to safe housing that they can afford and meets their diverse needs" (p 3).

Twelve key actions were outlined to meet this vision for Nova Scotia. Increasing housing supply, growing and sustaining affordable housing, and delivering programs to people in need were the foundations of the Plan.

The Plan also highlighted development targets for CBRM:

- Use Provincial Land and Infrastructure to Create Housing: The Plan's goal was to invest over \$80 million in the next five years to construct a total of 222 new public housing on government owned land. In the Plan, CBRM was included in one of the five regions where the new units would be built.
- Repair and Upgrade Affordable Housing: This goal was to support "Our Climate, Our Future: Nova Scotia's Climate Change Plan for Clean Growth." The Plan highlighted that over 200 existing public housing units in CBRM "[would] receive energy efficiency improvements", including "installing insulation, air-sealing systems, and efficient water heaters, and converting oil-fueled heating systems to electric heat pumps" (p 26).



Key Actions for Housing Development in Nova Scotia (Source: Our Homes, Action for Housing: A Five Year Housing Plan, 2023)

Under the **Unama'ki - Cape Breton Economic Development & Population Growth Plan (2024)**, the housing deficit and infrastructure gaps were recognized as a weakness for the region, while opportunities exist in building new and innovative housing such as modular housing and utilizing new materials. The Plan recognized that in order to achieve population growth and sustain the population, Cape Breton will need to attract thousands of young families to the region while also embracing new industries and attracting working age newcomers to offset Cape Breton's aging workforce. With an ambitious target of 1.3% population growth per year, the Plan sets a bold new path for Cape Breton. As of 2023, CBRM's current projected population growth is 0.23% (+691 people) annually over the next 3 years¹.

1 FBM & Manifold Data Mining Inc (data vintage 2023/2024)

This projection is likely low given CBRM's recent population growth and plans to reduce long term population decline. The Population Growth Plan identifies CBRM as a key location for accommodating population growth². Actions under the Plan's Pillar 4: Strong Communities include providing support to municipalities in creating housing development plans and promoting areas for private-sector investment.

As CBRM looks towards the future, upcoming developments include but are not limited to:

- New Dawn Pine Tree Park Pallet Village (Sydney)
- New Dawn Rapid Housing Initiative: Eleanor's Court (Sydney)
- Edgewater hotel and apartment complex (Sydney)
- Apartment's on former Welton Street Sports Field (Sydney)
- Tartan Downs Housing Development (Sydney)
- Cossitt Heights (Sydney)

2 Unama'ki - Cape Breton Economic Development & Population Growth Plan, 2024

Unama'ki - Cape Breton needs to foster a culture of optimism. After 40 years of population decline, we must believe growth is possible.

Population Growth Target:	Projected outcome:	Implications:
Population growth enough to boost the workforce by 0.5 per cent per year	The population needs to grow to 173,000 by 2042 (+30 per cent or an average of 1.3 per cent per year). The workforce grows to 74,200 (an average of 0.5 per cent per year).	This modest increase in the size of the workforce will support export-focussed industries and should allow for new industries to develop. The region will need to attract at least over 2,000 (net) more people on average per year to achieve this population growth (annual average of 1.3 per cent).

Population growth target and Plan pillars (Source: Unama'ki - Cape Breton Economic Development & Population Growth Plan, 2024)

Pillars/Goals		
	1	People: A growing population with a focus on workforce development.
	2	Inclusion: An economy that works for everyone.
	3	Reconciliation: Reconciliation through economic development partnerships.
	4	Strong communities: Capacity to support growth throughout the region.
	5	Entrepreneurship and business growth: A culture of entrepreneurship and high-quality companies.
	6	Innovation: A resilient, progressive economy.

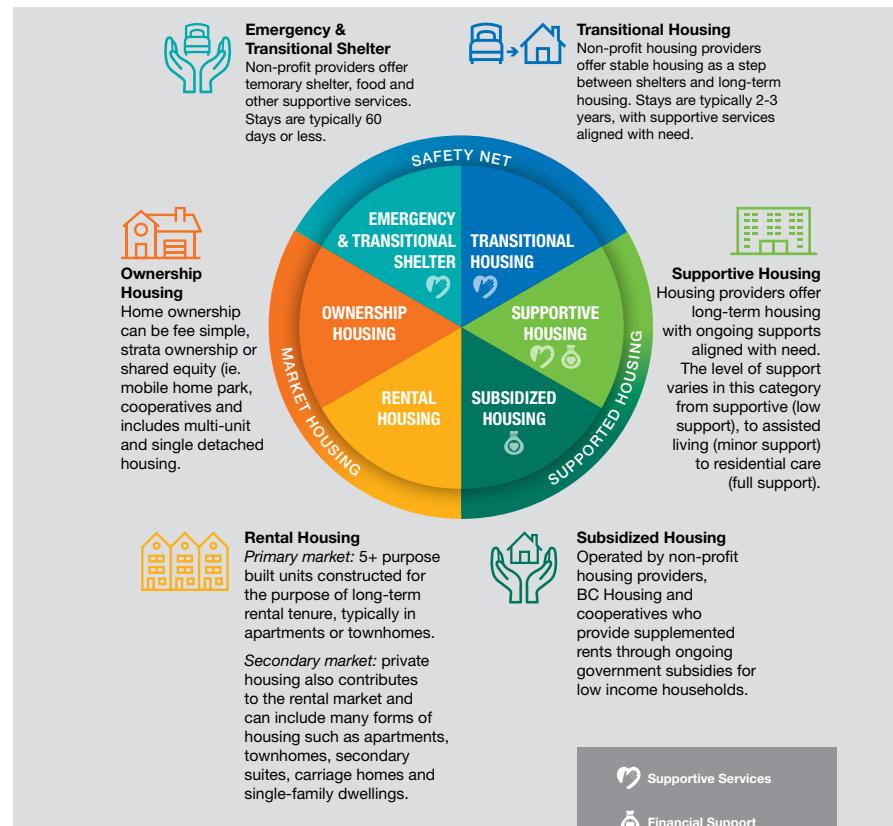
What could be the vision for housing?

Throughout the first phase of engagement we asked community members "What's your vision for housing?" Key themes that came up were:

- **Housing for all** – A variety of housing options are available for everyone including housing for students, seniors, families and those currently experiencing homelessness.
- **Affordable** – Less than 30% of income is spent on housing. Affordable housing options for a range of incomes are available.
- **Accessible** – Housing that meets the needs of those with accessibility requirements is available.
- **Equitable** – Housing for people with the greatest housing needs is prioritized.
- **Safe & Welcoming** – People are not exposed to hazards in their homes and feel welcome to live in the community.
- **Partnership & Advocacy** – CBRM partners with non-profits to enable affordable housing and advocates to other levels of government for supports.

At this stage we are sharing the elements the community has identified as important when creating a vision. These elements, along with research and best practices, will inform the vision for the Housing Strategy. As the project continues and further conversations are had with the community, the vision will continue to evolve. The vision will be used to develop goals, objectives, and action items in the Housing Strategy.

As we continue into phase 2, we will consider how the CBRM's housing vision and Strategy can support a range of housing options including safety net housing, housing with supports and market housing (all the elements of the Housing Wheel). This work will build on the work of CBRM Forward in enabling more housing types and also CBRM's Housing Accelerator Fund initiatives including pre-approved housing plans.



Housing Wheel (Source: City of Vernon, Housing Action Plan, 2023)

"Investments in good housing and in keeping people housed are also investments in the well-being of local residents"
- Leviten-Reid & Horel, Living in Rental Units and Rooming Houses in the CBRM: Tenants And Tenant Experiences, 2016

What's next for this project?

In this report, we are sharing a summary of the information and data we have collected to date. As data is further examined, an updated report may be produced, or refined information may be used to develop the Housing Strategy.

In the second phase of the project, we will explore potential ways the municipality can incentivize residential development. This will involve reviewing case studies and applicable policy and regulations, as well as examining the financial feasibility of providing residential development incentives. Community and stakeholder engagement will also happen again in phase 2 & 3.

Phase 1

Phase 2

Phase 3

Phase 4

Local Housing Needs & Issues

May-Aug 2024

- Fieldwork
- Background review
- Community engagement
- What We Heard Report

Residential Incentive Research

Aug- Nov 2024

- Incentive research
- Policy and regulatory review
- Financial feasibility assessment
- What We Heard Report

Incentive Program Development

Nov 2024 - Mar 2025

- Program design
- Surplus land analysis
- Land banking framework
- What We Heard Report

Housing Action Plan

Apr 2025- July 2025

- Process reflection
- Draft Housing Strategy
- What We Heard Report
- Final Housing Strategy

Community engagement
June-July

Community engagement
Fall/Winter

Community engagement
Spring

For ongoing project updates and to contact the project team, visit

www.cbrm.ns.ca/housing-strategy

Residential Development Incentives Report

CBRM Housing Strategy - Phase 2
December 2024

Created for:



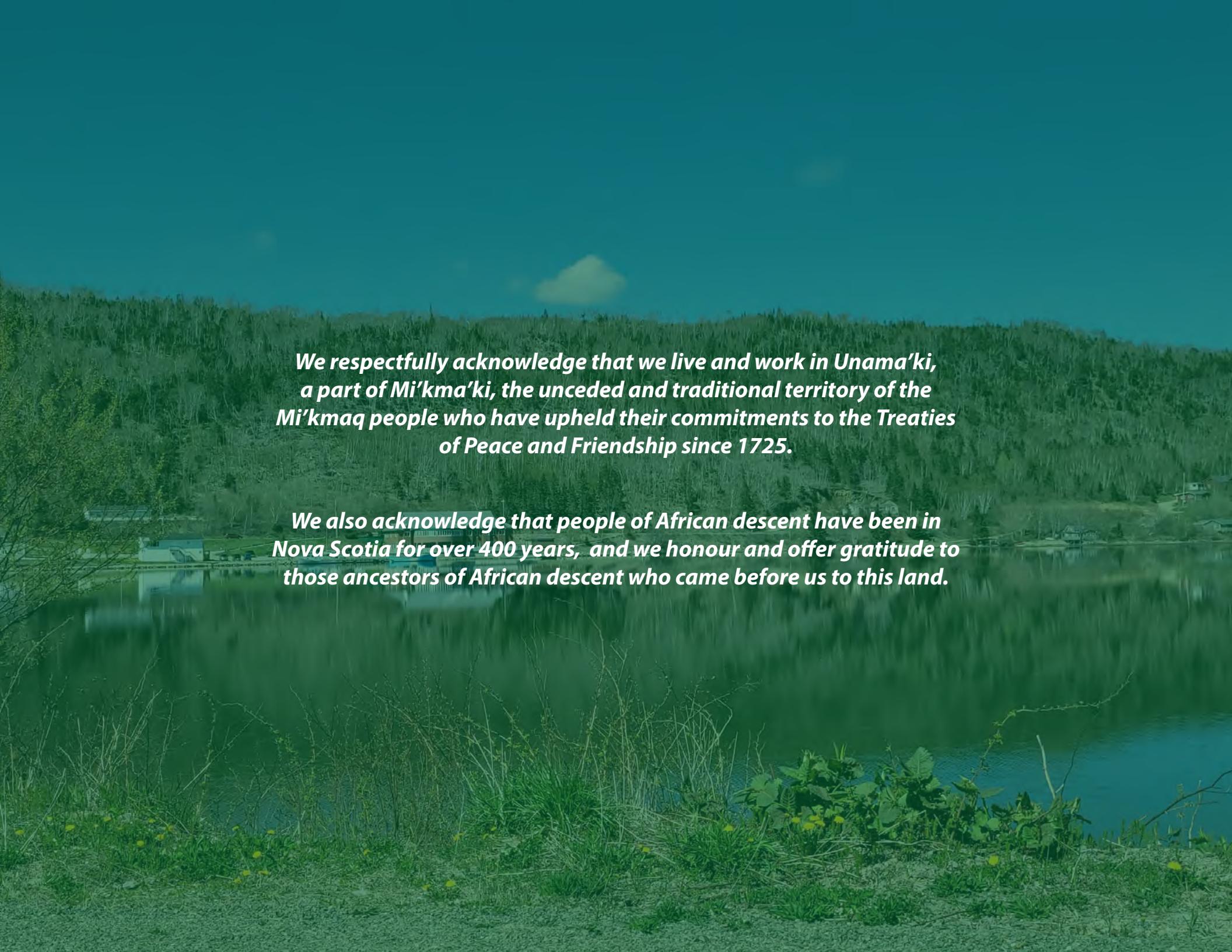
CAPE BRETON
REGIONAL MUNICIPALITY

Lead Consultants:



Sub-Consultants:

Lyndsay Francis
SJ Murphy Consulting



We respectfully acknowledge that we live and work in Unama'ki, a part of Mi'kma'ki, the unceded and traditional territory of the Mi'kmaq people who have upheld their commitments to the Treaties of Peace and Friendship since 1725.

We also acknowledge that people of African descent have been in Nova Scotia for over 400 years, and we honour and offer gratitude to those ancestors of African descent who came before us to this land.

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Thank you to everyone who has taken the time to speak with us or fill in the community survey about housing across CBRM. Your ideas, insights and experiences have been invaluable in helping us understand CBRM's housing past and present, and envision a better future. We would like to thank and acknowledge those who have been working for years to improve housing across CBRM. This project is built on the work of these individuals and organizations. We are honoured to be a part of CBRM's housing story.



Sydney, NS
(Source: FBM, June 2024)

Executive Summary

The Cape Breton Regional Municipality (CBRM) is in a unique position where years of declining population and slowly degrading housing stock have led CBRM's communities to struggle to provide adequate, suitable, and affordable housing to new and existing residents alike.

The objective of the residential development incentives research was to explore feasible incentives that CBRM could offer that would help to address this issue. The research included case studies, regulatory reviews, and development of a financial feasibility model.

What is the current state of housing incentives in CBRM?

While CBRM does not build housing as a municipal government, municipal planning frameworks have been identified as one of the key factors that can enable or limit the rapid increase in housing supply.

In 2023, CBRM applied for and received Housing Accelerator Funding from the Canada Mortgage and Housing Corporation for eight initiatives aimed at building housing more quickly. This led to the establishment of the **Affordable Housing Grant Policy** in April 2024. This policy provides a one-time grant of up to \$200,000 (\$20,000 per unit) for property owners building affordable housing units where the rent does not exceed 30% of a tenant's gross annual household income.

The CBRM **Affordable Housing Property Tax Adjustment Policy** offers a reduction of property tax over the period of ten years. Tax rates are relatively high in CBRM due to a combination of low assessed property values and significant infrastructure liabilities. While property tax adjustments represent a large opportunity to incentivize housing development, the existing Tax Adjustment Policy winds down the perpetuity over the course of ten years. Conversations with non-profit housing developers suggested that a flat adjustment in perpetuity would make projects more financially viable.

Which housing incentives can be feasible in CBRM?

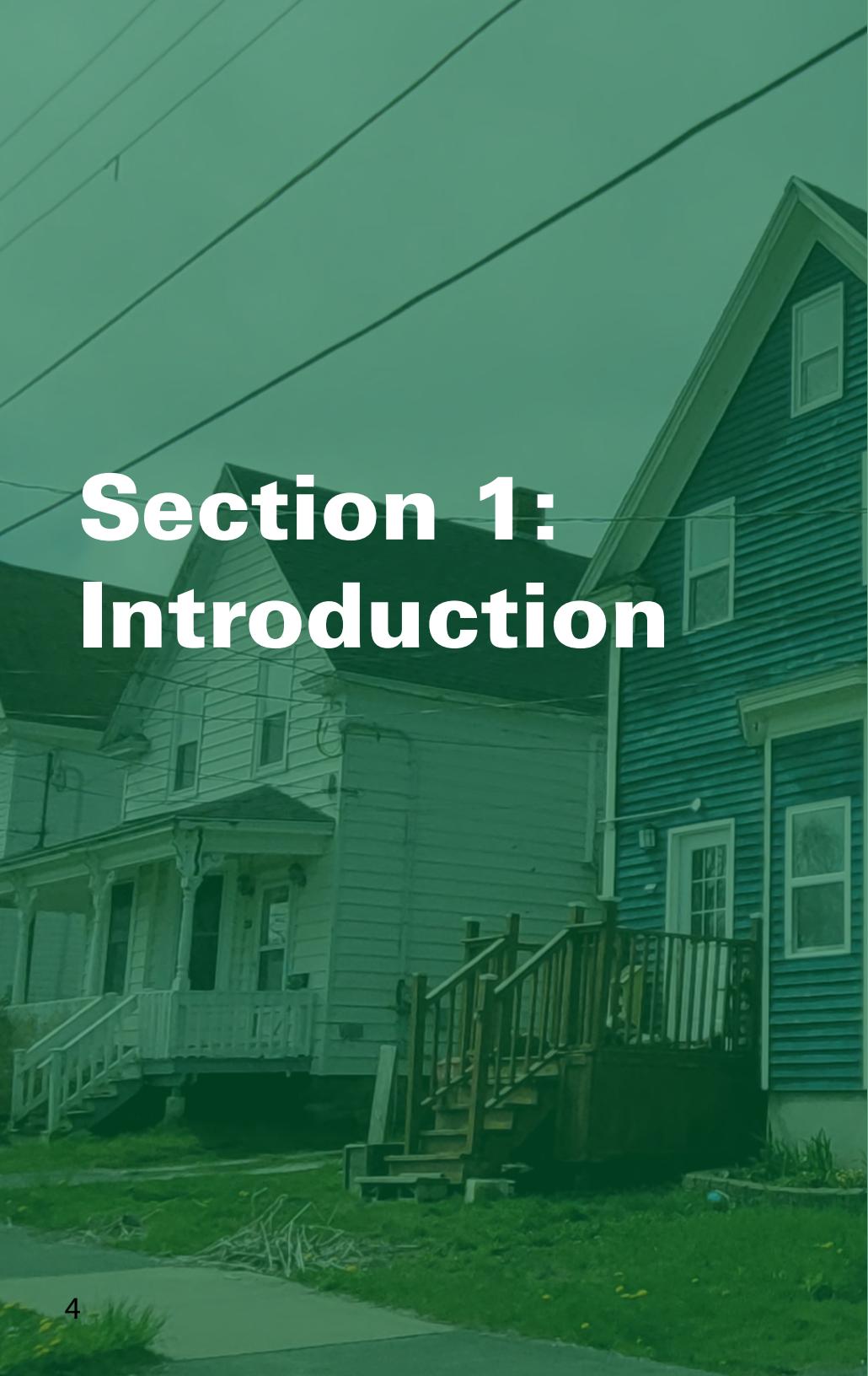
- **Grants for specific housing forms:** In addition to the existing Housing Grant Policy, CBRM can explore grants to encourage the creation of more diverse housing options, which can include prefabricated housing, modular homes, and backyard/secondary suites.
- **Low-cost land sales:** Municipal sale of surplus lands at below market prices can make affordable housing projects more viable. Despite the fact that the price of land in CBRM is relatively low, non-profit housing developers often struggle with acquiring land due to a lack of equity funding. This makes low-cost land sales a potentially impactful incentive. Given the large inventory of surplus lands in CBRM, the Municipality can identify parcels that can be most compatible for residential development.
- **Waiving of development fees:** Currently, CBRM offers very low permitting fees. However, developers often require proof of a building permit before they can receive funding. Like low-cost land sales, waiving of development fees is also a straightforward program that can support existing non-profit housing initiatives working to provide affordable housing in CBRM.
- **Housing rehabilitation programs and energy efficiency upgrades:** These incentives can address the desperate need to reduce the financial burden on residents of repairing and upgrading older housing stock. CBRM can also explore opportunities to collaborate with existing initiatives such as Cape Breton Affordable Housing Renovation Partnership to coordinate funding.

Which housing incentives will be least feasible in CBRM?

- **Inclusionary zoning** and **density bonusing** often result in additional administrative burdens on the municipality side to monitor and enforce the development of affordable housing. Additionally, these programs are unlikely to create positive results because they will increase the cost of development at a time when there is already a lack of incentive for the development of high density residential uses.
- Incentives that could help fund infrastructure investment, such as **development charges**, can also lead to higher development costs and discourage housing development in CBRM.
- **Tax incremental financing** is currently not an option under Nova Scotian legislation.

What is next for the project?

The findings from this report will inform the project as we move forward into Phase 3. Phase 3 will focus on working with the Municipality and stakeholders to select and further define the most relevant incentive programs for more detailed program design. Phase 3 includes further community engagement along with a review of surplus lands in CBRM and land banking case studies.



Section 1: Introduction

Across Canada, the existing housing supply is not meeting the needs of the population and housing is unaffordable. The Cape Breton Regional Municipality (CBRM) is in a unique position where years of declining population and slowly degrading housing stock have led CBRM's communities to struggle to provide adequate, suitable, and affordable housing to new and existing residents alike.

Within CBRM many efforts are being made to address housing including undertaking a Housing Strategy to identify existing housing challenges, opportunities, and solutions. Phase 1 of this strategy involved stakeholder engagement and intensive background research to form the foundation of this project. The Phase 1 What We Heard Report and Cape Breton's Housing Story can be found on the [Housing Strategy webpage](#).

This report presents key findings from Phase 2 of the project, which focuses on residential development incentive program options. The goal of this phase has been to explore different types of incentives used in other municipalities and consider whether they will be impactful in CBRM. A separate What We Heard report will capture stakeholder engagement from this phase.

What is this Project About?

The Cape Breton Regional Municipality (CBRM) is developing a Housing Strategy to identify existing housing challenges, opportunities and solutions.

This work will include:

- Public and stakeholder engagement to inform the Housing Strategy;
- Recommendations for a potential new comprehensive residential development incentive program;
- Identification of municipally-owned surplus lands suitable for residential development;
- Residential development incentive program analysis, including a land development framework, policy and regulatory review, and financial feasibility assessment; and
- Implementation of a road map and monitoring and evaluation framework.

This Housing Strategy will provide a framework for CBRM to support housing across the municipality. It will serve as a comprehensive and measurable plan to increase the amount of housing in CBRM's communities while promoting sustainable growth and development.

This report presents key findings from Phase 2 of the project. Residential development incentive options are introduced through case studies, which are then summarized with an initial analysis to consider which are most applicable to CBRM. The report draws on insights gleaned from Phase 1 to inform this analysis. A policy and regulatory review is integrated throughout the report as we consider how existing legislation may interact with each incentive program. To further understand potential costs for the municipality, we also present the findings from a financial feasibility model.

Policy and Regulatory Review

Applicable policies and legislation are considered throughout this report for their impact on potential housing development incentives. Key sections from regulatory documents are presented at the end of each incentive program summary in a Primary Legislative References section. The *Municipal Government Act* (MGA) is the primary reference in these sections. Other legislation that may be considered in later stages of this project could include the Assessment Act and the Municipal Housing Corporations Act, should they become relevant.

Other key policy documents were already reviewed in *Phase 1 - The Housing Story* document found online for details.

Nova Scotia Housing Initiatives

Nova Scotia addresses housing challenges in multiple ways. A summary of Nova Scotia Housing Programs is presented in the **Appendix**. In this report, we focus on housing initiatives in CBRM.



Nova Scotia Neighborhoods: Kearney Lake Rd. meets Bedford Hwy
(Source: Andrew Perkins Real Estate, January 12, 2024)

What Housing Initiatives has CBRM been Working on?

In recent years, Cape Breton Regional Municipality has actioned a number of initiatives aimed at improving the housing situation. As a municipal government, CBRM does not build housing, but they do enforce the building code and land use bylaws which shape the look and feel of communities.

In 2023, CBRM applied for and received Housing Accelerator Funding from the Canada Mortgage and Housing Corporation for eight initiatives aimed at building more homes faster. Many of these actions are already underway, including the establishment of an Affordable Housing Grant Policy in April 2024. This policy provides up to \$200,000 (\$20,000 per unit) for the development of affordable housing units where the rent does not exceed 30% of a tenant's gross annual household income.

In May 2024, Council also passed the Shared Dwelling License Bylaw which requires shared dwelling owners/operators to obtain a license to legally operate in CBRM and comply with all applicable CBRM bylaws along with Nova Scotia Building Code Regulations, National Building Code, and Fire Safety Regulations.

In spring 2024, CBRM launched two new initiatives aimed directly at housing. The first is aimed at developing pre-approved building designs which fit into CBRM's existing neighbourhoods and can be built quickly. The second is the development of this Housing Strategy to coordinate CBRM's housing efforts and chart a path for a better housing future.

CBRM Housing Accelerator Fund Initiatives

1. Community Climate Adaptation & Land Banking
 - Develop approach for land banking for affordable housing development and climate sensitive design
2. Transit Oriented Development & Promotion of High-Density Development
 - Regulatory changes to promote intensification and mixed-use housing in urban serviced areas
3. Parking Requirement Modernization
 - Creation of parking strategy and elimination of parking minimums
4. Affordable Housing Construction Program
 - Provide incentives for affordable housing projects
5. Infill & Gentle Density Initiative
 - Create pre-approved housing plans for small scale residential infill up to 6 units
6. Housing Incentives Initiative
 - Analyze and implement tax incentive program for residential development
7. E-Permitting System
 - Design and implement new online permitting system

This Housing Strategy project moves forward several of the above initiatives, particularly numbers 1, 4, and 6.

CBRM's Jurisdiction and Responsibilities

While municipalities in Nova Scotia are not mandated to provide affordable housing itself, the municipal role in supporting a healthy and varied supply of housing and housing affordability is becoming recognized more and more. Indeed, municipal planning frameworks have been identified as one of the key factors limiting (or enabling) the rapid increase in housing supply. Planning rules, along with municipal infrastructure systems, play a direct role in determining how easily housing can be built.

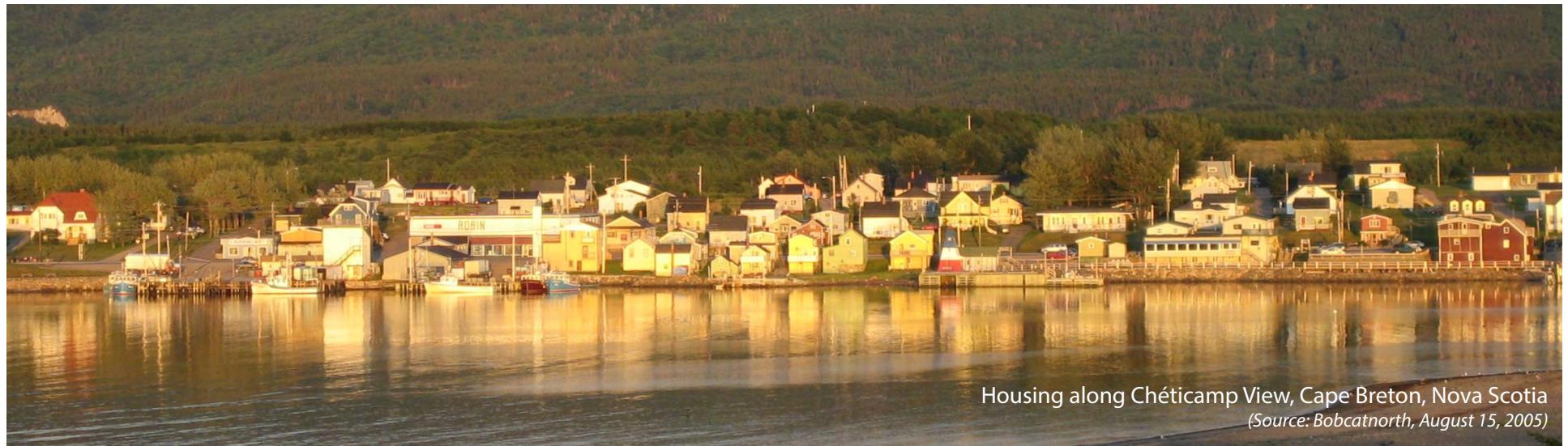
Municipal programs, supports, grants, and policies also increase the feasibility of housing projects, especially given the very local nature of housing development. Decisions made by councils in areas relating to housing, therefore, directly influence the safety and viability of the community.

The municipal role is also supported in legislation. The list of municipal purposes for which councils may make by-laws, for example, includes as the first topic the health, well-being, safety and protection of persons, followed by the safety and protection of property (section 172 of the *Municipal Government Act*).

The Province's statement of provincial interest on housing further assigns a duty to municipalities to address housing in their planning documents:

- *Planning documents must include housing policies addressing affordable housing, special-needs housing and rental accommodation. This includes assessing the need and supply of these housing types and developing solutions appropriate to the planning area. The definition of the terms affordable housing, special-needs housing and rental housing is left to the individual municipality to define in the context of its individual situation.*

Housing is recognized as a human right and a significant social determinant of health, making action at all levels and coordination between levels of government all the more important.



Housing along Chéticamp View, Cape Breton, Nova Scotia
(Source: Bobcatnorth, August 15, 2005)

CBRM Housing Development Incentives

As of 2024, CBRM offers two incentives under the *Municipal Government Act*, Section 57(4) to encourage new construction of affordable housing through the **Affordable Housing Grant Policy** and the **Affordable Housing Property Tax Adjustment Policy**.

For both programs, “affordable housing” is defined as a dwelling unit that meets one of the following requirements:

- *Definition 1: Rent does not exceed 30% of the gross annual household income; or*
- *Definition 2: Rent is at 80% or below the average market rent as defined by the Canada Mortgage and Housing Corporation (CMHC) for the Municipality¹.*

Applicants for both programs must agree to maintain the affordability requirement for at least ten years.

The **CBRM Affordable Housing Grant Policy** offers a one-time grant for property owners who construct new affordable housing within CBRM. Applications for this program will be open until December 31, 2026, or until all funds in the Affordable Housing Reserve are distributed to approved projects.

Eligibility criteria:

- Eligible applicants must have a valid building permit and development permit issued between 2024 and 2026.
- Eligible projects include converted dwellings and construction of new secondary suites, accessory dwellings, apartments, townhouses or two-unit dwellings².
- Applicants must complete an annual statement every year confirming that each of their units still meets the affordable housing definition to maintain their eligibility.

¹ CBRM Official Website (2024). Housing and Development Support Program.

² CBRM Affordable Housing Grant Policy (2024). 6(2).

Financial details:

- If the project meets the first definition of affordable housing (i.e., the rent must not exceed 30% of the gross annual household income), then the project will receive the base amount of \$20,000 per affordable housing unit to a maximum of \$200,000 per project.
- If the project meets the second definition of affordable housing, then the project will receive the base amount of \$18,000 per affordable housing dwelling unit to a maximum of \$160,000 per project.
- A bonus fund of \$2,000 per affordable housing dwelling unit is available for projects that have a letter from the provincial government of Nova Scotia and/or the Government of Canada confirming their support to gain additional funding.



North Sydney, Cape Breton

(Source: Wherree.com, Accessed December 9, 2024)

The **CBRM Affordable Housing Property Tax Adjustment Policy** aims to encourage developers to offer new affordable housing by offering a reduction of property tax over the period of ten years. CBRM will conduct a review of this policy within six years from its implementation to evaluate whether the program should continue to be offered.

Eligibility criteria:

- This program is available for developers who construct four or more new affordable housing units with a building permit and development permit issued in 2024 or later.
- Applicants must sign a Tax Adjustment Agreement with the Municipality before receiving the property tax reduction.

Financial details:

- The reduction of property tax will apply for up to ten years by the following rate:

- 90% reduction of municipal property tax in years 1-2
- 75% reduction of municipal property tax in years 3-4
- 60% reduction of municipal property tax in years 5-6
- 45% reduction of municipal property tax in years 7-8
- 30% reduction of municipal property tax in years 9-10¹.

Our team would have recommended offering grants for affordable housing and property tax reductions if those incentives were not already in place in CBRM. The next section will examine other incentive programs that CBRM could consider, followed by an analysis of which are most relevant.

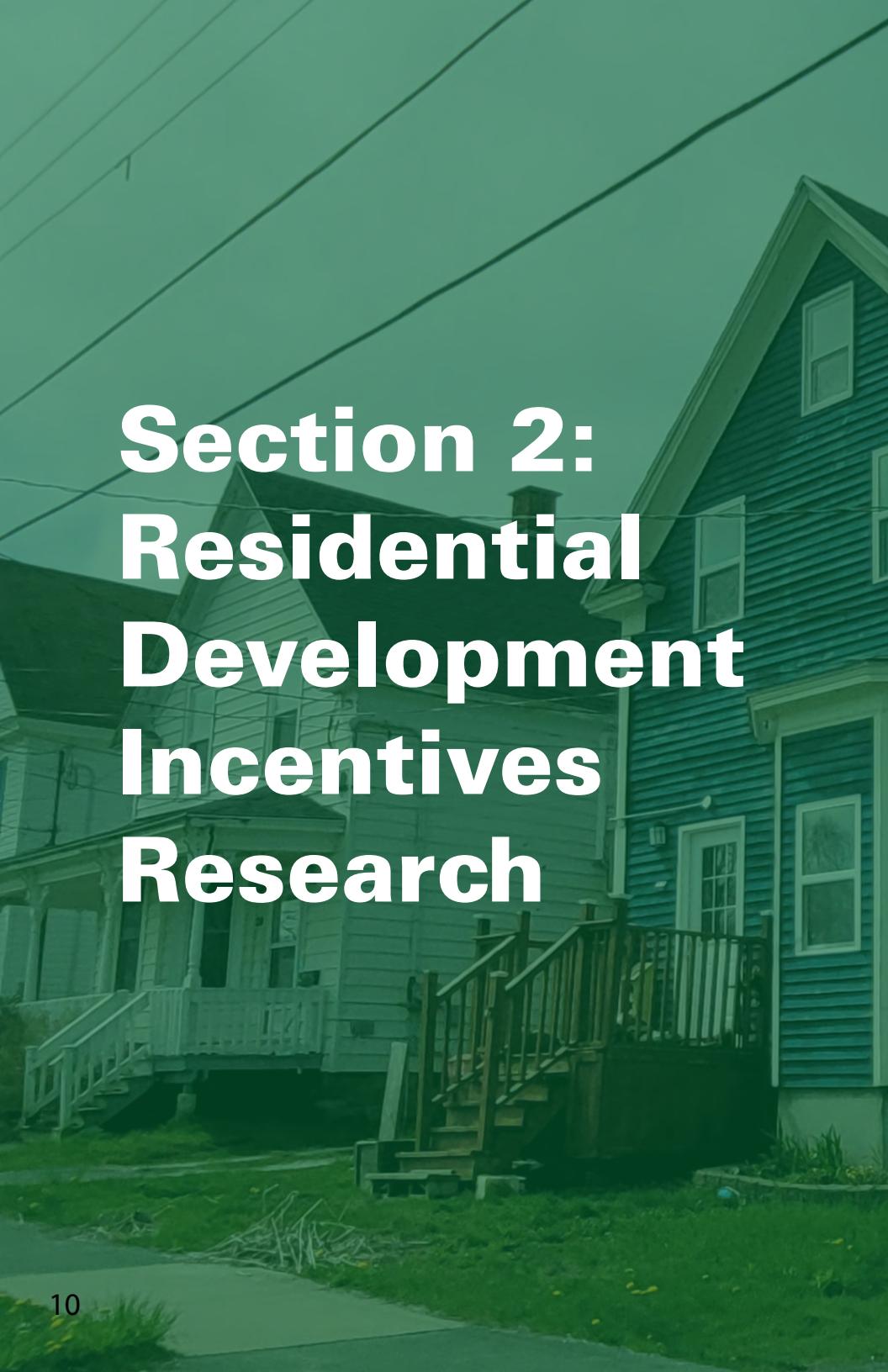


Baddeck Bay, Cape Breton
(Source: Nova Scotia Official Website, Baddeck, accessed December 9, 2024)



Meat Cove, Cape Breton
(Source: Nova Scotia Official Website, Cape North & area, accessed December 9, 2024)

¹ CBRM Affordable Housing Property Tax Adjustment Policy (2024). 7(5).



Section 2: Residential Development Incentives Research

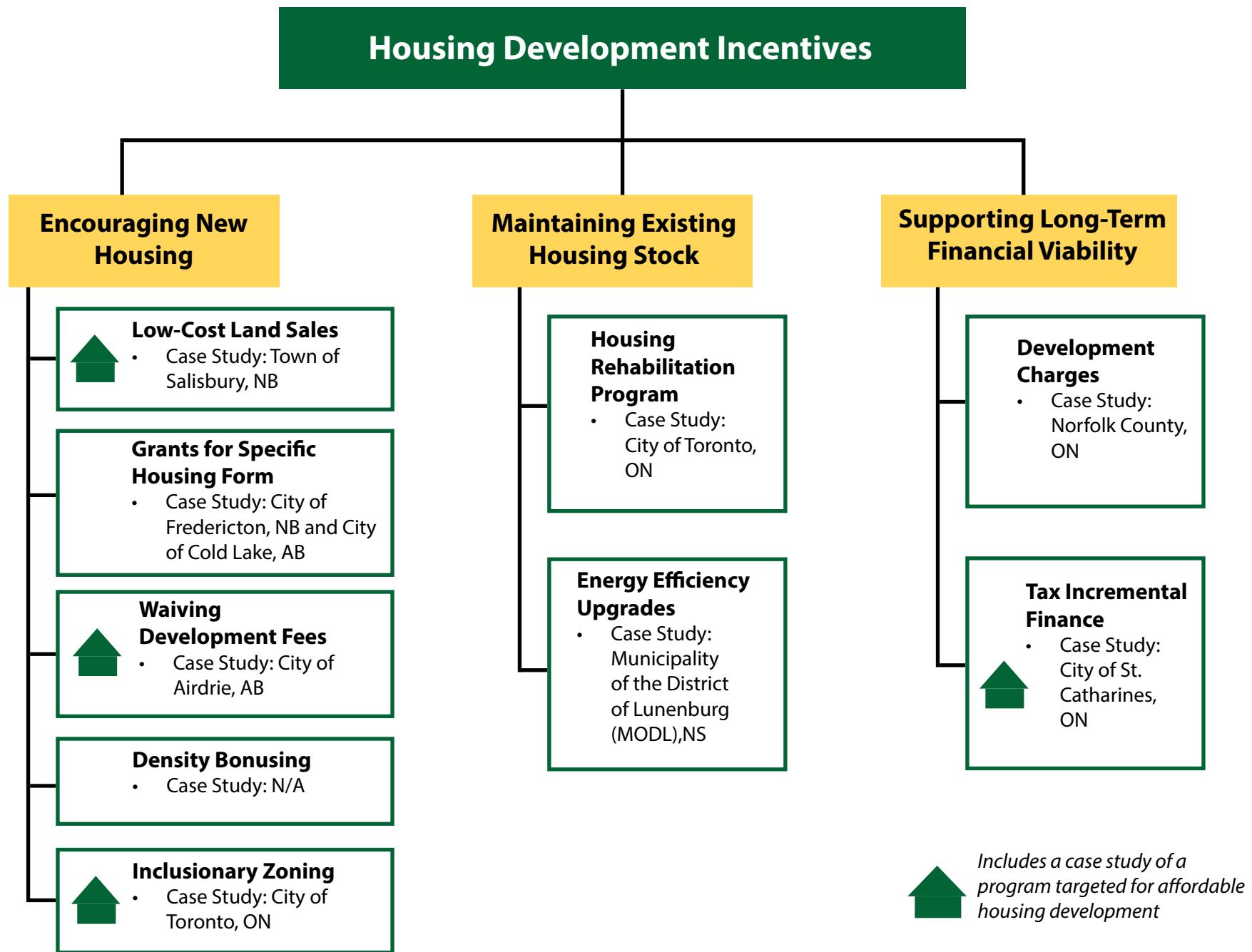
As part of the Housing Strategy, we are exploring potential incentive programs that CBRM could use to 1) **encourage new housing**, 2) **maintain the existing housing stock**, and 3) **support the long term financial viability**. Incentive programs are intended to motivate property owners and potential developers to take a certain action by lowering the risk or cost of taking that action.

The research included a policy and regulatory review for each incentive to determine if CBRM could pursue these incentives within their current authority. The review of policies and regulatory authority has been undertaken at a high level to assess generally whether a potential area of action is currently enabled or might require legislative or other amendments.

The research is structured in the following outline:

- What is the incentive?
- How is it typically used?
- Key elements for program success
- Opportunities for CBRM: offers connections with the current housing needs in CBRM.
- Policy and viability considerations: offers a high-level analysis of the feasibility from a legal perspective. Primary legislative reference includes a list of specific enabling policies in the *Municipal Government Act*.
- Case study: identify and profile housing development incentives in comparable municipalities.
- Incentive summary and analysis: summarizes key findings from the research and provides an initial analysis of which housing incentives could be most and least feasible in the context of CBRM.

Figure 1. Summary of Housing Development Incentives



Encouraging New Housing

We begin with five types of development incentives that are aimed at making it easier to build new housing.

Low-Cost Land Sales

What is the incentive?

In some communities, the cost of land can significantly drive up the overall cost of building housing. Municipalities can sell surplus public land for less than market value and therefore lessen financial barriers to accessing land for residential development.

How is it typically used?

Depending on the size of the municipality and their real estate assets, land sales can be for a single land parcel or for multiple lots. In recent years, a number of small municipalities across Canada have sold land for \$1 to \$10 a lot to encourage residential development. This approach is more common in communities where growth was stagnating, for example:

- Town of Cochrane, ON
- Village of McAdam, NB
- Reston, MB

Each of these communities have seen significant interest in their low-cost land schemes which are commonly geared to individuals or families looking to build a home in the community. The novelty of a \$1 lot has also gained the attention of media outlets and developers interested in multi-lot developments.

In more urban municipalities where land costs are often higher, low-cost land sales tend to be targeted toward affordable housing developments by non-profit or government agencies. The City of Brandon (Manitoba) is one such example where the City developed a high level concept plan for a new residential development to support people experiencing homelessness¹.

¹ Rosen (2024, Feb 28). City of Brandon selling property for \$1. CTV News Winnipeg.

In recent years, Halifax Regional Municipality (HRM) has also designated a number of surplus lands for new affordable housing projects and donated the land to non-profit organizations like Affordable Housing Nova Scotia for \$1². Low-cost land sales tend to have the greatest impact on development feasibility when land availability is low and the cost of land is high; however, there are still significant opportunities for municipalities like CBRM where many surplus properties are available and the cost of land is relatively low.

Key elements for program success

- Prioritize lands within higher density zones near transit, and daily goods and services for residential development.
- Utilize incentives, penalties and/or sunset clauses to ensure development occurs on municipal lands that are sold³.
- Lease land instead of selling it to maintain equity in the land long term⁴.

Opportunities for CBRM

The Municipality has a large inventory of surplus lands ranging in size and compatibility for residential development. Phase 3 (the next phase) of this Housing Strategy will assess which surplus lands would be most suitable for residential development and will also consider land banking strategies.

Opportunities include:

- Prioritize making available for sale usable surplus lands that would allow for pre-approved housing plans to be used on site.
- Customize the sale price of surplus lands based on target audience (e.g. non-profits, co-ops, first time homeowners, developers).
- Explore gifting land for community land trusts, especially in historically marginalized communities in CBRM.

² Frisko (2023, Dec 12). 'It's fantastic and it's so helpful': HRM designates more surplus lands for affordable housing. CTV News Atlantic.

³ Kim, Long, Sheikh, Zecevic & Saini. (2022) *Unlocking Municipal Land: Exploring Tools for Affordable Housing in the City of Hamilton*. McMaster University.

⁴ Ibid

Viability and policy considerations

Developing a policy and program for the disposal of surplus municipal lands is fairly straightforward, with many available examples from which we can learn.

Policy considerations:

- The requirement under section 51B of the *Municipal Government Act* for public notice when selling or leasing land at a price less than market value, and a public hearing if the property is valued at more than \$10,000 would need to build those requirements into the process timeline.

Primary Legislative Reference:

- *Municipal Government Act 50-51B: Sale or lease of municipal property*



Figure 2. Case Study Location: Salisbury, New Brunswick
(Source: Town of Salisbury Official Website)

Case Study: Municipal Surplus Land and Land Acquisition Policy

Municipality: Town of Salisbury, NB

Population: 3,488 (2023)

Local context: 25 km SW of Moncton

Legislative authority: Local Government Act, SNB 2017, C.18 & Community Planning Act, Section 76

Overview of incentive program:

The Town of Salisbury's Municipal Surplus Land and Land Acquisition Policy (2024) outlines the Town's process for acquiring land and disposing of public land. The policy specifically enables the Town to solicit proposals for alternative uses such as housing in order to maximize the land or meet their strategic objectives.

When Council deems land as surplus via a Closed Session meeting, they have the opportunity to pass as a resolution the intended use of the surplus lands (e.g. housing, commercial, etc). The policy allows the Town to sell land via public direct sale for the highest price when it is intended for economic development. However, the Town reserves the right to invite not-for-profit developers/organizations to submit proposals (primary for affordable and suitable residential development) via a non-public process. The policy states that lands transferred through this process shall generally be sold for \$1.

All proposals are evaluated by the CAO or their designate with Administrative support as requested. Up to 3 proponents are shortlisted and have the opportunity to present their proposals to Council who utilize an evaluation matrix to determine the successful proponent.

Eligibility criteria:

The policy does not detail any eligibility criteria for individuals or organizations looking to purchase publicly announced surplus lands. No definition or criteria is given for not-for-profit developers either.

The Town does have the ability to include mandatory conditions of sale including timeframes and land uses that must be agreed to when proponents submit a bid.

Financial details:

When surplus lands are disposed of for housing or economic development, the policy requires a minimum of 50% of the revenue from the sale to be earmarked for future use(s) related to housing (e.g. additional land purchases for future disposal, developer agreement incentives, etc).

Affordable housing details:

- Affordable housing definition: CMHC standard (housing at a rate of less than 30% of a household's before tax income)
- Target demographic(s): None specified

Recent updates:

In April 2024, the Town announced a partnership with the Housing Hub of New Brunswick to explore the development potential for a 28 acre municipal land parcel to provide a range of housing options¹. The project is funded in part by Government of New Brunswick's Pre-Infrastructure Housing Fund which is aimed at increasing the number of safe and affordable housing options in the province.

¹ Landry (2024, April 16). Town Partnering with Housing Hub of New Brunswick to Explore Residential Development on Municipal Lands. Town of Salisbury

Grants for Specific Housing Forms

What is the incentive?

This incentive aims to encourage more diverse housing options by providing grants for the development of alternative housing forms, including cooperative housing and secondary suites.

How is it typically used?

Municipalities typically provide grants based on a set of evaluation criteria, including compliance with zoning regulations and the number of residential units in the project. Developers are also usually required to construct those residential units within a specified length of time to ensure that those units would be available in a timely manner.

In Nova Scotia, the Provincial government offers a Secondary and Backyard Suite Incentive Program, which provides a loan to homeowners building a self-contained secondary suite or backyard suite within their primary home property. The funding will cover up to 50% of eligible project costs, to a maximum of \$40,000. Eligible project cost will include design fees, cost for materials, and cost to purchase and place a prefabricated backyard suite on the property.

Key elements for program success

- Provide a clear eligibility criteria and include non-profit organizations whenever possible.
- Offer an efficient approval process and clear funding calculations.

Opportunities for CBRM

- Encourage developers to offer more diverse housing options, including housing types of interest to CBRM. Phase 1 survey indicated that there was a need for co-operative housing, accessory dwelling units, and student housing.

Viability and policy considerations

Grants are a fairly straightforward approach but would involve municipal funds if provincial or federal funding is not already available. Further research into what grants are available would be needed. A legal assessment would be required to confirm whether specific program approaches are consistent with the *Municipal Government Act (MGA)*.

There may be an opportunity for homeowners or housing providers to stack funding. Program considerations would largely relate to grant set-up and approaches (one-time amount, on-going, or proposal-based vs first-come-first-served). These types of grant programs range from the very simple to more administratively burdensome.

Primary Legislative References:

- *Municipal Government Act (MGA) 9A(b) and (c) - Municipal purposes*
- *MGA 57(4) – Business and Industrial Development*
- *MGA 65A – Spending for municipal purposes and budgets*
- *Housing Supply and Services Act 13 – options for limits on municipal taxes*



Figure 3. Example of Secondary Suite, Seattle, Washington
(Source: Sightline Institute, Missing Middle Homes Photo Library)

Case Study 1: Modular and Manufactured Grant

Municipality: City of Fredericton, New Brunswick

Population: 69,406 (2023)

Local context: Provincial capital of New Brunswick

Legislative authority: Local Governance Act, SNB 2017, C.18, Section 102

Overview of incentive program:

The Modular and Manufactured Grant (2024) is a recent addition to the Housing Accelerator (HAF) Grant Initiatives administered through the City of Fredericton. This program offers grants to developers who choose to create new residential units by building prefabricated modular homes. Applicants complete an application form, include the HAF program approval letter, provide confirmation that all units are new, and that the development meets the CSA Standard Z-240 and Z-240-16.

Eligibility criteria:

Both for-profit and non-profit developers are eligible to apply for this program. The project must offer a minimum of three residential units and rental projects are required to offer at least six months of tenancies. While projects located within the City of Fredericton will be eligible for this program, priority will be given to projects within the "Urban Core" (including City Centre, North and South Shore) and the "New Neighbourhoods". Student apartment-style housing will also be eligible for this program if those units are self-contained including kitchen, living space, and private bathrooms.

Financial details:

Approved applicants receive up to a \$20,000 grant per unit. The source of grants is the \$10-million Housing Accelerator Fund.

Affordable housing details:

N/A

Case Study 2: Secondary Suite Development Incentive

Municipality: City of Cold Lake, Alberta

Population: 16,694 (2023)

Local context: Located in Alberta's "Lakeland" district, 300 km NE of Edmonton

Legislative authority: Municipal Government Act, R.S.A. 2000

Overview of incentive program:

The Secondary Suite Development Incentive Program offers an incentive of \$5,000 to property owners who choose to create new secondary suites or to legalize existing secondary suites. This program aims to increase the stock of rental housing in the City.

Eligibility criteria:

The suite must 1) be in an appropriately zoned residential district and 2) have approved development and building permits. Applicants must also complete the construction of the suite within twelve months upon approval.

Financial details:

The budget for this program is capped at \$100,000 to provide grants for up to 20 units. The funding will be given on a first-come, first served basis. Once the project is approved by the City Council, this program will run for a one year period or until the maximum number of secondary suites have been funded.

Affordable housing details:

N/A

Recent updates:

In July 2024, the City of Cold Lake approved three secondary suites under the Secondary Suite Development Incentive Program. This is the first approval under the program¹.

¹ Smyl (2024, July 17). Secondary Suite Incentive Program gains momentum in Cold Lake, My Lakeland Now.

Waiving Development Fees

What is the incentive?

Developers pay development fees to municipalities to build their new projects. Development fees can include fees for development permits, building permits, and fees to have construction approved by the municipality.

While development fees can help municipalities pay for the cost of infrastructure and municipal services, development fees can be a significant financial burden particularly on non-profit organizations, which often experience limited access to funding for development. By waiving development fees, municipalities aim to reduce the financial burden on those non-profit developers and support development for affordable housing.

How is it typically used?

The waiver of development fees is typically used to support non-profit or charitable organizations building affordable housing. This program can offer a waiver of development permit fees, building permit fees, and expenses associated with engineering (examples include excavation and barricade permits).

In 2020, Halifax Regional Council approved amendments to the By-laws and Administrative Order 15 to waive the majority of municipal fees for registered non-profit and charitable organizations developing residential buildings¹. The applicant must be under registration for a minimum of one year and at least 60% of the development must be for housing.

Key elements for program success

- Specify a list of fees that can be exempted, which can help developers estimate the cost of development.
- Offer a streamlined application process by creating a clear set of criteria for fee exemption.

¹ Halifax Regional Municipality (2024). Waiving of Municipal Fees.

Opportunities for CBRM

- Explore opportunities for collaboration with local non-profit organizations to develop the framework that will be feasible to those organizations
- Customize the list of development fees that can be exempted based on target audience (e.g., for-profit organizations, non-profit organizations)

Viability and Policy Considerations

Waiving development fees can be fairly straightforward but has the potential for limited impact if development fees are not that high in the first place. There are also concerns at times that such an approach can devalue the scale of the work that goes into approval processes. For affordable housing providers, however, every savings can add to the potential viability of a project and direct engagement with housing providers may provide more information on the value of such a program in the local context.

Primary Legislative References:

- *Municipal Government Act (MGA) 9A(b) and (c) - Municipal purposes*
- *MGA 65A – Spending for municipal purposes and budgets*
- *MGA 57(4) – Business and Industrial Development*

Case Study: Affordable Housing Incentive Policy

Municipality: City of Airdrie, Alberta

Population: 80,649 (2023)

Local context: 40km north of Calgary

Legislative authority: Municipal Government Act, RSA 2000, c M-26

Overview of incentive program:

The Affordable Housing Incentive Policy was adopted by the City Council in September 2023. This policy aimed to encourage the development of affordable housing by waiving fees for municipal development permits and the municipal portion of the building permit fee. Once approved, developers need to form a legal agreement with the City that developers will commit to provide affordable housing for at least 15 years.

Eligibility criteria:

Both for-profit and non-profit organizations are eligible for this program. All applicants must submit a formal request to the City to confirm that their project is qualified to apply for the fee exemption.

- Eligibility requirements for non-profit applicants:
 - Non-profit applicants are required to provide documentation to prove that they are non-profit organizations in their fee exemption application.
 - If their housing development is a mixed-market project, all units will be eligible for a fee exemption application.
- Eligibility requirements for for-profit applicants:
 - Applicants must have approval from a federal or provincial affordability-focused program (for example, programs offered by CMHC).
 - If their housing development is a mixed-market project, units designated as affordable housing will be considered for a fee exemption.

Financial details:

Exempt fees include costs associated with building, rebuilding, inspection, and plan review.

Affordable housing details

Affordable housing is defined as: "Dwelling units with a market price or rent that are affordable to households earning 65% or less of the median household income in Airdrie, without spending more than 30% of their gross income on housing"

Recent updates:

N/A

Density Bonusing

What is the incentive?

Density bonusing is a development incentive that allows developers additional height or density beyond zoning restrictions if the development would contribute to the public realm and livability. Density bonusing is a common practice in urban places in Canada. The objective of density bonusing is to increase the availability of affordable housing by generating funding from major developments.

How is it typically used?

Density bonusing is a tool intended to benefit both developers and the public. Developers can gain additional density for their project while municipalities can meet public amenity needs, including childcare facilities and affordable housing.

Another related approach is community amenity contributions. In this approach, private developers offer community amenities, such as open spaces, family-oriented housing, and improved sidewalks, in exchange for constructing a building that is larger than what is permitted under the existing zoning.

Halifax has bonus zoning in the Regional Centre under the Downtown Halifax Plan and Centre Plan. In 2023, the Regional Council began to explore opportunities to expand the bonus zoning framework outside of the Regional Centre in response to rapid population growth in the Municipality. The HRM Charter defines bonus zoning as “requirements that permit the relaxation of certain requirements if an applicant exceeds other requirements or undertakes other action, in the public interest, as specified in the requirements”¹.

Key elements for program success

- Develop consistent, shared values and objectives between municipalities and developers on public needs and community benefits².

1 Halifax Regional Council (2023, February 21). Case 24063: Interim Incentive or Bonus Zoning Program outside of the Regional Centre.

2 World Bank Group (2020). Toronto: Density Bonuses in Exchange for Community Benefits – Case Study.

- Ensure that projects using density bonusing program will be compatible with surrounding uses.

Opportunities for CBRM

- Given the recent trend in population growth, density bonusing can contribute to gradually increasing density of residential neighbourhoods while enhancing public services. Additional public amenities can also lead to a more complete sense of community, which can also attract young families seeking to live and work in CBRM.

Viability and policy considerations

Bonusing programs only work as an incentive when the bonus is sufficient to offset the private contribution, whether it is in the form of public amenities, affordable units, etc. Engagement with local developers and builders would be needed to identify what level of bonusing would successfully encourage the desired outcome.

Primary Legislative Reference:

- Municipal Government Act Section 220(5)(k) - Content of land-use by-law*

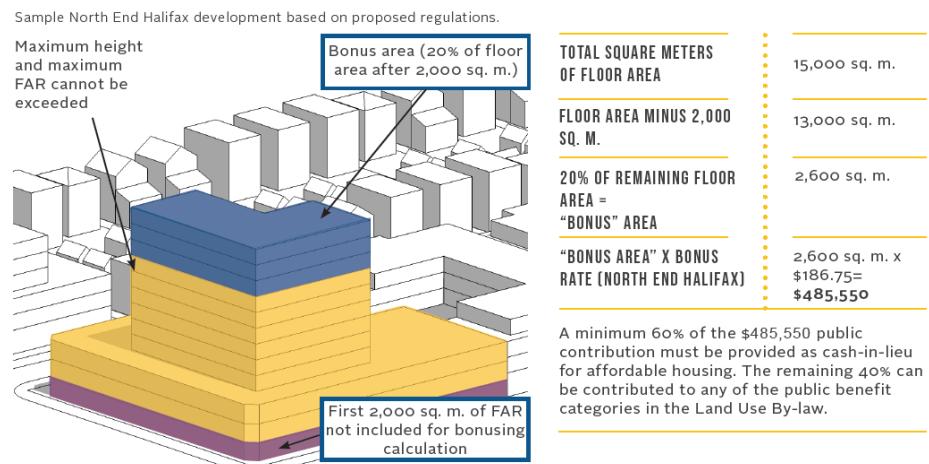


Figure 4. Example of Bonus Density from Halifax Centre Plan Handout
(Source: Incentive or Bonus Zoning handout, Proposed Centre Plan, HRM, June 2021)

Inclusionary Zoning

What is the incentive?

According to CMHC, inclusionary zoning is defined as “zoning and development regulations that require a set proportion, typically 10 – 20% of new market housing developments to be affordable”¹. The rationale for adopting inclusionary zoning is to shift the dynamics of the current housing market to provide affordable housing options for low- and middle-income populations within new developments.

How is it typically used?

While some inclusionary zoning is voluntary, many inclusionary zoning frameworks require developers to provide affordable housing to a certain proportion. Inclusionary zoning has become a common practice in large cities in Canada, including the City of Montreal and the City of Toronto (both implemented in 2021).

The Inclusionary Zoning in Montreal is known as one of the most prominent examples. Under their by-law, new buildings are required to have 20% social housing, 20% affordable housing, and 20% family housing. However, recent City data indicates that the majority of developers have been paying cash-in-lieu instead of building social housing. While making financial contributions for affordable housing is permitted, this data suggests that the current by-law has not been encouraging developers to directly build affordable housing. The City is considering providing clearer definitions of social and affordable housing to help assist developers find incentives or programs that would be most beneficial to them².

In 2023, Halifax Regional Council proposed to implement the Inclusionary Zoning Program Framework in response to the HRM Charter amendment in 2021.

If implemented, the Program would require developers to build on-site affordable housing in order to obtain a development permit.

1 CMHC (2017). Research insight: inclusionary zoning; domestic and international practices.

2 Jonas (2023, October 31). Montreal's social housing bylaw to get update after failing to produce a single unit in 2 years. CBC News.

Key elements for program success

- Conduct a financial impact assessment to explore the potential impact of inclusionary zoning and to make informed decisions on the set aside rate and the amount of cash that could be paid in lieu of providing affordable housing on site³.
- Developing a clear zoning framework is critical for developers to fully understand the zoning regulations. Limited knowledge on inclusionary zoning could lead developers to pay additional costs instead of conforming to the zoning requirements for providing affordable housing, which in turn would result in increased housing prices⁴.
- Establish a robust administrative structure and offer dedicated staff members to enforce the bylaw and to monitor the progress of construction⁵.

3 Halifax Regional Council (2023). Case 24529 – Inclusionary Zoning Program Framework.

4 Canadian Centre for Housing Rights (2021, November 5). Inclusionary zoning: considerations for an affordable housing policy.

5 Halifax Regional Council (2023). Case 24529 – Inclusionary Zoning Program Framework.



Figure 5. An Example Residential Neighborhood in Montreal, Quebec
(Source: Ted McGrath, Montreal Row of Housing 1 of 2, September 1, 2017)

Opportunities for CBRM

- CBRM has experienced rapid population growth in recent years, with a significant increase in the population of international students and intra-provincial migrants. The recent population growth has also led to growing demand to make existing housing more affordable.

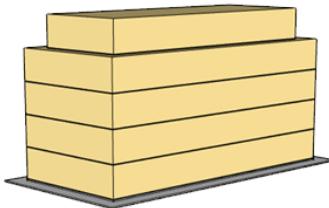
Primary Legislative References:

- MGA Section 220(5)(ja) - Content of land-use by-law
- MGA 223A – Affordable housing cash-in-lieu

Policy and viability considerations

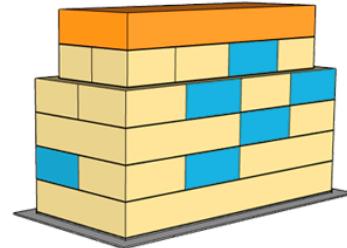
The *Municipal Government Act* (MGA) was amended to enable the mandatory provision of affordable housing units. Two of the challenges with inclusionary zoning are the impact on the housing development market (and at times the increase in rates for the non-designated units within projects) and the administrative challenges for monitoring and enforcement. A more in-depth analysis would be required to determine the resources required on the municipality's part to manage a program like this.

Additional initiatives might offset some of the potential administrative burdens related to ensuring long-term affordability of the designated units (e.g., the Rising Tides approach in Moncton, New Brunswick).



5 Stories - 58,000 square feet

58 Market-Rate Units
No Affordable Units



6 Stories - 66,000 square feet

10% Inclusionary Requirement
14% Density Bonus
60 Market-Rate Units
6 Affordable Units

Figure 6. Inclusionary Housing Diagram

(Source: Grounded Solutions Network (California), Inclusionary Housing Page, 2024)

Case Study: Inclusionary Zoning By-law

Municipality: City of Toronto, Ontario

Population: 3.02 million (2022)

Local context: Capital city of Ontario and Canada's largest city

Legislative authority: Planning Act, R.S.O. 1990, c. P.13, Section 35.2, subsection 16(5)

Overview of incentive program:

Toronto's Inclusionary Zoning By-law has three Inclusionary Zoning (IZ) Areas, with each area having different requirements for the proportion of affordable housing. The By-law has zoning schedules to be implemented in future years to gradually increase the percentage of affordable housing units.

The IZ Area 1 (IZ1), for example, requires dedicating at least 7% of the total gross floor area of residential uses to affordable rental units and 10% for affordable ownership units as of 2024. The percentage is expected to increase to 8.5% for affordable rental units and 12% for affordable ownership units. By 2030, new residential buildings in the IZ1 will be required to have at least 16% for affordable rental units and 22% for affordable ownership units.

Eligibility criteria:

Developers constructing buildings on a lot within an area identified as Inclusionary Zoning Area 1, 2, or 3 will be required to conform to the Inclusionary Zoning By-law. However, exemptions apply to the following cases:

- For development containing fewer than 100 dwelling units and 8,000 square metres of gross floor area for residential uses;
- For development that will be owned and operated by a non-profit housing provider at a full ownership interest; *or*
- For development under an operation between a non-profit housing provider and another organization, in which 1) a non-profit housing provider has greater than 51% of ownership interest and 2) at least 51% of the dwelling units will be affordable housing units;
- For developing student residences, retirement homes, nursing homes, and residential care homes.

Financial details:

While this program was initially aimed to solely provide "physical" housing units within the Inclusionary Zoning Areas, the current framework appears to accept cash-in-lieu which can support the creation of affordable housing¹.

Affordable housing details:

- **Affordable housing definition:** "dwelling unit which is either an affordable rental housing unit or an affordable ownership housing unit"²
 - **Affordable rental housing unit:** "dwelling unit where the total monthly shelter cost is at or below the lesser of one times the average City of Toronto rent, by dwelling unit type, as reported annually by the Canada Mortgage and Housing Corporation, or 30 percent of the before-tax monthly income of renter households in the City of Toronto"
 - **Affordable ownership housing unit:** "dwelling unit where the purchase price (which for new units is inclusive of Harmonized Sales Tax payable by the purchaser) is at or below an amount where the total monthly shelter cost is affordable, based on paying no more than 30 percent of before-tax monthly income, to all households in the City of Toronto"
- **Qualification conditions:** If a lot is located entirely within Inclusionary Zoning Areas, the affordable housing units must continue to be affordable rental or ownership units for at least 99 years from the date of the first residential occupancy.
- **Target demographic(s):** Low- and middle-income households earning between \$32,000 and \$92,000 a year depending on the size of households³.
- **Target number of units:** 40,000 affordable rental units and 4,000 ownership homes by 2030, which is based on the target set by the City's Housing TO Action Plan⁴.

Recent updates: N/A

¹ Blonder (2021, October 28). What does inclusionary zoning really mean for Toronto? Real Estate News Exchange.

² City of Toronto (2021). By-Law 941-2021.

³ City of Toronto Website (2024). Inclusionary Zoning Policy: Overview.

⁴ Gross, Parker, & Dias (2022). City of Toronto – Inclusionary Zoning. Gowling WLG.

Maintaining Existing Housing Stock

The next two incentives are intended for maintaining or improving existing housing.

Housing Rehabilitation Program

What is the incentive?

Many communities across Canada are struggling with aging or degraded housing stock which can impact the quality of life of residents. Municipal housing rehabilitation programs offer grants or loans to enable property owners to address major residential renovations. A similar approach to housing rehabilitation programs is providing grants or lower fees to redevelop brownfield sites (sites that have previously been developed). This is a common practice to improve the quality of derelict buildings or lots with known contaminants.

How is it typically used?

Given limited funding, municipal housing rehabilitation programs are often targeted towards supporting specific types of housing (often the missing middle), specific user groups (such as low-income families) and / or housing operated by non-profit organizations.

Examples of common eligible work include:

- Repairs of major defects that may impact the safety of residents (structural, electrical, plumbing, heating, fire safety);
- Renovations or additions to residential buildings;
- Accessibility updates;
- Exterior façade refinishing.

Some programs, such as Renovation Québec (which is organized by the province and administered by participating municipalities), also provide financial assistance to demolish or reconstruct residential

buildings or to convert non-residential buildings into housing¹.

The Province of Nova Scotia also offers a Rooming House Residential Rehabilitation Assistance Program which offers fully forgivable loans to owners of rooming houses to make major repairs². Only rooming houses which provide permanent accommodations and accessible (at or below market) rent to people of lower incomes are eligible for the program. Repairs through the program are intended to bring rooming houses to minimum levels of health and safety and the amount available per bed is \$16,000. Once repairs are made, homes should remain livable for at least 15 years and landlords must cap rental amounts after repairs to ensure long term affordability.

Community housing providers may also be eligible for the Province of Nova Scotia's Community Housing Infrastructure and Repair Program (CHIRP) which funds capital repairs on affordable rental units in the low to moderate income range³.

Key elements for program success

- Defined program goals
- Clear target housing type, operator or resident demographic
- Financial sustainability

Opportunities for CBRM

- Promote NS Rooming House Residential Rehabilitation Assistance Program and Community Housing Infrastructure and Repair Program (CHIRP).
- Explore collaboration and funding opportunities with Cape Breton's Affordable Housing Renovation Partnership.
- Establish shared dwelling renovation funding program to encourage shared dwelling operators in CBRM who do not or cannot currently comply with the Shared Dwelling Bylaw to renovate or repair their buildings.

1 Société d'habitation du Québec (n.d.). Renovation Québec

2 Housing Nova Scotia (n.d.). Rooming House Residential Rehabilitation Assistance Program.

3 Province of Nova Scotia Municipal Affairs and Housing (n.d.). Apply for funding for community housing capital repairs: Community Housing Infrastructure and Repair Program

Policy and viability considerations

The *Municipal Government Act (MGA)* permits municipalities to provide direct financial assistance to businesses to increase the availability of affordable housing. There are restrictions on municipalities providing loans, however, so any participation in a housing rehabilitation program would have to be in the form of grants, in-kind supports, or other tools available to municipalities in Nova Scotia. Any program developed should be reviewed by the municipality's legal advisors to confirm compliance with municipal legislation.

Primary Legislative References:

- MGA 9A(b) and (c) - Municipal purposes
- MGA 65A – Spending for municipal purposes and budgets
- MGA 57(4) – Business and Industrial Development
- Housing Supply and Services Act 13 – options for limits on municipal taxes

Figure 7. Case Study Location: Example of Residential Neighbourhood in Toronto, Ontario

(Source: Enoch Leung from Canada via Wikimedia Commons)



Case Study: Multi-Tenant Houses Renovation & Repair Program

Municipality: City of Toronto, Ontario

Population: 3.02 million (2022)

Local context: Capital city of Ontario and Canada's largest city

Legislative authority: City of Toronto Act, 2006

Overview of incentive program:

Toronto's Multi-Tenant Houses Renovation & Repair Program is a unique initiative aimed at improving the safety and building conditions for tenants¹. The program came into place in March 2024 and is part of a network of supports aimed at bringing multi-tenant housing into compliance with the new regulatory framework while supporting the City's 2023 Housing Action Plan.

Eligibility criteria:

- *Eligible properties:* occupied or vacant unlicensed multi-tenant housing that is at-risk due to non-compliance with the regulatory framework, condition of the property or the potential for tenant eviction and/or displacement. The City defines multi-tenant homes as buildings which are inhabited by persons who do not live together within a single housekeeping unit, contains more than three dwelling units with an average floor area of less than 65 square metre per unit, and one or more units are intended to be used to generate income.
- *Eligible applicants:* non-profit or for-profit applicants, and they must be an operator who owns or controls the business of operating the multi-tenant house. Furthermore, they must register their intent to apply for an Operator License.
- *Eligible projects:* those that require renovation and repair work to comply with applicable laws and be issued a multi-tenant housing license.

Financial details:

Applicants can receive up to a \$50,000 forgivable loan for eligible renovation costs per "multi-tenant house room" (a bedroom that is available for rent and which may include a bathroom or kitchen for the occupant, but not both).

Affordable housing details:

N/A

¹ City of Toronto (2024). Multi-Tenant Houses Renovation & Repair Program.

Energy Efficiency Upgrades

What is the incentive?

Increasingly, all levels of government are working together to reduce carbon emissions across communities. One element of this work is offering homeowners financial incentives to improve energy efficiency in their homes. These incentives can take the form of grants, rebates or loans, and can contribute to lower energy costs for homeowners over time. Investments in energy upgrades have the potential to reduce energy poverty in a community (see for example, the Energize Bridgewater initiative).

How is it typically used?

Energy efficiency programs differ by municipality, but often have common similarities in the type of updates covered. Examples of common eligible work include:

- Window/ door replacements
- Air sealing (e.g. weather stripping or caulking)
- Insulation
- Heat pumps
- High-efficiency water heaters, furnaces, air conditioners
- Solar installations
- Electrical vehicle charging stations (Level 2)

When energy efficiency programs are operated by municipalities, low-interest or forgivable loans tend to be the primary funding mechanism; however, some communities also offer grants for eligible rebates. Loan repayment is typically made through property tax bill over a set period of time (for example, 5, 10, 15 or 20 years). Requirements for program eligibility tend to be fairly inclusive for a wide range of homeowners, though some programs (such as Chatham-Kent, ON) target low to moderate-income households and can include accessibility updates in addition to energy efficiency¹.

¹ Municipality of Chatham-Kent (2024). Renovations Program.

Alberta's Clean Energy Improvement Program (which is administered by the non-profit organization 'Alberta Municipalities' through the Alberta Municipal Services Corporation) enables individual municipalities to participate in the program and define their own conditions for participant and property eligibility.

The City of Cold Lake for example allows qualifying residential property owners to finance up to 100% of their energy efficiency and renewable energy projects with a 3.1% fixed interest rate and \$580 incentive bonus². Eligible participants must be the legal owner of the property, be current on property tax payments and any outstanding property-secured debt (such as a mortgage), be in good standing with the municipality, and not in bankruptcy. Eligible properties must be low-rise residential (e.g. detached or semidetached, row housing, town homes, multi-units under 3 stories), and not in foreclosure.

In Nova Scotia, Efficiency NS administers a number of residential programs aimed at improving energy efficiency in homes across the province. The Home Energy Assessment is the staple of the program, with additional supports available for low income-qualified homeowners.

Key elements for program success

- Identify residential neighbourhoods that are experiencing inefficient homes and energy poverty.
- Attract and retain skilled workers who can complete the upgrade for the community.

Opportunities for CBRM

- Promote Efficiency NS free programs to residents
- Participate in the Clean Foundations Clean Energy Financing program alongside other Nova Scotian municipalities

² City of cold Lake (2024). Residential Clean Energy Improvement Program Terms and Conditions

Policy and viability considerations

Programs to support energy efficiency upgrades have already been established in Nova Scotia, providing good examples in the local context and a great possibility to learn from the experiences of other municipalities. Energy efficiency upgrades offer an opportunity to address some of the housing maintenance and affordability issues experienced by households, particularly those with limited or fixed incomes.

Primary Legislative Reference:

- *Municipal Government Act Section 81A – By-law regarding equipment charges*



Book an Assessment

[Home Energy Assessment](#)
An Energy Advisor will find the best improvements for your home. A Home Energy Assessment is required for certain rebates and to be able to access the Canada Greener Homes Loan.

[SolarHomes](#)
Work with one of our registered solar partners and upgrade your home with a Solar Photovoltaic (PV) system. Average annual savings of \$1,750.

Save With Rebates

[Heating System Rebates](#)
Don't need an assessment? If you've installed a heating system in the past 180 days, you can still receive rebates to complement your monthly savings.

[Heat Pump Rebates](#)
Receive a rebate of \$200 to \$10,000 for eligible heat pumps.

[Instant In-Store Rebates](#)
Save up to \$400 at the checkout on energy saving products with participating retailers across the province.

Get Free Services & Products

[Free Energy Efficient Products](#)
At no cost to you, an Efficiency Partner will install free energy efficient products in your home. Available whether you rent or own.

[HomeWarming](#)
Keep your home comfortable and energy efficient with a no-charge energy assessment and a wide variety of free home improvement upgrades for low-income-qualified homeowners.

[Fridge & Freezer Recycling](#)
We come and pick up your old working fridge or freezer, and pay you \$50.

Figure 8. Efficiency Nova Scotia Residential Program Overview
(Source: [Efficiency NS Official Website](#), accessed December 12, 2024)
(Logo source: ISANS Website, Accessed December 12, 2024)

Case Study: Clean Energy Financing Program

Municipality: Municipality of the District of Lunenburg (MODL), Nova Scotia

Population: 24,863 (2016)

Local context: Large rural municipality approximately 1.5 hours southwest of Halifax

Legislative authority: *Municipal Government Act, 81A(1)*

Overview of incentive program:

MODL's Clean Energy Financing Program provides low-interest financing to eligible homeowners to make energy efficient updates to their home. The program is administered by the Clean Foundation on behalf of MODL and is otherwise known as Property Assessed Clean Energy (PACE).

Homeowners who participate in the program are responsible for obtaining quotes from contractors and coordinating the work. Homeowners then provide the Clean Foundation with contractor invoices and the Foundation pays the contractors and invoices the municipality. Once the work is completed, MODL collects the loan repayment from the homeowner via their property tax bill on a yearly basis. To collect these fees, MODL adds a Local Improvement Charge on the property which is equal to the cost of the upgrades, lender loan rate, and program fees¹.

MODL's PACE Bylaw outlines the municipalities' ability to apply a lien against the property and enforce the repayment as authorized through the Municipal Government Act. When property is sold, the lien is transferred to the new owners along with the property and they assume all outstanding property owner obligations.

¹ Clean Energy Financing (n.d.). District of Lunenburg.

Eligibility criteria:

Eligible homeowners must own a detached, semi-detached or row home within the municipality, agree to participate, and be in good standing with the municipality to participate in the program.

Eligible clean energy updates include:

- Insulation for ceilings, floors, main walls, knee walls, foundation walls, foundation headers, foundation slabs, and crawlspaces
- Draft proofing including caulking, weather stripping, and duct sealing
- Exterior doors
- Exterior windows
- Domestic Hot Water Tanks
- Drain Water Heat Recovery Systems
- Heat Pumps
- Wood & Pellet Heating Systems
- Exhaust Ventilation
- Balanced Heat Recovery Ventilation
- Electric Vehicle Charging Stations
- Electric Thermal Storage (ETS) Systems
- Solar Hot Water Systems
- Solar Hot Air Systems
- Solar Photovoltaic Systems
- Swimming Pool Heating & Circulation Systems
- Well Pump
- Supplementary work required to successfully complete the above listed upgrades.

Financial details:

Maximum financing amount is \$20,000 (or 15% of the full assessed property value) with a financing term of 15 years and interest rate of 2%².

Affordable housing details: N/A

Recent updates: N/A

² Municipality of the District of Lunenburg (n.d.). Clean Energy Financing Program

Supporting Long-Term Financial Viability

The last two incentive types are for increasing municipal revenue to finance incentive programs and encourage residential development.

Development Charges

What is the incentive?

Development charges (also known as infrastructure charges or capital cost contributions) are one-time fees that municipalities can charge developers to cover the capital costs for infrastructure needed to service new or expanding growth areas¹. This revenue generation program helps municipalities pay for infrastructure while supporting future growth and development.

How is it typically used?

Development charges are typically seen in communities where steady or rapid growth is occurring, though slow-growing areas may have small development charges². Municipalities often choose to tie development charges to specific areas in order to support localized infrastructure development and ultimately further growth in those areas. Development charges can apply to residential, commercial and industrial development, though rates often differ. The use of revenues from development charges varies by municipality but is regulated by the provincial planning act and the municipalities' development charge bylaw. Examples of municipal services that can be supported by development charges include³:

- Roads and related infrastructure
- Public works
- Fire services
- Stormwater management

1 Let's Chat Moncton (2022). What are Development Charges?

2 Sancton (2022). Reassessing the Case for Development Charges in Canadian Municipalities. Canadian Planning and Policy Journal.

3 Municipality of Lakeshore (2021). Development Charges.

- Development-related studies
- Recreation and parks development

The establishment of development charge programs is typically informed by a background study (which is required in Ontario) and can include public engagement. Development charges can vary by year and may apply differently depending on the type of development.

Key elements for program success:

- Carefully consider who carries the infrastructure burden long term. There is emerging evidence that the cost to finance development charges is passed onto new residents by developers which increases the cost of living in new housing⁴. Development charges therefore have the potential to negatively impact housing affordability in a community.
- Clear public communication on why development charges are used and how development charges impact existing and future residents is key. Development charges can be used as a tool to appease those who don't want more housing in their neighbourhood by arguing that 'growth pays for growth' but this messaging has the potential to support these perspectives⁵.

Opportunities for CBRM:

- Identify areas where residential development is cost prohibitive due to lack of municipal infrastructure.
- Pursue a development charge background study to determine reasonable development charges for CBRM's communities and assess whether the increased administrative burden to administer the program would be worth the projected benefit of the program. Consider exempting non-profit housing providers from any development charge programs.

4 Sancton (2022). Reassessing the Case for Development Charges in Canadian Municipalities. Canadian Planning and Policy Journal.

5 Ibid

Policy and viability considerations

Development charges are enabled under the *Municipal Government Act (MGA)*. This type of program may be one way to pay for infrastructure improvements, but its success may depend on the current development market and its ability to absorb more costs balanced against improving or increasing servicing levels to enable development where it might otherwise be cost-prohibitive. As it is tied to the subdivision of land, it would also be limited by the amount of eligible land in suitable areas that is likely to be subdivided.

Primary Legislative Reference:

- MGA 274 – Infrastructure charges



Figure 9. Case Study Location: New home under-construction in Norfolk County, ON
(Source: Norfolk County Official Website, March 27, 2019)

Case Study: Development Charges Program

Municipality: Norfolk County, Ontario

Population: 67,490 (2021)

Local context: Rural Ontario municipality located south of the Greater Toronto Area on Lake Erie.

Legislative authority: Development Charges Act (DCA) 1997, Chapter 27

Overview of incentive program:

Norfolk County's Development Charges program was updated in 2019 through Bylaw 2019-100 which outlines when a development is subject to the charge and how the charge is calculated¹. The bylaw applies throughout the County. It is administered by the County Treasurer and fees are paid when a building permit is issued. Funds collected through the program go toward financing roads and related infrastructure, fire protection, parking, parks and recreation, library, general government administration, ambulatory, and water and wastewater services.

Eligibility criteria:

Residential or mixed used developments containing residential units are subject to the development charge, with the fee based on the number and type of dwelling units. Development excluded from the development charge includes the creation of up to two additional dwelling units in an existing single detached dwelling or one in other residential buildings, and affordable housing as funded under the County's social housing program.

¹ Norfolk County (2019). By-law 2019-100.

Table 2. Norfolk County Treasurers Statement, 2022 (Source: *Norfolk County 2022 Treasurer's Statement Summary*)

Development Charge Category	Opening Balance at January 1, 2022	Development Charges Collected	Development Charge Grants Provided	Interest Income	Transfers to Operating (Debt and Interest)	Transfers to Capital	Closing Balance at December 31, 2022	Capital Commitments for Active Projects	Available Balance at December 31, 2022
Parks & Recreation	\$ 3,089,070	\$ 322,953	\$ 121,093	\$ 63,704	\$ -	\$ (74,539)	\$ 3,522,280	\$ (185,461)	\$ 3,336,819
Library	(39,677)	180,419	64,890	1,417	(69,880)	(23,843)	113,327	(1,157)	112,170
General Government	158,981	20,743	13,405	2,018	0	(76,414)	118,734	(254,334)	(135,600)
Fire	1,943,705	132,596	100,257	39,582	0	0	2,216,140	0	2,216,140
Parking	520,049	29,734	21,539	10,458	0	0	581,780	0	581,780
Water	4,808,288	530,644	376,088	100,881	(71,803)	(139,761)	5,604,336	(2,922,475)	2,681,861
Wastewater	(139,786)	982,732	223,763	3,856	(783,978)	4,181	290,768	(38,181)	252,587
Roads & Related	2,743,113	361,330	275,345	47,939	0	(637,682)	2,790,045	(82,480)	2,707,565
Ambulance	197,505	25,276	19,403	4,299	0	0	246,484	(56,286)	190,198
Marinas	457,119	0	0	8,594	0	0	465,713	0	465,713
Total	\$ 13,738,367	\$ 2,586,427	\$ 1,215,784	\$ 282,748	\$ (925,661)	\$ (948,059)	\$ 15,949,606	\$ (3,540,374)	\$ 12,409,232

Financial details:

The County is authorized by the Development Charges Act to adjust the development charge rate annually based on the percentage change in the building construction price index as collected by Statistics Canada.

Residential development charges for 2024 are shown in **Table 1**.

The County Treasurer is required to provide a financial update on funds collected through the program to the Council and the public annually. While the 2023 statement is not yet available online, the 2022 statement (**Table 2**) details how the collected funds are used across service categories. The statement also lists individual capital projects and details how the development charges reserve fund is used to support those projects.

Affordable housing details: N/A

Recent updates: N/A

Table 1. Norfolk County Residential Charges, 2024 (Source: *Norfolk County, Development Charges Pamphlet, 2024*)

SERVICE	Dev. Charge (Per Capita)	Single and Semi-Detached	Other Multiples	Apartment 2 + Bedrooms	Apartment Bach. & 1 Bedroom
Library	481	1,276	891	817	539
Fire Protection	345	918	642	587	387
Parks and Recreation	897	2,382	1,665	1,525	1,005
Parking	76	201	141	129	85
Ambulance Services	69	180	127	116	78
General Government (Administration)	46	124	85	79	50
Roads and Related	960	2,550	1,782	1,633	1,076
Total – County-Wide Services	\$ 2,874	\$ 7,631	\$ 5,333	\$ 4,886	\$ 3,220
Water	3,843	10,192	7,120	6,524	4,305
Wastewater	2,286	6,059	4,233	3,880	2,560
Total Water & Wastewater Services	\$ 6,129	\$ 16,251	\$ 11,353	\$ 10,404	\$ 6,865
TOTAL DEVELOPMENT CHARGE	\$ 9,003	\$ 23,882	\$ 16,686	\$ 15,290	\$ 10,085

Tax Incremental Finance

What is the incentive?

Tax incremental finance (TIF) programs are aimed at revitalizing neighbourhoods where growth has stagnated and is unlikely to restart without infrastructure investment. TIFs allow public sector entities like municipalities to collaborate with private sector developers to encourage new development in an area. TIFs allow municipalities to use the projected increase in property tax revenue from new development to fund infrastructure upgrades, public spaces or new buildings. This public investment is intended to stimulate private development in the area (also known as infrastructure-induced development). In some cases, municipalities may also provide grants for the remediation or redevelopment of specific sites¹.

How is it typically used?

TIFs are a complex revenue generation tool which continues to evolve. At a high level, the steps to establish a TIF are as follows^{2,3}:

1. Municipality establishes TIF

- Municipality identifies an area for revitalization and determines infrastructure needs.
- Municipality establishes the baseline property tax revenue generated by the area as the program benchmark.
- Municipality designates the TIF district.
- Municipality estimates the natural assessed value in the TIF district over a fixed time period (e.g. 30 years) compared to the infrastructure-accelerated value. This allows the projected increase in property tax revenue to be estimated.

1 City of Toronto (2003). City Clerk Report: Using Tax Increment Financing as a Development Incentive within the Draft Etobicoke Centre Secondary Plan Area (Ward 5 - Etobicoke Lakeshore)

2 Coldwell Banker Horizon Realty (2024, May 19). Tax Increment Financing (TIF): What Canadian Real Estate Agents Need to Know

3 Institute of Municipal Finance and Governance (IMFG) (2016). Presentation: The Tiff About TIFs - The Opportunities, Mechanics, and Challenges of Tax Increment Financing in Canadian Cities.

- Municipality issues a debt borrowing for a fixed time period (e.g. 30 years) to pay for the infrastructure based on the projected rise in tax revenue.

2. Redevelopment begins

- Municipality begins infrastructure upgrades.
- Private developers begin construction (with or without the help of municipal grants funded through the debenture).

3. Property taxes rise

- Municipality tracks assessed tax value for properties within the TIF district, sets tax rate, collects higher revenues within the TIF district, and diverts funds to debt borrowing as needed.
- Private developers pay higher property taxes and benefit from new infrastructure investments.

4. Debt borrowing is paid off by municipality

Key elements for program success

- Transparency and clear communication are key to building public trust in TIFs. Communication should focus on explaining how TIFs work, how public funds are used, and how redevelopment is expected to impact taxes in and around the redeveloped area.
- Beware of the risk of gentrification, especially in areas with lower property values and rents. Rising property values can change the character of a neighbourhood as existing owners sell previously low-value properties to new owners at a higher price, while existing renters face higher rents that align with the increased property values of the neighbourhood.

Opportunities for CBRM

- Work with external consultant to assess the appropriateness of a TIF program for CBRM. Consider areas in need of revitalization, program goals, type of TIF (blended or uplift) and potential revenue generation.

Policy and viability considerations

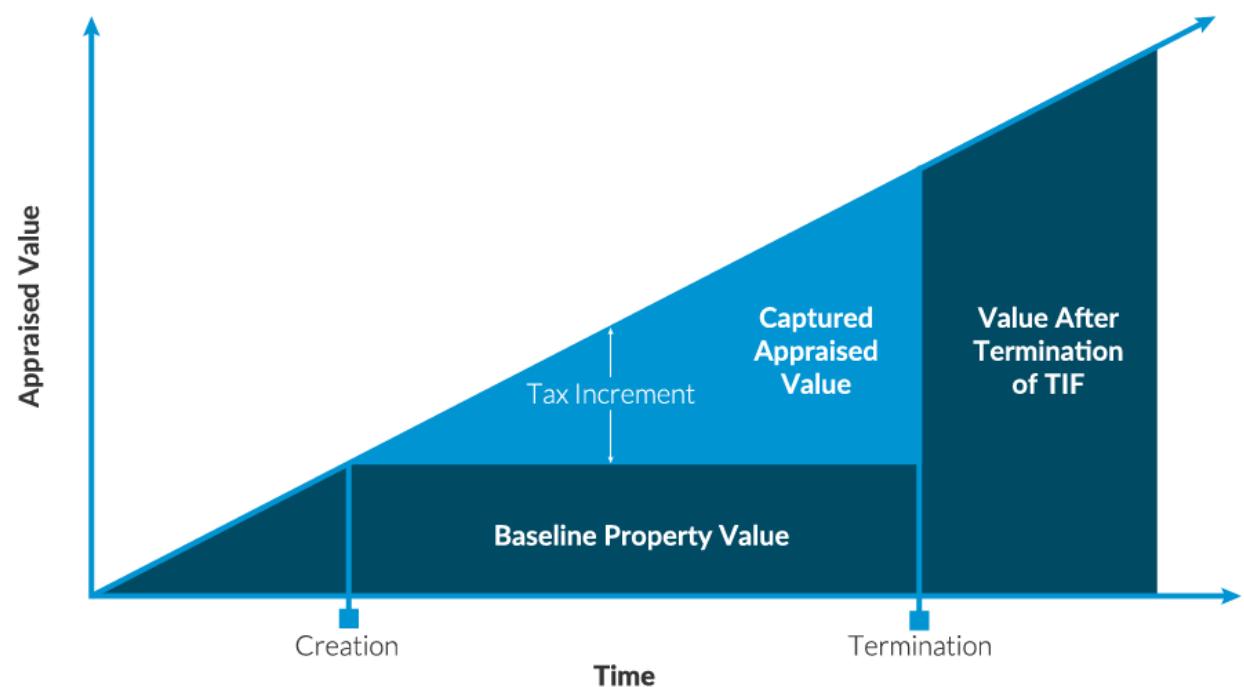
It is likely that a tax incremental financing approach in the Nova Scotia context would require some adjustment to the approaches used elsewhere and work-arounds to achieve similar outcomes. Council has the ability to spend funds on general capital improvements, can provide grants for housing within some parameters, and can phase in property taxes; however, borrowing must be approved by the provincial minister and has not to date been assessed and approved in the context of future tax revenues. As a result, borrowing for this type of program could affect the ability to finance other budgetary priorities. Enabling legislation to allow broader borrowing powers or different approaches to borrowing approved by the Minister would be required to make this approach possible. Further, any area rates charged may need to be general to an identified area rather than be site/property-specific, making a focus on property-specific projects more challenging in the Nova Scotia context. CBRM appears to already be taking advantage of work-arounds, such as the authority to phase in increases in property taxes.

Figure 10. Diagram of a Conceptual Tax Increment Financing (TIF) Plan

(Source: Citizens Budget Commission, *Tax Increment Financing: A Primer*, December 5, 2017)

Primary Legislative References:

- *Municipal Government Act (MGA) 57(4)* – Business and Industrial Development
- MGA 69 – Low income tax exemption policy
- MGA 70 – By-law for postponed payment of rates and taxes
- MGA 71 – Tax exemption policy for certain organizations
- MGA 71C – Commercial development district
- MGA 75 – Area rates and uniform charges
- *Housing Supply and Services Act 13* – options for limits on municipal taxes



Case Study: Tax Incremental Finance Program as part of a Community Improvement Plan

Municipality: City of St. Catharines, Ontario

Population: 144,829 (2022)

Local context: Largest municipality in the Niagara Region and 13th largest census metropolitan area (CMA) in Canada¹.

Legislative authority: Planning Act (1990) Section 28

Overview of incentive program:

The City of St. Catharines Community Improvement Plan (2020) outlines four financial incentive programs including the tax increment finance (TIF) program. It is targeted to redevelopment projects completed by the property owner within a priority neighbourhood or intensification area (as defined in the program guidelines).

Interested applicants must participate in a pre-consultation meeting with City staff prior to applying. Applications must include a property survey, detailed project proposal, project costs and timeline, estimate of post-development property tax assessment prepared by Municipal Property Assessment Corporation (MPAC), and declaration of other incentives. The program accepts applications twice a year and the program guidelines include a detailed project evaluation system.

Successful applicants must sign a Community Improvement Plan Agreement with the City within 90 days of the application approval and the TIF project must be complete within 3 years of the date of execution.

Eligibility criteria:

Eligible projects must:

- Comply with the City's Official Plan and Comprehensive Zoning Bylaw;
- Achieve a minimum of 50 points in the Project Evaluation System to qualify for approval; and
- Not be in arrears with the City, Region of Niagara, the Province of Ontario or related agencies.

Eligible costs for TIF projects include:

- Demolition of buildings and structures;
- General improvements for structural safety;
- Lot preparation and construction/ improvement/ relocation of services;
- Capital expenditures for new building construction and renovation of existing buildings;
- Streetscaping and public realm improvement;
- Municipal Property Assessment Corporation (MPAC) Assessment Estimate; and
- Legal fees, consulting fees and financing costs related to eligible costs.

¹ City of St. Catharines (2023). Community Profile: Demographics

Financial details:

The incentive is given to eligible projects as an annual rebate which is 45% of the increase in the City portion of property taxes generated by project completion. The incentive can be given for up to 10 years after project completion. No incentive is provided if there is no increase in the municipal property tax assessment. In the example given by the City (**Table 3**), if the anticipated increase in municipal property tax after the completion of the project is \$66,000, the project would be eligible for a yearly rebate of \$29,700 which totals \$297,000 over 10 years.

Affordable housing details:

Affordable rental dwelling units (ARDU) definition:

- The City uses core housing need data and average rent (as shown in **Table 4**) to determine which dwelling units meet the ARDU definition. The maximum cost threshold for an affordable housing rental dwelling is the lesser of \$1,317 per month (chart 1, maximum threshold for bracket #4) or the average rent (chart 2).

Qualification conditions:

- Where a project includes a minimum of 30% affordable rental dwelling units (ARDU), the rebate is increased by 15% (for a total of 65% for a TIF project).
- Projects with a minimum of 5 ARDU's or 10% of all dwelling units (whichever is greater) require a Core Rental Housing Agreement with the City which sets out the maximum rental rate thresholds for the duration of the rebate period. This supports dwelling unit affordability over that period.

Recent updates: N/A

Table 3. City of St. Catherines Example TIF Project Rebate (Source: *City of St. Catherines CIP 2020 TIP/BTIF Program Guidelines*)

Example based on a TIF project (45% rebate):

Pre-development annual property tax levied	\$50,000
Pre-development (City portion) of annual property tax levied (\$50,000 x 44%)	\$22,000
After project completion, total annual property tax levied	\$200,000
After project completion, (City portion) of annual property tax levied (\$200,000 x 44% = \$88,000)	\$88,000
Pre vs. Post development increase in City portion of annual property tax levied (\$22,000 vs. \$88,000 = +\$66,000)	\$66,000
Annual City rebate of property taxes paid after project completion (\$66,000 x 45% rebate)	\$29,700
Total City rebate over 10 years after project completion (\$29,700 x 10)	\$297,000

Table 4. City of St. Catherines Housing Data in Support of Affordable Rental Dwelling Units, 2021 (Source: *City of St. Catherines CIP 2020 TIP/BTIF Program Guidelines*)

Chart 1

Core Housing Need - Income Level Bracket	Monthly Housing Cost	# of households in core need (Niagara Region) - wait list for housing	# of households in core need (St. Catharines) - wait list for housing
1. \$19,399	\$484	8557	3165
2. \$19,400 - \$29,499	\$737	7545	2832
3. \$29,500 - \$39,799	\$995	6295	2345
4. \$39,800 - \$52,699	\$1317	1429	372

* The information set out in Chart 1 is compiled from Canada Housing and Mortgage Corporation (CMHC) and Niagara Region Housing (NRH).

Chart 2

2019 – Private Row (Townhouse) and Apartment Average Rents (\$)						
Zone	Bachelor	1 Bedroom	2 Bedroom	3 Bedroom +		
St. Catharines	832	1005	1230	1487		

* The information set out in Chart 2 is compiled from Canada Housing and Mortgage Corporation (CMHC). Rates Updated: (April, 2021)

Incentives Summary & Analysis

Each incentive program has its own benefits and drawbacks, and the feasibility of those programs depends on various local contexts such as the population size, administrative framework, and housing needs of the community.

The table below summarizes key findings from the housing incentives research, including Pros, Cons and how each incentive type may support CBRM's Housing Needs, if at all. The 'Investment Type' column highlights what would be required of the Municipality to implement each program.

Ease of Implementation is an initial assessment of the cost and effort required of the Municipality to implement each option. The following legend explains how to interpret 'Ease of Implementation' ratings:

- **Low:** higher complexity in developing and/or administering
- **Medium:** manageable complexity in developing and/or administering
- **High:** fairly easy to implement

Following the summary table we provide a brief analysis of which incentives may be most feasible in CBRM and which would be less feasible.

Table 5. Key Findings from Housing Incentive Research, page 1 of 2

Incentive Program	Investment Type	Pros	Cons	Supporting CBRM's Housing Needs	Ease of Implementation
Low-cost land sales	<ul style="list-style-type: none"> • Policy development • Administration • Foregone revenues from sale at market rates 	<ul style="list-style-type: none"> • Uses available resource (surplus lands) • Can be customized to provide land with lower cost to non-profit organizations and higher to for-profit businesses • Can encourage housing in specific locations 	<ul style="list-style-type: none"> • Can lead to further administrative burden on municipalities • May not result in new housing without strong enforcement in place (ex. Ensuring that housing would be built within a specified timeframe) 	<ul style="list-style-type: none"> • Can encourage housing in locations where goods, services, and transit system are available • Opportunity to explore more diverse housing options, including small housing 	Medium to high
Grants for specific housing forms	<ul style="list-style-type: none"> • Policy development • Administration • Financial contribution 	<ul style="list-style-type: none"> • Straightforward program structure • Can be tailored to encourage creation of specific housing forms 	<ul style="list-style-type: none"> • Requires long-term funding for greatest impact • May be difficult to gain public support for offering diverse housing forms • Usually a one-time benefit • Legal assessment required to confirm the approaches are consistent with the <i>Municipal Government Act</i> 	<ul style="list-style-type: none"> • Encourages to offer more diverse housing options 	Medium
Waiving of development fees	<ul style="list-style-type: none"> • Policy development • Forgoing revenue 	<ul style="list-style-type: none"> • Can reduce development costs for non-profit organizations • Can reduce costs throughout process for development (not a one-time benefit) 	<ul style="list-style-type: none"> • Loss of revenue for municipality • If fees are not already high, the impact is reduced 	<ul style="list-style-type: none"> • Can encourage non-profit housing initiatives to provide more affordable housing including Non-market housing 	High
Density bonusing	<ul style="list-style-type: none"> • Policy development • Administration and processes 	<ul style="list-style-type: none"> • Can enhance public amenities and contribute to offering complete communities • Cash-in-lieu can help fund affordable housing programs 	<ul style="list-style-type: none"> • Requires demand for higher-than-permitted density • Public benefits may not be realized without clear goals and shared values between municipality and developers 	N/A	Medium
Development charges	<ul style="list-style-type: none"> • Policy development • Administration • Capital investments 	<ul style="list-style-type: none"> • Offers revenue generation • Can charge higher fees to for-profit businesses or specific areas 	<ul style="list-style-type: none"> • Leads to higher development costs • May disincentivize development 	N/A	Low

Table 5 continued: Key Findings from Housing Incentive Research, page 2 of 2

Incentive Program	Investment Type	Pros	Cons	Supporting CBRM's Housing Needs	Ease of Implementation
Inclusionary zoning	<ul style="list-style-type: none"> • Policy development • Administration and process • Enforcement 	<ul style="list-style-type: none"> • Offers stronger enforcement by requiring affordable housing to be built in new developments • Can encourage more quantity and variety of housing 	<ul style="list-style-type: none"> • Additional administrative burden and enforcement responsibilities for municipality • Can be complex for developers • May raise shelter and rental costs for tenants if not carefully managed • Larger investments in fewer properties (may have less far-reaching impact on community) 	<ul style="list-style-type: none"> • Greater quantity and distribution of affordable housing (in principle) 	Low
Housing rehabilitation program	<ul style="list-style-type: none"> • Policy development • Administration • Financial contribution 	<ul style="list-style-type: none"> • Supports improvements for existing housing stock • Helps residents to stay in their homes and communities with improved living condition • Can be targeted to non-profit organizations 	<ul style="list-style-type: none"> • A legal assessment would be required to confirm whether specific program approaches are consistent with the <i>Municipal Government Act</i> 	<ul style="list-style-type: none"> • Improve quality of housing in poor condition or in need of major repairs 	Medium
Energy efficiency upgrades	<ul style="list-style-type: none"> • Policy development • Administration • Financial contribution 	<ul style="list-style-type: none"> • Can make housing more affordable and comfortable to live in • Can directly contribute to emissions reduction • Uses established processes through Efficiency Nova Scotia (fewer start-up tasks) 	<ul style="list-style-type: none"> • Requires available labour to complete work in community 	<ul style="list-style-type: none"> • Can improve homes experiencing energy poverty 	Low to medium
Tax incremental finance	<ul style="list-style-type: none"> • Policy development • Administration • Financial contribution/ financing 	<ul style="list-style-type: none"> • Offers targeted approach toward areas in need of revitalization • Can achieve extensive impact on communities 	<ul style="list-style-type: none"> • Complex process • May be poorly understood by developers and general public • Not immediately possible under Nova Scotian legislation 	N/A	Low

Which housing incentives will be most feasible in CBRM?

The open house sessions and focus group interviews in Phase 1 highlighted many of the existing housing-related issues and needs in CBRM, which we use here to assess the above incentives for relevance.

The following three themes were the three most identified housing related issues from Phase 1 engagement:

Maintain and improve physical conditions of existing housing

Participants from the open house sessions and the focus group interviews highlighted that residents have been experiencing challenges with accessing affordable repairs and upgrading services.

Housing rehabilitation programs and **energy efficiency upgrades** can be feasible incentives to improve the quality of existing housing. By providing publicly available grants and loans, these programs can reduce the financial burden on residents to access repair and upgrade services. CBRM can also explore opportunities to collaborate with existing initiatives such as Cape Breton Affordable Housing Renovation Partnership to coordinate funding.

Provide more affordable and diverse housing

Many participants highlighted the need to explore different built forms of housing including prefabricated housing, mini/modular homes, and condominiums. Using **Grants for specific housing forms** offers a simple program structure that can encourage the creation of more diverse housing options.

While long-term funding is critical to achieve significant outcomes, this type of grant often encourages developers to build residential buildings in a timely manner by specifying the period of time for them to complete the construction. **Waiving of development fees** is also a straightforward incentive that can support existing non-profit housing initiatives working to provide affordable housing in CBRM.

Ensure access to local amenities

Participants from the open house sessions commented on a lack of housing in communities near the existing transit network. Access to transit is critical to accessing amenities such as grocery stores to meet their daily needs. **Low-cost land sales** can contribute to addressing this need in CBRM given that this program uses available resources including surplus lands to encourage housing in specific locations. Given the large inventory of surplus lands in CBRM, the Municipality can identify parcels that can be most compatible for residential development.

While this program can lead to additional administrative responsibilities for the Municipality, this program is relatively easy to implement with opportunities to customize sale prices depending on the size of parcels and the type of developers (e.g., non-profit organizations vs. for-profit organizations). Public communications to promote provincial programs can also help those who may not be aware of the existing options and opportunities.

Which housing incentives will be least feasible in CBRM?

- **Inclusionary zoning** is less likely to match CBRM's local context due to heavy administrative burdens on municipalities. Inclusionary zoning often requires consistent monitoring and enforcement to provide affordable housing and can be a barrier to the creation of more housing in markets where housing starts are already suppressed.
- **Density bonusing** is likely to offer limited benefits in CBRM due to a lack of demand for high density development. While density bonusing can be an attractive program that can contribute to offering complete communities, this incentive is more feasible for municipalities where the additional density is worth the cost of the 'amenities' (affordable units, underground parking, etc.) from the developers' perspectives. This may change over time as the local market shifts and ongoing discussions with the development community may allow the municipality to identify shifts in the future where the impact might be greater.
- Although protecting long-term financial viability for the municipality is important, incentives to offset municipal infrastructure costs can also lead to higher development costs and in turn discourage housing development. Examples of such incentives include **development charges** and **tax incremental finance**. These incentives also tend to have a more complex program structure for developing and administering, and in the case of tax incremental financing, is not currently an option under Nova Scotian legislation.



Section 3: Development Feasibility Model

A financial feasibility model was created to understand how the residential development incentives would impact the feasibility of new housing development.

The results of this model should not be used to specify with a high degree of certainty the feasibility of development, but rather as an approximation of development against which we can examine the impacts of different residential development incentives.

The research is structured in the following outline:

- What are the costs of development?
- How does the cost of development impact the feasibility of construction of housing?
- How does the construction of housing impact the price of housing?
- How was the model created?

The section concludes with summarizing key findings from the analysis and examining cumulative impact on the municipal incentives.

Development Costs

A financial feasibility model was created to understand how the residential development incentives would impact the feasibility of new housing development. The financial feasibility model considers the costs of development included in **Table 6** to determine the revenue required to have a project valuation that is 7.5% greater than the cost of construction.

There are numerous assumptions made in this model, not the least of which is \$ / sq ft of hard cost. These assumptions are based on industry standards including the 2024 Altus Cost Guide, and Colliers' 2024 Canada Cap Rate Report. These assumptions may vary from the true values for a CBRM specific development. As a result, this model should not be used to specify with a high degree of certainty the feasibility of the example development considered in this model. Rather, the model broadly represents the economics of development against which we can examine the impacts of different residential development incentives.

How does the cost of development impact the construction of housing?

Before discussing the results of the feasibility model, it is worthwhile to discuss the relationship between the cost of development and the feasibility of constructing housing. The minimum revenue that a development requires to be financially viable is tied to the **capitalization rate or “cap rate”**. For a property that is not yet constructed, a cap rate is determined using the following formula:

$$\text{Cap Rate} = (\text{NOI} / \text{Total Estimated Development Cost}) \times 100$$

**NOI = Net-Operating Income (total revenue minus operating costs)*

Within a given market there are prevailing cap rates for different types of real estate assets. For example, class A (high end) and class C (low end) office buildings will have different cap rates.

Table 6: Development Costs

Cost of Land	<ul style="list-style-type: none">• Purchase price• Deed transfer tax• Legal and closing costs• Environmental/appraisal/geotechnical
Soft Costs	<ul style="list-style-type: none">• Permitting costs<ul style="list-style-type: none">• Water permit fees• Construction permit fees• Development permit fees• Subdivision permit fees / parkland dedication• Insurance• Architecture, engineering, building code consultants, energy code consultant, marketing, etc.• Planning applications• Construction management• Property tax during construction
Hard Costs	<ul style="list-style-type: none">• Building construction<ul style="list-style-type: none">• Materials• Labour• Utility connections and upgrades• Demolition• Earth works• Remediation
Financing	<ul style="list-style-type: none">• Construction financing• Mortgage• Cost of equity

Generally, an investor/financer will value a class C office space using a higher cap rate as they evaluate this as a riskier investment. Cap rates are commonly used to determine the value of a property. Consider the following example:

A Class A residential apartment building has an annual net-operating income of \$300,000. If the market currently evaluates newly built class A residential apartment buildings in CBRM to have a cap rate of 5%, what must the cost of construction be to achieve this cap rate?

- $5\% = (\$300,000 / \text{purchase price})$
- Purchase price = $(\$300,000) / 5\%$
- Purchase price = \$6,000,000

In other words, an investor that requires a cap rate of 5% will value a property with a net-operating income of \$300,000 at \$6,000,000. Alternatively for a developer whose financing is contingent on a cap rate of 5%, a building with a net-operating income of \$300,000 that costs greater than \$6,000,000 to construct will not be financially viable.

The two factors which can impact the constructability of housing are therefore the net-operating revenue (rental income) and the cost of construction. A developer does not have complete control over either of these factors and they are also limited to charging rent that the market will bear and limited in their ability to reduce construction costs due to materials and labour prices. If a project is not financially viable, it will simply not take place. This fundamental relationship between value, cap rates, and net-operating income affects private sector and non-profit developers alike. To account for lower net-operating income, non-profit developers rely on incentives including grants, subsidized financing, and tax adjustments.

How does the cost of development impact the price of housing?

In a competitive market, the law of supply and demand helps to explain the relationship between the price of a good or service, the demand for that good or service by consumers, and the supply of that good or service by suppliers. In the housing rental market, the balance of supply (number of units offered for rent) and demand (number of units desired to rent) can be seen in the vacancy rate for a given market.

A vacancy rate of 0% indicates that every available unit on the market is currently being occupied. In such a market there is little to no ability for renters looking for accommodations to choose between units based on price, size, quality, location etc. As a result, landlords have a greater ability to act as "price setters" and set rental rates that are above their Economic Costs (defined as the operating costs of renting a property + the opportunity cost of choosing to not invest in a different type of asset). A low vacancy rate environment incentivizes developers and investors to construct additional housing as there is unmet demand which their investment can supply. However, the development timeline can take several years meaning that a low vacancy rate environment can persist for a significant amount of time before supply catches up to demand.

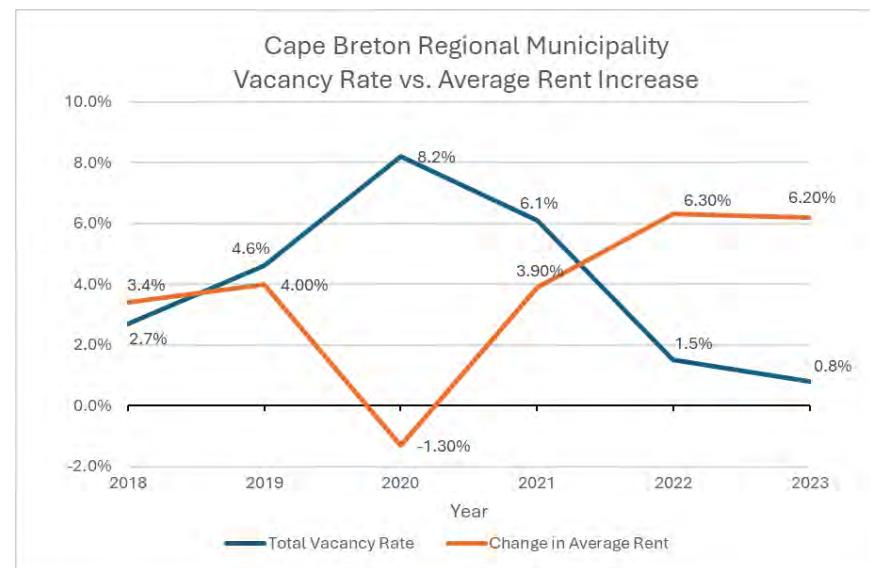
Conversely, a high vacancy rate introduces significant competition into the market for landlords forcing them to offer lower rental rates or improve the quality of their units. However, a high vacancy rate may also mean that the annual revenue is not sufficient to cover the economic costs of a unit, disincentivizing investment into the existing housing stock, leading to more units falling into disrepair or being converted to a non-residential use.

A 'healthy' vacancy rate is often considered between 3-5%¹ which provides for a healthy level of competition in the market that promotes investment while keeping price increases low. In this ideal balance, landlords offer competitive rental prices and make investments into their properties to attract tenants, developers are incentivized to invest in the construction of new housing, and renters can choose between units that best suit their needs. As can be seen in **Figure 11**, since 2018 there has been a visible correlation between vacancy rates and the percent change in average rent among units in CBRM.

Currently, CBRM is in a very low vacancy rate environment which is propelling housing costs higher. While the municipality does not build housing itself, it can offer incentives to make the development of affordable housing more feasible. This in turn will help relieve some of the pressure on the housing market, particularly for those who may not be able to afford market rental rates even under the best housing market conditions.

¹ Cape Breton Regional Municipality (2023). Municipal Housing Needs Assessment.

Figure 11. CBRM Vacancy Rate vs. Average Rent Increase
(Source: CMHC Housing Market Data, 2023)



Feasibility Model

To understand the potential impact of the Residential Development Incentives, a financial feasibility model was developed for a theoretical residential apartment building.

How was the Model created?

The assumptions applied in this residential apartment building scenario are as follows:

- Cap rate = 5%
- Mortgage rate = 5%
- Unit vacancy = 3%
- Land cost = \$200,000
- Number of units = 45 (35 for one bed, 10 for two bed)
- Total floor area = 37,536 (Includes gross up factor of 20%)
- Construction (hard cost) = \$240 / sq ft
- Soft Costs = 22% of project total costs

Figure 12. Example of Development Costs
(Source: FBM)

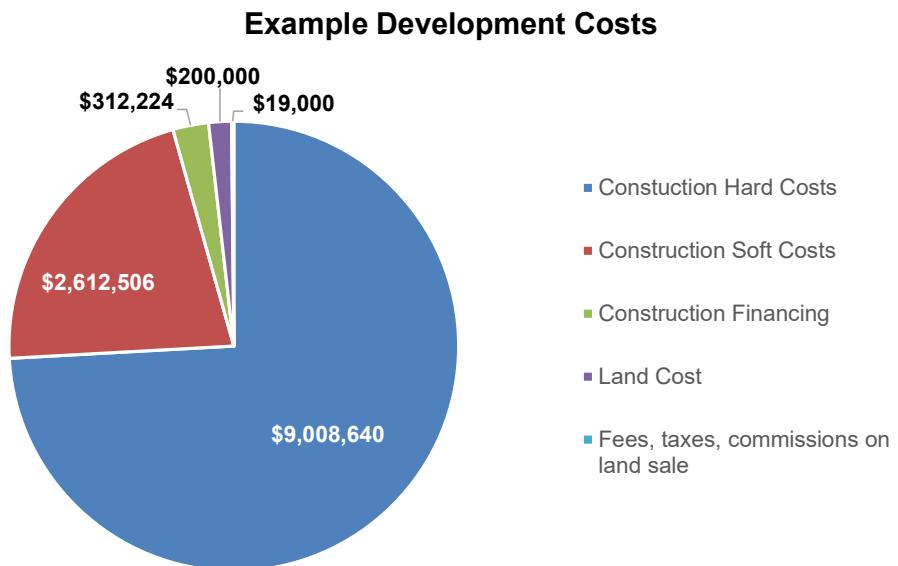
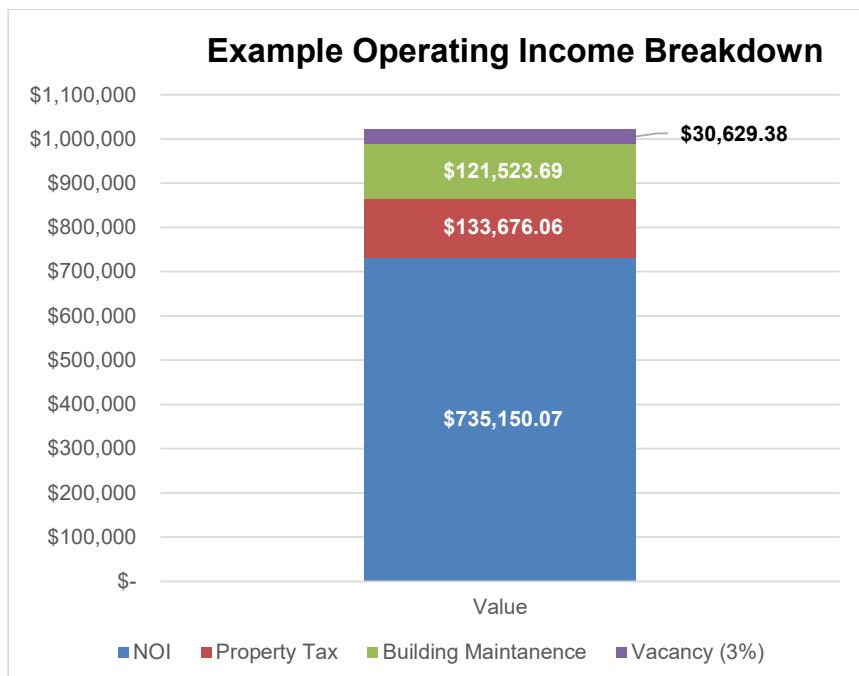


Figure 13. Example of Operating Income Breakdown
(Source: FBM)



Key Findings

This section examines the feasibility of housing incentive options from a financial perspective. **Table 7** summarizes key findings for the housing incentive options.

Tax Environment

One of the most impactful factors on the feasibility of development is property tax. This is because it reduces the net-operating income, which impacts the valuation of a property based on its cap rate.

Table 7: Key Findings from Housing Feasibility Model

	Estimated monthly rent required for financial viability	Reduction to required monthly revenue/sq ft to be financially feasible (vs. status quo)	Area of influence	Incentive details
Status quo	\$2.72 / sq ft	N/A	N/A	N/A
Low-cost land sales	\$2.67 / sq ft	\$0.05 / sq ft	Land acquisition costs	\$200,000 of land in-kind contribution
Affordable housing grants	\$2.45 / sq ft	\$0.27 / sq ft	Construction costs	\$20,000 / unit
Waiving of development fees	\$2.71 / sq ft	\$0.01 / sq ft	Soft costs	\$12,500 benefit
Waiving of property taxes (Perpetuity, 100%)	\$2.03 / sq ft	\$0.69 / sq ft	Net-operating income	100% of property tax waived, estimated at \$251,554 annually
Density bonusing	\$2.66 / sq ft	\$0.06 / sq ft	Net-operating income Development hard costs	Extra 10 one-bedroom units Assumed to reduce Hard costs to \$235 / sq ft
Inclusionary zoning	\$2.78 / sq ft	-\$0.06 / sq ft¹	Net-operating income	5 one-bedroom units at \$2.14 / sq ft. The remainder of units rented at \$2.78 / sq ft to balance required revenue.

¹ Inclusionary zoning on its own requires increased revenue from the remaining units to offset the lower costs of affordable units.

Tax rates in CBRM are very high relative to the Halifax Regional Municipality's (HRM). For example, for a development in Downtown Sydney, the tax rate is \$2.07 / \$100 of assessed value. In HRM it is \$1.22 / \$100 of assessed value. In the financial feasibility model, this represents a difference in project value of \$2,357,300, or a 19.1% increase. For this reason, property tax adjustments represent the single largest opportunity to incentivize housing development.

CBRM currently offers the Tax Adjustment Policy for affordable housing developments, however the reduction rate winds down over the course of 10 years. Conversations with non-profit developers suggested that a flat adjustment in perpetuity would be the most effective in order to support financing applications.

Reasons for why the municipal tax rate is higher in CBRM than HRM include the fact that properties generally have a lower assessed value in CBRM, which means to collect the same amount of revenue, the tax rate needs to be higher. Additionally, CBRM has significant infrastructure liabilities to fund across a smaller number of taxpayers as a result of significant population decline between 1961-2016¹.

Affordable Housing Grants

After property tax adjustments, the next most impactful incentive was the affordable housing grants. The feasibility model was based on CBRM's Affordable Housing Grant Policy of \$20,000 per unit, albeit without a maximum cap of \$200,000 per project. Based on the financial feasibility model, it can be estimated that a \$20,000 grant can reduce the price per sq ft of a rental unit by \$0.27 / sq ft / month, although the benefit will vary depending on the overall cost of the project and size of the unit.

Low Land Cost

One area that supports development in CBRM is the low cost of land. In reviewing current availability of serviced land with zoning that permits multi-unit dwellings, it is clear that CBRM has a competitive advantage in this regard. This can provide a low barrier to entry for non-profit affordable housing developers who generally struggle to raise the equity needed to afford land costs. This type of incentive was evaluated to have a medium to high ease of implementation in Section 2 of this report. This type of incentive was evaluated to have a high ease of implementation in Section 2 of this report.

Low Permitting Fees

Another area where CBRM offers a competitive advantage is very low permitting fees. The total cost of permits for the theoretical development in CBRM was \$11,500. An equivalent building in HRM would cost approximately \$410,170 in building permit related fees

(inclusive of the required public benefit charge, an example of bonus zoning). CBRM's low permit fee requirements are a major advantage for the development of affordable housing. This type of incentive was evaluated to have a high ease of implementation in Section 2 of this report.

Cumulative Impact of Municipal Incentives

If CBRM were to maximize the use of housing grants, land donation, waiving of development fees, and waiving of property taxes, it could reduce the required monthly rent for a unit by \$0.93 / sq ft of leasable area. In our development model, this would imply that a development charging \$1.79 / sq ft could be financially feasible. At \$1.79 / sq ft, a 600 sq ft one-bedroom apartment would rent for \$1,090 / month. Based on the Provincial Housing Needs assessment which used 2021 Census data, this price level would still be unattainable for approximately 22% of couples and 75% of single persons in CBRM². This highlights the fact that CBRM, even under a generous subsidy program, cannot adequately incentivize the creation of deeply affordable housing on its own.

However, an affordable housing developer applying for a municipal affordable housing program will almost certainly also be leveraging provincial and federal affordable housing programs including Nova Scotia's Affordable Housing Development Program and CMHC's Affordable Housing Fund. Furthermore, for illustrative purposes this feasibility model uniformly distributed the financial impact of the incentives across all units equally (with the exception of inclusionary zoning). In reality, it is likely that a non-profit affordable housing developer would pursue a mixed market and non-market building. The Nova Scotia Affordable Housing Development Fund is only available to 50% of the units in a building. Based on interviews with non-profit affordable housing developers, the remaining 50% of the units are typically rented out at market rate in order to support

² The 2023 CBRM Housing Needs Assessment uses a standard of 30% of pre-tax income as a standard of housing attainability. A rental rate which (after including an additional 15% for additional ancillary rental costs) exceeds this amount is determined to be unattainable for a given income threshold.

the financial feasibility of the overall development. The incentives explored in this model would go further to reducing the \$ / sq ft of monthly rent if the benefits were applied only to half of the units.

While the donation of free land and waiving of permit fees may not be as impactful due to the low cost of land and the small cost of permit fees in CBRM, they should not be disregarded. Non-profit affordable housing developers often lack equity funding. Before they can get financing, a development will often require a parcel of land to build on, and proof of an approved building permit. Without the financing to pay for these costs, it must come from what little equity a non-profit has. Because of this, any cost reduction that can be made to these pre-financing and pre-grant costs can have an outsized influence on the feasibility of non-profit affordable housing development.



Section 4: What's Next?

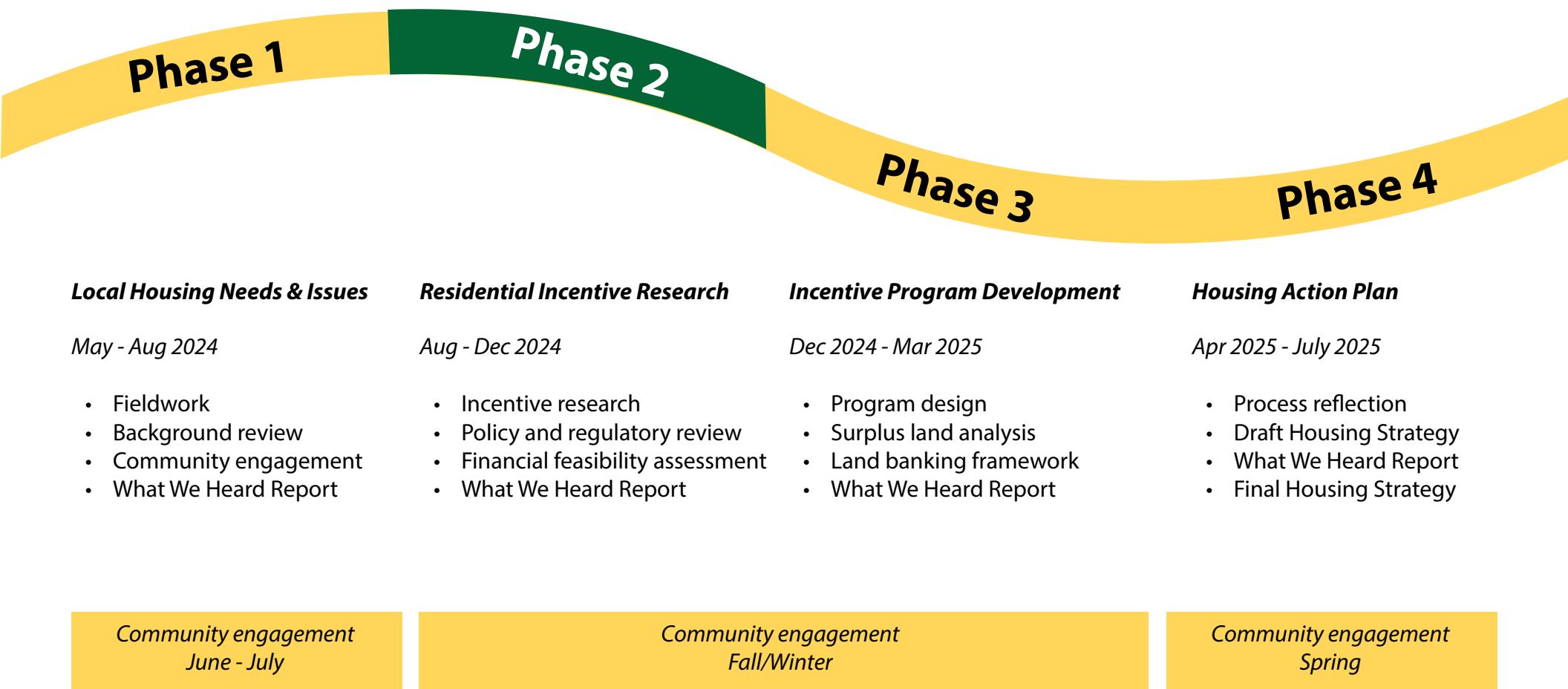
This report explored nine residential incentive program options, presenting case studies from comparable municipalities and the financial feasibility assessment.

The final section of the report reviews the progress of the project and outlines next steps for the subsequent phases.

What's next for this Project?

The findings from this report will inform the project as we move forward into Phase 3. Phase 3 will become even more CBRM-focused, as we work with the Municipality and stakeholders to select and further define the most relevant incentive programs for more detailed

program design. Phase 3 includes further community engagement along with a review of surplus lands in CBRM and land banking case studies. Finally, using all we have learned through the first three phases, we will create the final product in Phase 4, the comprehensive Housing Action Plan.



For ongoing project updates and contact the project team, visit
www.cbrm.ns.ca/housing-strategy

A photograph of a residential street featuring several houses. In the foreground, a two-story house with dark green horizontal siding and white trim is visible. It has a small front porch and a set of wooden steps leading up to the entrance. To its left is a single-story house with light-colored siding and a small porch. Further down the street, more houses are visible, including one with a prominent gabled roof and a chimney. The houses are surrounded by lawns and some bare trees, suggesting a late autumn or early spring setting. Power lines are visible against a clear blue sky.

Appendix: Nova Scotia Housing Programs

ADU Incentive Program

- The Secondary and Backyard Suite Incentive Program provides a loan to help build a secondary or backyard suite on the property of primary residences.
- Funding needs to be used to build a secondary or backyard suite for family members or to provide affordable housing.
- Affordable housing is housing where the rent is below the average market rent (AMR) for the location.
- 50% of eligible project costs to a max of \$40,000.

Affordable Housing Development Program

Supports the creation of affordable housing through forgivable loans to help fund the construction of new housing or the conversion of non-residential buildings. Both must include affordable rental units for households with low to moderate income.

Funding must be used to create housing that includes affordable rental units for households with low to moderate income. Affordable housing is housing where the rent is below the average market rent (AMR) for the location.

Projects given priority for funding include housing development that:

- Offers rent that's at least 20% below average market rent
- Offers rental units at affordable rental rates for more than the minimum 15-year affordability period
- Includes at least 5 affordable rental units
- Achieves higher-than-average social, economic or environmental outcomes
- Involves co-operatives, non-profit housing providers or community housing groups
- Has a plan for construction and operations that's financially viable
- Exceeds Building Code minimum standards for accessibility
- Exceeds Building Code minimum standards for energy efficiency

Funding amount

Funding is available for up to 50% of the rental units in a project. For projects with fewer than 10 rental units, funding is available for up to 100% of the units. The applicant or other sources need to fund the remaining balance of the project.

The amount of funding your project receives is based on the:

- Affordability period you're proposing (15 years, 20 years or more)
- Affordability of housing offered (for example, at least 20% below average market rent or more)
- Social and environmental outcomes (for example, accessibility standards and energy efficiency)

You can use this funding in combination with Canada Mortgage and Housing Corporation programs like the National Housing Co-Investment Fund.

Eligible projects

Eligible projects need to:

- Be in Nova Scotia (but not on a reserve)
- Be a single site, building or portfolio project with self-contained rental units (including single room and studio units) that provide permanent housing with 12-month tenancies (leases)
- Create affordable rental units for low to moderate income households
- Offer rent that's at least 20% below average market rent for the location and be under the maximum rent allowed for the community based on household income limits
- Be primarily residential
- Include at least 5 affordable rental units and offer the units at affordable rental rates for at least 15 years
- Involve new construction, conversion of a non-residential building or the renovation of an existing, fully vacant, multi-unit building
- Be financially viable to build and operate for the entire affordability period
- Meet Building Code minimum standards for energy efficiency and accessibility
- Have a Phase I Environmental Site Assessment or environmental approvals through the Department of Environment and Climate Change for the proposed site (the site can't be built on a flood plain or floodway fringe)
- Not include additional fees for services (like internet, cable or storage) in proposed rent for affordable residential rental units (additional fees for services need to be optional)
- Have reasonable access to personal and professional services, retail businesses, recreation facilities, educational institutions and public transportation (access to public transportation may be waived for communities where there's demonstrated demand for proposed rental units)

The program also considers projects already under construction.

Ineligible projects include: renovations of occupied and semi-occupied rental properties; Indigenous housing projects on reserves; shelters or other forms of temporary housing; transitional or secondary-stage housing; supportive housing; condominiums; student-only housing; manufactured homes (mobile homes) on steel chassis; funding to buy existing rental properties.

Eligibility

Private developers or community housing (co-operative or non-profit) developers who: are registered and in good standing with Registry of Joint Stock Companies or under provincial or territorial legislation in Canada and are authorized to operate in Nova Scotia; have a minimum of 5 years of property management experience or engage a professional third-party property management company; have successfully completed a similar scale project on time and on budget or you must have a fixed-price contract with a general contractor with experience building similar projects; have financial resources to fund cost overruns; meet equity requirements.

Equity requirements

Private developers need to make a minimum equity contribution of 20% of the project's eligible capital development costs in the form of cash or unencumbered land. Community housing groups need to make a minimum equity contribution of 5% of the project's eligible capital development costs in the form of cash or unencumbered land.

Community Housing Acquisition Program

Up to 95% financing to community housing providers to purchase existing multi-unit properties or up to 100% financing for supportive housing projects that receive operational funding from the Department of Community Services (DCS). Maximum loan amounts are \$10 million per project which is available at fixed interest rates which may be amortized over a maximum of 30 years.

Program description & eligibility

This program is open to community housing providers including co-operatives or non-profit societies to support the purchase of existing multi-unit properties for the purpose of preserving existing affordable housing and expanding the community housing sector in the province.

Criteria and requirements apply.

Community Housing Infrastructure and Repair Program (CHIRP)

Funding needs to be used to make capital repairs on residential community housing that includes affordable rental units for households with low to moderate income. Affordable housing is housing where the rent is below the average market rent (AMR) for the location.

Funding amount

Funding is available for up to 100% of eligible project costs. The applicant needs to fund the remaining balance of the project. The funding provides a forgivable loan.

Eligible costs

- Eligible repair costs include: structural; electrical; plumbing; heating; fire safety; energy efficiency or conservation costs not covered by other funding sources; accessibility and barrier-free adaptations, improvements or modifications not covered by other funding sources; health and safety repairs; replacement of kitchens, bathrooms and flooring (only with approval from the Department of Municipal Affairs and Housing); restoration of rental units that aren't currently livable;
- Other repair costs that may be eligible include: legal fees, including migration costs; project management fees; property management fees; energy audit fees; environmental assessments and studies related to eligible repairs.
- Ineligible repair costs include: work completed before the loan is approved; repairs to any commercial component of the rental project; purchase of appliances; purchase or repairs to outbuildings (like sheds); landscaping that is cosmetic rather than a structural repair.

Reporting requirements

Annual reporting to confirm occupancy, tenant eligibility (on turnover) and rental rates for affordable rental units and financial reporting throughout the term of the loan.

Accessing the funding

If the housing provider meets the required criteria, the provider and the Department of Municipal Affairs and Housing sign a Project Contribution Agreement. The program provides funding after you submit a draw request (request for funds) for work that's completed.

Eligibility

Community housing providers: non-profit society, charity or housing co-operative registered and in good standing with Registry of Joint Stock Companies or under provincial or territorial legislation in Canada and: are authorized to operate Nova Scotia providing provide affordable housing to low-income households (at least 30% of rental units need to be affordable units); have property management experience or engage a professional third-party property management company; show that funding is needed for capital repairs; and show that they have the appropriate governance structure or partnership in place to administer, manage and report on project outcomes. Affordable housing is housing where the rent is below the average market rent (AMR) for the location.

Community Housing Operating Subsidy

A program under Provincial Department of Municipal Affairs and Housing to cover short-term operating and maintenance costs. Priority is given to organizations that: have a plan to improve housing outcomes for underrepresented or equity-seeking communities; offer deep affordability to low-income households; demonstrate potential to help grow the community housing sector in Nova Scotia; are at the end of long-term subsidy agreements.

Funding amount

Funding is available for a 1-year term. The amount of the subsidy is calculated based on 80% of average market rent (AMR) for similar-sized rental units for the location minus your actual revenues. The applicant needs to fund the remaining balance of the operating and maintenance costs.

Reporting requirements

Annual reporting including financial statements, rent roll (total income from the property) and an updated sustainability plan.

Eligibility

Must be a community housing provider: non-profit society, charity or housing co-operative registered and in good standing with Registry of Joint Stock Companies or under provincial or territorial legislation in Canada and are authorized to operate Nova Scotia; and provide affordable housing to low-income households (at least 30% of your rental units need to be affordable units during the fiscal year you receive the subsidies) and demonstrate financial need. Affordable housing is housing where the rent is below the average market rent (AMR) for the location.

Land for Housing Program

Helps offset development costs of creating affordable housing, land needs to be used to create new housing that includes affordable rental units for households with low to moderate income. Affordable housing is housing where the rent is below the average market rent (AMR) for the location. Projects given priority include housing development that: offers rent that's at least 20% below average market rent; can be completed quickly; achieves higher-than-average social, economic or environmental outcomes.

Eligible projects

Eligible projects need to be primarily residential. The Land for Housing Program considers all types of housing projects based on the suitability of the land site. This includes: mixed-income, mixed-use and mixed-tenure projects; single or multi-family dwellings; single room occupancy, co-housing and micro-units; seniors' independent living housing (excluding healthcare or long-term care facilities)

Eligibility

Private developers or community housing (co-operative or non-profit) developers who: are registered and in good standing with Registry of Joint Stock Companies or partner with a business that is; a corporation, co-operative, non-profit society, Indigenous governing body or organization pursuing off-reserve housing projects; have previous property development and property management experience or engage a professional third-party property management company; have a plan for construction and operations that's financially viable (capable of producing a profit); meet equity requirements. Projects also need to meet any additional eligibility criteria outlined in the Property Opportunity Notice they're applying for. Eligibility criteria may change based on specific land sites and the communities they're located in.

Equity requirements

Private developers need to make a minimum equity contribution of 20% of the project's eligible capital development costs in the form of cash or unencumbered land. Community housing groups need to make a minimum equity contribution of 5% of the project's eligible capital development costs in the form of cash.

Canada-Nova Scotia Targeted Housing Benefit

Homeowners: [Apply for a homeowner's supplement: Canada-Nova Scotia Housing Benefit](#)

Homeowners can apply for help to stay in their home if they pay more than 50% of their pre-tax (gross) household income on housing costs.

Renters: [Apply for a rent supplement: Canada-Nova Scotia Targeted Housing Benefit](#)

Renters can apply for help with the cost of their rent if they pay more than 50% of their pre-tax (gross) household income on the average market rent in their area (not the rent that they pay).

Other Programs

Seed Funding

- Department - Organization: Canadian Mortgage and Housing Association
- Description: CMHC's Seed Funding program provides financial support for individuals or organizations involved in the initial phases of creating an affordable housing project. You can apply for up to \$350,000 in interest-free loans and a maximum of \$150,000 in non-repayable contributions to assist with early development expenses. These expenses can include things like the formulation of a business plan, creation of preliminary design concepts and conducting environmental site assessments.
- Deadline: Continuous intake until fully allocated
- Website link: [Seed Funding](#)

Green Municipal Fund

- Department - Organization: Infrastructure Canada/Federation of Canadian Municipalities
- Description: GMF is more than just a funding source—they are a full-service partner in your climate action progress. Grants and loans for all stages. Stackable with other funding sources. Dedicated staff to help you apply. Free resources to help build business cases and improve project outcomes. Grants from \$100-500k for up to 50% of eligible costs, combined grant and loan to a maximum of \$10M for up to 80% of eligible costs.
- **Community Efficiency Financing:** Explore and assess options for a financing program for home energy upgrades within your community. Support project decision-making with a feasibility study.
- **New construction of sustainable affordable housing:** Construct a new affordable housing project to a higher environmental performance standard. Finance your new build with capital project funding. Planning, study and pilot project funding is also available.
- **Retrofit of Sustainable Affordable Housing:** Integrate deep energy efficiency measures and onsite renewable energy generation into existing affordable housing units. Finance your retrofit with capital funding. Planning, study and pilot project funding is also available.
- Deadline: Continuous
- Contact: gmfinfo@fcm.ca or book a meeting with an advisor.
- Website: [Green Municipal Fund](#)



Created for:



CAPE BRETON
REGIONAL MUNICIPALITY

Lead Consultants:



Sub-Consultants:

Lyndsay Francis
SJ Murphy Consulting

Residential Development Incentives and Land Banking Framework

CBRM Housing Strategy - Phase 3
March 2025

Created for:



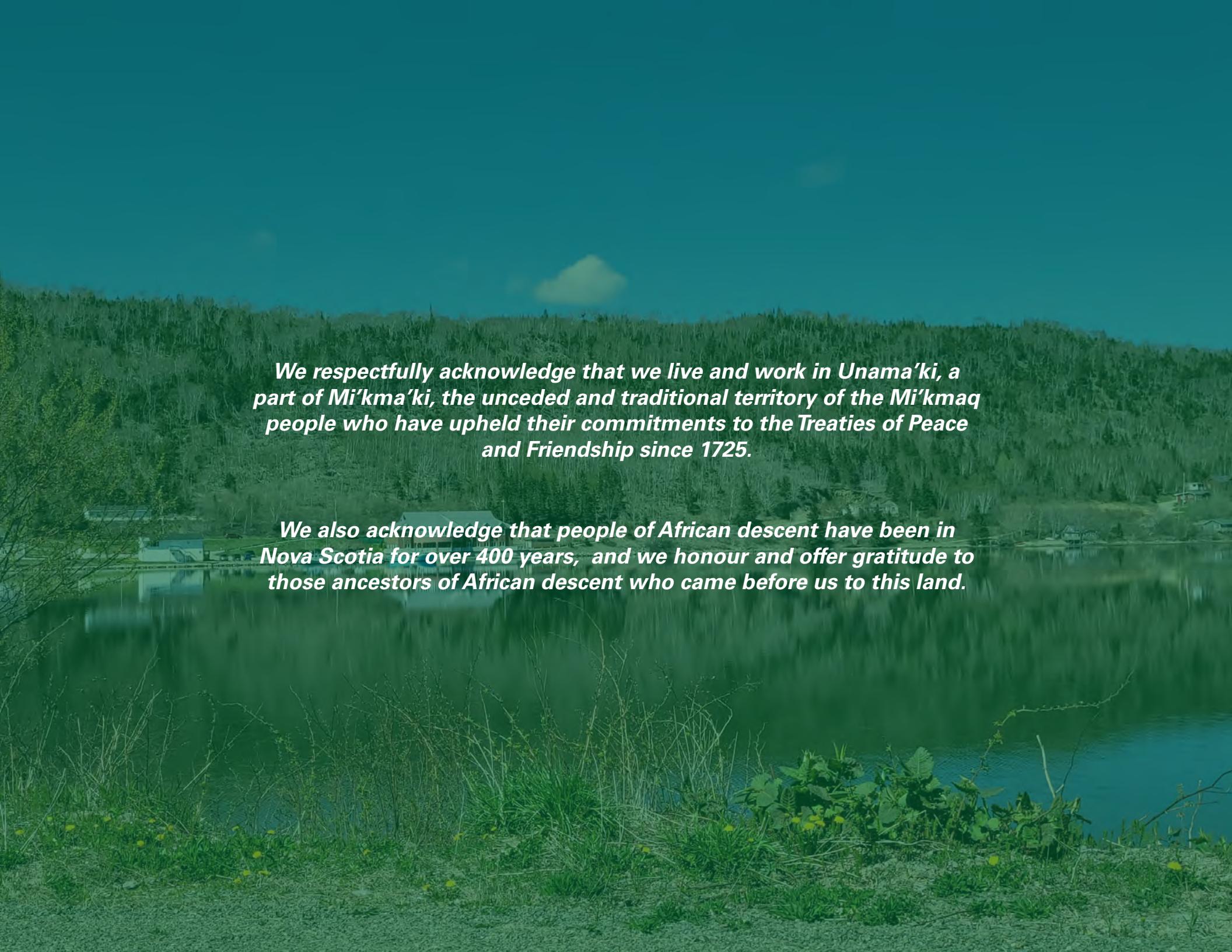
CAPE BRETON
REGIONAL MUNICIPALITY

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Lyndsay Francis
SJ Murphy Consulting

A scenic landscape featuring a calm lake in the foreground, green hills rising behind it, and a small town with houses and trees in the distance under a clear blue sky with a few clouds.

We respectfully acknowledge that we live and work in Unama'ki, a part of Mi'kma'ki, the unceded and traditional territory of the Mi'kmaq people who have upheld their commitments to the Treaties of Peace and Friendship since 1725.

We also acknowledge that people of African descent have been in Nova Scotia for over 400 years, and we honour and offer gratitude to those ancestors of African descent who came before us to this land.

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Thank you to everyone who has taken the time to speak with us or fill in the community survey. Your ideas, insights and experiences have been invaluable in helping us understand CBRM's housing past and present, and envision a better future. We would like to thank and acknowledge those who have been working for years to improve housing across CBRM. This project is built on the work of these individuals and organizations. We are honoured to be a part of CBRM's housing story.

We would like to acknowledge the support and guidance of Nick Barr and Governance and Advisory Services with the provincial Department of Municipal Affairs in our research and analysis.

Executive Summary

Based on key findings from Phases 1 and 2 of the Cape Breton Regional Municipality's (CBRM) Housing Strategy, Phase 3 focused on the following two components:

1. Refining a selection of appropriate **Residential Development Incentives** and designing these incentive programs specifically for CBRM based on community and staff feedback; and
2. Providing a **Land Banking Framework** based on a review of land bank case studies and CBRM's current surplus land inventory.

The Residential Development Incentive programs and the Land Banking Framework were developed based on the three overarching Goals identified in Phase 2:

1. Encouraging new housing
2. Maintaining existing housing stock
3. Supporting long-term financial viability

Residential Development Incentive Programs

We proposed the following five residential incentive program options to achieve the above Goals:

1. **Residential Tax Adjustment programs** to support development of new housing by offering two programs: 1) offering permanent tax relief for non-profit housing providers and charitable organizations and 2) expanding the existing *Affordable Housing Property Tax Adjustment Policy* to offer tax reductions for buildings in which 20% or more of the units meet the affordability standards.
2. **Housing Grants for Owner-Occupied Units** to offer funding for homeowners seeking to construct or purchase new dwelling units within the service boundary.

3. **Home Rehabilitation Grant** to provide funding to homeowners who will complete housing repairs to improve safety and accessibility of existing dwelling units.
4. **Property Assessed Clean Energy (PACE) program** to reduce the energy costs of CBRM's existing housing stock by offering low-interest loans to homeowners.
5. **Servicing Existing Lots within the Sewer Service Boundary** to allow CBRM to increase the supply of developable land within this boundary, applying upfront development charges to cover the cost of extending infrastructure to unserviced properties.

Land Banking Framework and CBRM's Surplus Land

The **Surplus Land Review** examined the feasibility of the existing surplus parcels in the current service boundaries based on lot sizes, lot frontages, and proximity to key community amenities. The review confirmed that most surplus properties could be good candidates for housing development. The community of Whitney Pier in Sydney offers several clusters of surplus lands located close to amenities, making it a strong candidate for improvements like servicing. Glace Bay, New Waterford, and Sydney Mines also contained surplus properties on which CBRM should consider focusing improvement efforts.

The **Land Banking Framework** provides CBRM with practical opportunities to utilize the large inventory of surplus properties. The Framework was developed based on case studies of six comparable Canadian municipalities and a careful examination of the *Municipal Government Act* (MGA) provisions related to land banking. Key considerations for a successful land banking framework include:

- **Setting Goals:** CBRM must clearly define what it hopes to achieve with its surplus lands to develop policies that align with those goals. Suitable goals for CBRM's land banking framework can include generating more revenues for the Municipality, providing better opportunities to both non-profit and for-profit housing providers to acquire municipal land, supporting other land use opportunities, and developing strategic neighbourhoods to enable more housing construction.
- **Listening to Locals:** The land banking framework must reflect the local housing context and community needs.
- **Pursuing Partnerships:** CBRM should explore opportunities to partner with different organizations (such as community land trusts, housing cooperatives, non-profit housing providers, and social enterprises) to encourage the development of affordable, supportive, and varied housing types on municipal surplus lands.

The proposed Land Banking Framework for CBRM consists of two core policies, which we recommend be combined into one policy should CBRM choose to develop both:

- **Surplus Land Acquisition and Disposal Policy:** This policy guides both how CBRM acquires and disposes of surplus municipal land. It includes a special process that would allow CBRM to directly contact non-profit organizations for land disposal and provides a grant to cover the costs of the land transfer for affordable housing providers.
- **Surplus Land Improvement Policy:** This policy guides how CBRM strategically selects certain surplus lands for improvement before disposal and outlines procedures, including demolishing derelict buildings, rezoning to provide opportunities to create more housing, and servicing unserviced lots.

Recommendations:

The following summarizes recommendations from throughout the report:

Residential Development Incentives:

1. Enhance the Affordable Housing Property Tax Adjustment Policy.
 - a. Provide tax relief for non-profit organizations.
 - b. Expand tax adjustments for Affordable Housing.
2. Provide owner occupied infill development grants.
3. Adopt a Home Rehabilitation Grant Program.
4. Adopt a Property Assessed Clean Energy Program.
5. Service lots within sewer service boundary.

Surplus Land Banking Framework:

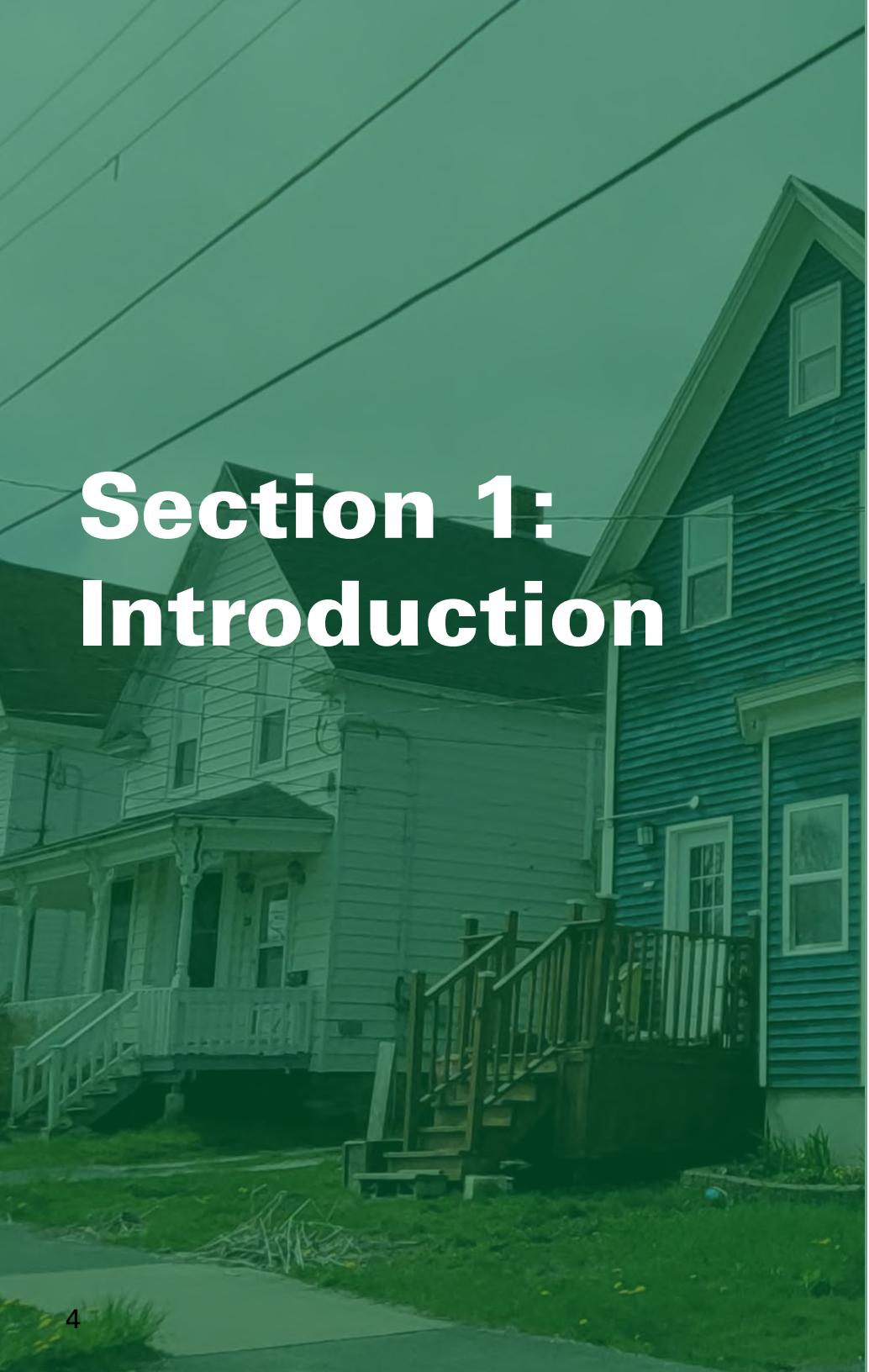
6. Adopt a Surplus Land Acquisition & Disposal Policy, including a Surplus Land Improvement Policy.
7. Review existing *Property Management Policy*.
8. Focus improvements on select surplus land areas, starting with Whitney Pier area.

For All of the Above:

9. Seek legal advice for all programs & policies to ensure compliance with legislative requirements.

What's next for the Project?

The fourth and the final phase of the project will be to create the Housing Action Plan for CBRM based on community engagement, research, and analysis completed through Phases 1 to 3. Phase 4 will provide a practical strategy for CBRM, focusing on Plan implementation, communication, monitoring and evaluation.



Section 1: Introduction

The Cape Breton Regional Municipality (CBRM) is developing a Housing Strategy to identify opportunities and solutions to address existing housing challenges.

This project consists of four phases, with Phases 1 and 2 now complete:

- **Phase 1 - Housing Story** examined CBRM's historical settlement patterns, current housing inventory, and population trends to identify high-level directions for the Housing Strategy. The Team conducted fieldwork and extensive background research along with open houses, focus groups, and a public survey which provided a foundational understanding of the communities' housing needs.
- **Phase 2 - Exploring Residential Incentives** analyzed case studies of comparable municipalities to explore potential development incentives that CBRM could offer to address the housing needs of its residents. The report included a financial feasibility model along with a policy and regulatory review to determine the feasibility of these potential options.

This report presents key findings from **Phase 3**, with one focus being on refining a selection of appropriate residential development incentives and designing more detailed program options based on community and staff feedback. The other focus is helping CBRM strategically manage its surplus lands by providing a Land Banking Framework based on a review of land bank case studies and the inventory of CBRM's current surplus land.

A separate *Phase 3: What We Heard Report* summarizes stakeholder engagement and public survey feedback from this phase. Reports from Phases 1 and 2 are available on the municipality's website.

Using this Document

This report is designed as a toolkit containing multiple strategic options municipal staff and Council can use to address local housing needs. Though some information and explanation is provided throughout, more details can be found as needed in the **Appendices**, and much of the content leans heavily on information from the Phase 1 and 2 reports.

Acronyms

The following acronyms are used throughout the report:

- CAO: Chief Administrative Officer
- CBRM: Cape Breton Regional Municipality
- CCC: Capital Cost Contributions
- CLT: Community Land Trust
- CMHC: Canada Mortgage and Housing Corporation
- GIS: Geographic Information System
- HAF: Housing Accelerator Fund
- LIC: Local Improvement Charges
- MGA: *Municipal Government Act*

Housing Vision

The vision for housing in CBRM is as follows:

Every resident of Cape Breton Regional Municipality has access to safe, adequate, welcoming, accessible, and affordable housing that meets their diverse needs and supports to a high quality of life. The municipality partners with all sectors and levels of government to strategically support housing where it is needed most.

Housing Strategy Goals

The *Phase 2 Report* categorized research on housing development incentives into the following three overarching Goals, which are carried forward into this report. The Goals have been expanded to include specific objectives which have shaped the direction of the proposed incentive programs and the surplus land banking framework.

Goal 1: Encouraging new housing

- Increase the amount and variety of market housing options
- Increase the availability of non-market / affordable housing
- Enhance programming to encourage the creation of supportive housing
- Create opportunities for low-cost sale of surplus lands

Goal 2: Maintaining existing housing stock

- Reduce energy poverty
- Encourage reinvestment into existing housing
- Improve accessibility for existing housing

Goal 3: Supporting long-term financial viability

- Prioritize investment in improving housing infrastructure
- Provide improved access to surplus municipal lands
- Encourage development in locations where municipal services, amenities, and transportation are available



Section 2: Residential Development Incentive Programs

This section provides an overview of five residential incentive programs proposed to achieve the Goals highlighted in Section 1.

CBRM has approximately 4,000 vacant lots within its existing service area boundary, representing a valuable asset that could be used for housing¹. The proposed programs would enable efficient and integrated housing development by providing incentives that support **Goal 1 - Encouraging new housing** construction across CBRM.

Additionally, our proposed incentives would help achieve **Goal 2 - Maintaining existing housing stock**, which would contribute to increasing the stock of adequate and energy-efficient homes while taking advantage of an existing resource. Though all programs support the third goal, the fifth proposed incentive in particular would move forward **Goal 3 - Support long-term financial viability**.

Each incentive program includes the following:

- Eligibility Criteria
- Financial Details (e.g., incentive value)
- Funding
- Administration
- Support under the *Municipal Government Act* (MGA)

¹ Upland. (2024). *CBRM Housing Design Initiative*.

Encouraging New Housing

Incentive 1: Residential Tax Adjustment

Based on our findings in Phase 2, property tax reductions would have the greatest impact on improving the financial feasibility of a development. The current residential property taxes in CBRM reduce the net operating income to an amount that is below what is needed for many developments to meet their required return on investment. With a 2024/2025 combined Municipal and Provincial tax rate of \$1.94 / \$100 of assessed value for a residential property in Sydney, property tax in CBRM is significantly higher than in Halifax Regional Municipality, which is \$1.11 / \$100 of assessed value in urban areas. While the effect of this tax rate is mitigated for many properties in CBRM due to the capped assessment program, new buildings and properties with more than three units pay the full rate.

Existing CBRM programs such as the *Affordable Housing Property Tax Adjustment Policy* and the Commercial District Development Support program aim to incentivize development by reducing the cost of property tax through a phase-in of taxes for affordable housing and commercial developments respectively. Instead of direct capital expenditures, these programs rely on the opportunity cost of not collecting tax revenue. Calculating the true cost of such a policy to the Municipality is difficult due to the reduction in dead weight loss* that accompanies a tax reduction, and the benefit of incentivizing development in locations that are financially efficient from a cost of servicing perspective (i.e., are located within the service boundary).

While the existing affordable housing property tax adjustment program has seen successful, it could be considered for an expansion and an alteration to increase the incentive to develop in CBRM. Targeted adjustments would aim to achieve the following objectives:

- Improve the feasibility of development of non-profit led affordable and supportive housing; and
- Expand the incentive for new residential developments conditional on developing within the service area and while meeting a standard of affordability.

Two programs to achieve these objectives are detailed below:

Program A: Tax Relief for Non-Profit Organizations

Following the model established by the Halifax Regional Municipality, and under the authority of Section 71 of the *Municipal Government Act*, CBRM should change the criteria of the existing property tax adjustment program by changing the eligibility to only allow for non-profit and charitable housing providers to receive permanent tax relief. This program could be made available for both existing and proposed new developments. While allowing existing eligible properties to apply to this program would not directly lead to additional units, it would support the bottom line of those organizations and increase their capacity to develop additional units in the future and to provide services that their tenants may require. This tax relief would also support eligible organizations in purchasing existing buildings for use as affordable housing which otherwise would be made more difficult due to increased property tax upon the sale of the building and lifting of the cap.

***Dead weight loss** refers to the effect of increased development activity due to the reduction in tax.

Eligibility Criteria:

Eligible applicants are non-profit housing providers or charitable organizations providing housing and dedicated services for persons with special needs. The degree to which tax relief is provided can vary depending on the type of housing provided (e.g., housing with special care or an organization that provides housing affordable to low-middle income tenants). The Halifax Regional Municipality has such a program through *Administrative Order 2024-001-ADM Respecting Tax Relief to Registered Non-Profit and Registered Canadian Charitable Organizations*.

Tax Relief Policy:

- Time Frame: Indefinite
- Value:
 - » Non-profit affordable housing providers: 50%
 - » Charitable organization providing housing and dedicated services for persons with special needs: 100%

Funding: Rather than a grant program which would require budgeted spending, this program would be funded as a function of lost potential revenue for the Municipality. However, it should be noted that this program would incentivize new development that would otherwise not have taken place. Under a situation where a development occurs that would otherwise not have occurred, the financial cost of offering tax relief would be the difference between the Municipality's cost of servicing the property and the tax revenue generated. Financial considerations for staff time to administer the program would need to be considered and be included in the annual operating budget.

Administration: This program would require CBRM staff to manage and review applications, and to provide annual

reports confirming that the property continues to be used for eligible purpose.

Support under the *Municipal Government Act*: Where this tax adjustment would be a long term decision, it is likely that 'Section 71 - Tax exemption policy for certain organizations' of the *Municipal Government Act* would be the most relevant section.

Program B: Expanded Affordable Housing Adjustment Program

Under the existing program, only the dwelling unit that meets the affordability requirement is eligible for the property tax phase in. This eligibility criteria should be amended so for every affordable unit provided in a development, an additional four market units may be included within the adjustment. This would imply that a development with 20% affordable units would be completely included in the phased in tax. While the tax relief values would be reduced from the existing program, the overall value that this program provides to applicants would increase, providing an incentivize to invest in housing development in areas within the existing service boundary.

Such a program could help to make residential apartments with a mix of market and affordable units very attractive for a developer to construct - helping to overcome barriers to development in CBRM including high property tax, high construction costs, and labour supply challenges. The financial incentive this program offers could be a defining advantage for developing residential apartments, making CBRM a competitive destination for investment. This program would aim to increase the rate of housing development beyond the status quo, increasing the size of tax roll in areas that can be efficiently serviced by CBRM.

Eligibility Criteria:

- For a unit to be deemed “affordable”, a unit must align with the CMHC affordability standard under the Apartment Construction Loan Program of 30% of the median total income of all families in the subject market. Units must be maintained at that level of affordability for at least 10 years.
- For each affordable unit, allow the inclusion of an additional four market-rate units into the phased-in tax adjustment (e.g., a 10-unit development with 2 affordable units would be eligible for the phased-in taxes).
- Development must be located within the urban service area.
- The program is applicable to residential developments with any number of dwelling units.

Tax Relief Value:

- Diminished by 75% in years 1-2
- Diminished by 60% in years 3-4
- Diminished by 45% in years 5-6
- Diminished by 30% in years 7-8
- Diminished by 15% in years 9-10

By using the affordability standard that 20% of the units in the building have rents below 30% of the median household income for all families in the subject area, this program would align with the affordability criteria of CMHC's Apartment Construction Loan Program. Further, as opposed to being geared toward 30% of a specific tenant's income, basing the affordability requirement on median household income ensures that preferential treatment isn't given towards higher income tenants whose 30% of household income would be higher.

The objective of this program is to bring a standard of affordability to every new residential development while further incentivizing the development of market-price residential units. A discounted cash-flow analysis suggests that the financial benefit to participating in such a program would adequately account for the financial cost of providing affordable dwelling units over those 10 years, thereby also providing an incentive to develop mixed affordable / market rent apartment buildings more generally.

Funding: As with the Tax Relief for Non-Profit Organizations, this program would be funded through reduced revenue from property tax revenue rather than a grant from a budgeted expenditure. Financial considerations for staff time to administer the program would need to be included in the municipal operating budget.

Administration: Reporting would take the same form as the existing affordable housing tax incentive program, requiring annual confirmation that the affordable dwelling units continue to be rented at the required affordability standard. It is recommended that the staff review the program within 3 to 5 years to ensure it is appropriately scaled to meet the objective of increasing the supply of affordable housing units.

Support under the *Municipal Government Act*: ss. 57(4) allows for direct financial assistance to businesses for the purpose of increasing affordable housing.

Incentive 2: Housing Grants for New Owner Occupied Dwellings

For many residents in CBRM, home ownership is highly valued. While CBRM seeks to encourage the development of missing middle* housing, owner occupied units will continue to be an important part of its housing stock and will continue to be in demand. However, the proposed “expanded affordable housing tax adjustment” program would only apply to properties that have a rental component. As such, there is currently no incentive program available to a property owner who constructs or purchases a newly constructed individual dwelling unit whether that be a single unit dwelling, condominium unit, or co-op housing. To ensure that this segment of the market is appropriately incentivized, a separate grant program should be developed to support the development of owner-occupied dwelling units within the service boundary.

Eligibility Criteria:

- The incentive only applies to the first owner occupant of a dwelling unit post construction.
- The dwelling unit must be owner-occupied.
- The dwelling unit must be within the urban service area.
- If constructed by a developer, the property is not eligible for tax adjustment until after the title has been transferred to the first owner post-occupancy permit.

Grant Value:

- 90% of property tax in year 1
- 75% of property tax in year 2
- 60% of property tax in year 3
- 45% of property tax in year 4
- 30% of property tax in year 5

To establish a limit on the total amount of value and focus relief for modest housing rather than luxury housing, the maximum amount of assessed value eligible under this program could be \$500,000. For example, for a new home assessed at \$550,000, only \$500,000 of the assessed value would be eligible for tax adjustment under the above schedule. While developers would not be eligible for this grant, new home buyers who participate in the program would have stronger buying power, thereby improving the market conditions for constructing new housing. This provides an indirect incentive to the development of owner-occupied housing in CBRM.

Funding: As with the Tax Relief for Non-Profit Organizations, this program’s funding would be from reduced revenue from property rather than a grant from a budgeted funding source. While this program would be set up as a grant to comply with the requirements of the *Municipal Government Act*, it would be offset by the property tax revenue of the new properties – effectively being revenue neutral beyond the cost of servicing properties. Financial considerations for staff time to administer the program would need to be considered and be included in the budget.

Administration: This program would require staff capacity to manage applications and review participating properties at time of tax payment to ensure that the property continues to be owner occupied and not run as a business.

Support under the *Municipal Government Act*:

- 9A (b) and (c) Municipal purposes
- 65A Spending for municipal purposes and budgets

***Missing Middle** housing refers to housing types that fall somewhere between a single-detached home and a high-rise apartment building, and can include types like a duplex, row houses, or a smaller low-rise apartment building.

Maintaining Existing Housing Stock

Incentive 3: Home Reinvestment Grant Program

As properties age, maintenance and repair costs grow. At times, these repairs can be so costly as to be prohibitive to homeowners, leading to accelerating deterioration of the building and ultimately demolition or dereliction. This program aims to support homeowners in making the essential repairs needed to ensure that the dwelling can continue to be part of the Municipality's housing supply. The proposed grant program can be used as a "top-up" to the existing *Nova Scotia Home Repair and Accessibility Program* which offers the following:

- Up to \$18,000 for emergency repairs, and health and safety upgrades; and
- Up to \$16,000 for accessibility upgrades.

Eligibility Criteria:

- Applicants must be eligible for the *Nova Scotia Repair and Accessibility Program*, including household income limits.
- Property must be owner-occupied.
- A property is eligible to participate in the program only once.
- A building permit must be issued prior to funding being received.
- The dwelling must be a minimum of 30 years old.
- The property is in good standing with regard to municipal taxes and fees.
- An inspection confirms the scope of work is for essential repairs, safety, and accessibility upgrades including:
 - » Foundation repairs;
 - » Roof replacement;
 - » Load bearing wall/beam repairs;
 - » Building Envelope replacement;
 - » Mechanical systems; and
 - » Accessibility upgrades.

Funding: This grant program would require the municipality include the program in the annual operating budget.

Administration: This program would require staff to evaluate applications and to ensure renovations are completed as proposed. Inspections from a municipal building official *may* be required to verify the eligibility of the proposed scope of work.

Support under the *Municipal Government Act*:

- 65A Authorized Municipal Expenditures
- 9A Purposes of a Municipality

Incentive 4: Property Assessed Clean Energy (PACE) Program

The Property Assessed Clean Energy (PACE) program helps to reduce the energy costs of CBRM's existing housing stock by offering low-interest loans to homeowners. This can help to address the significant challenge of energy poverty that many residents experience when they need to choose between budgeting for heat, electricity, and other costs like groceries. Like the Housing Rehabilitation Grant Program, this incentive is intended to encourage re-investment into the existing housing stock and help to ensure the longevity of CBRM's housing.

Many municipalities across Nova Scotia currently offer this program through turnkey (i.e. ready-to-use) solution programs offered by the Clean Foundation or SwitchPace, with program requirements being customizable to the specific community. Fundamental to any PACE program is a municipal loan to homeowners to complete any project that will improve energy efficiency or reduce greenhouse gas emissions. A municipal charge is put onto the participating property with the loan's interest and principal being repaid through regular property taxes which act as a first lien on the property. The financial savings from reduced energy and electricity costs due to the upgrades should be greater than the cost of the loan, leading the property owner to have a positive financial outcome with a comfortable and energy efficient home.

Eligibility Criteria:

A variety of projects could be eligible under this program, and general types of eligible projects include:

- Insulation
- Exterior windows and doors

- Draft proofing
- Heating and hot water systems
- Solar Systems

Applicants would need to meet the following criteria:

- Upgrades must meet a 1:1 debt to service ratio in which the cost of borrowing is equal to or less than the estimated energy savings from the efficiency improvement.
- The applicant must be a homeowner in an owner-occupied building, which may be a single-detached, semi-detached, or row house building.
- The property is in good standing with regard to municipal taxes and fees.

Financial Details:

- Interest rate: 2%
- Repayment period: 15 years
- Maximum loan amount: \$40,000 per dwelling unit or 15% of assessed property value

Funding and Administration:

Federal and provincial funding programs exist specifically to set up and run PACE programs. The Nova Scotia Department of Natural Resources offers a grant to cover start-up costs, while the Federation of Canadian Municipalities offers support to capitalize loan programs through the Community Energy Financing program.

Where there are two ready-to-use programs available to participate in, SwitchPace and Clean Energy Financing, it is recommended that CBRM participate in one of these existing programs in order to minimize the required staff time to manage the program.

Support under the *Municipal Government Act*: Section 81A By-law regarding equipment charges

Supporting Long-Term Financial Viability

Incentive 5: Servicing Existing Lots within the Sewer Service Boundary

There are currently a significant number of lots within the sewer service boundary without access to sewer service and as a result remain vacant. Extending services from the existing system is often cost prohibitive for developers, especially for the first developer moving into a given area. This problem can be addressed by spreading the cost-of-service expansion across properties that benefit from the service extension, either by allowing them to develop on their lot or increasing the value of their vacant property.

The *Municipal Government Act* allows for Council to make a by-law for the payment of charges respecting the cost of connecting to wastewater facilities or stormwater system. These charges are often referred to as a “development charge”, however, there are multiple types of development charges. Some of them can be a general tax to fund regional infrastructure while others are used to finance specific infrastructure that directly benefits the charged property. The latter type of development charges can be a powerful incentive that can finance the infrastructure needed for development that an individual property owner would not have been able to afford on their own.

The Municipality should use their ability to use Capital Cost Contributions and Local Improvement Charges (two types of development charges) to service currently unserviced lots within the service boundary and thereby increase the supply of developable land in strategic locations. This can be combined with low-cost land sales as discussed in the **Land Banking Framework** in Section 3. This framework would allow the Municipality to facilitate the servicing of surplus lands

and therefore improve the financial viability for affordable housing on the subject site.

Program Details: The Municipality covers the cost of the infrastructure extension upfront and then recoups that cost through charges on the tax bill of the properties that benefit from the extension. If desired, the charges may be proportioned based on lot frontage or lot area of the participating properties, or by a different means set out in the by-law created for the charge. The benefit to the property owners is an increased property value and ability to develop on a serviced site. Like property taxes, charges act as a first lien on properties. A specific by-law is required for each instance that a service extension is extended and requires that property owners who own more than 50% of the total frontage of the affected properties be in support of the by-law (this requirement can be altered by the by-law itself). A cost estimate for the infrastructure is typically required before the by-law can come into effect.

Funding: Funding for the service extension and the capital cost of the infrastructure improvement would need to be allocated in the annual budget process.

Administration: Given that the Municipality requires the support from property owners representing 50% of the affected property frontage to create a by-law and conduct the extension, CBRM would need to proactively engage with property owners to explain the process, benefits, and the estimated impact on property taxes. This could require considerable staff time as well as the potential need for consulting services to estimate the infrastructure upgrade cost.

Support under the MGA: Section 81 By-law regarding the payment of charges



Section 3: Land Banking Framework and CBRM's Surplus Lands

As highlighted in the *Phase 2: Residential Incentives Research Report*, CBRM has a significant number of surplus properties. This land bank represents a largely untapped resource that can be strategically used to address the CBRM's housing challenges.

The Land Banking Framework presented in this section provides CBRM with practical opportunities to move forward Housing Strategy **Goal 1 - Encouraging new housing** and **Goal 3 - Supporting long-term financial viability** (see Section 1 of this report).

In this section we introduce land banking practices in Canada, including a brief look at case studies. We then turn our attention to CBRM, presenting what is legally permitted under provincial legislation followed by a review of CBRM's current surplus land supply. The report concludes by presenting a Land Banking Framework for CBRM, providing a strategic approach for how CBRM can make a greater impact using this valuable municipal asset.

Introducing Surplus Land Banking

What is a surplus land bank and how does it work?

Surplus lands are defined as municipally-owned lands that are no longer required for municipal services or purposes.

Municipal Land Banks are meant to “[return] vacant, abandoned, and tax foreclosed property to productive use efficiently and strategically, while reducing the harm of vacant properties”¹.

A municipality can use a land banking framework to influence what happens on surplus lands in ways that go beyond what is required in the land use zoning, such as ensuring the development of affordable units or requiring developments to meet a higher accessible design standard.

A land bank can be easy to confuse with a community land trust (CLT). Community land trusts “are non-profit, community-based organizations whose mission is to provide affordable housing in perpetuity by owning land and leasing it to those who live in houses built on that land”². CLTs can work together with a municipal land bank to provide an affordable housing option. For further clarity about how land banks and CLTs are related, see the **Appendix A** infographic.

How does a land bank work?

Land banks can be managed by non-profits but are most often created, owned, and managed by governments, which use a variety of tools to put surplus lands back to productive use. Some use special powers enabled through legislation, such as removing back taxes or previous titles or liens,

depending on the jurisdiction’s regulations. They can make surplus lands more development-ready by remediating contamination; demolishing buildings that are no longer safe or needed; rezoning or assembling neighboring properties into one larger parcel to allow for more development options; and even providing access to services like water, electricity, and sewer. Municipalities can use their land banking framework to move forward community goals by being strategic in how they acquire, improve, and dispose of surplus lands. For example, if a goal was to increase affordable and accessible housing supply, they could donate or sell land at below-market value to an affordable and supportive housing provider^{3,4,5}.

The three basic functions and considerations of a land bank are as follows:

- **Land acquisition:** How does the municipality acquire land for the land bank?
- **Land improvement:** Will lands be altered to improve developability or target strategic goals and, if so, how? (e.g., rezoned, consolidated, remediated, serviced, etc.)
- **Land disposal:** Will the land be sold at-market price, sold below market price, leased, or donated/gifted?

1 Canadian CED (Community Economic Development) Network. (2014). *The Answer: Land Banks and Land Trusts infographic* by Shelterforce.

2 Halifax Regional Municipality. (2016, March 24). *Information Report for Council re: Municipal Involvement in Community Land Trust Models*.

3 Canadian CED (Community Economic Development) Network. (2014). *The Answer: Land Banks and Land Trusts infographic* by Shelterforce.

4 Shelterforce. (2016, November 9). *Land Banks and Community Land Trusts: Not Synonyms or Antonyms*.

5 NHC (National Housing Conference), Land Banks and Community Land Trusts

Case Studies: Land Banking Practices in Canada

Though historically more common in the United States, land banks have recently gained traction in Canada, particularly in response to the federal Housing Accelerator Fund (HAF) from the Canada Mortgage and Housing Corporation (CMHC) launched in March 2023. Canada now also has a federal land bank and several provincially-managed land banks (e.g., New Brunswick & Prince Edward Island). We have focused our case studies on municipally-managed land banks to learn how comparable communities manage their surplus lands.

Table 1 summarizes key points for each of the case study land banks. For more details on each, including how the land banks were formed, how they operate, and challenges or successes they have faced, see **Appendix B**.

The case studies include two of the longest operating land banks in Canada (Saskatoon, SK and Lethbridge, AB), with Saskatoon being the longest operating land bank in the country. The three smaller Atlantic Canada cases are more recent in establishing a formal land banking approach, and all have developed in part or entirely in response to the Housing Accelerator Fund. Halifax Regional Municipality falls in between the historic and recent cases, having passed the surplus lands *Administrative Order 50* in 2013 and 2006 being the earliest posted closed transaction for municipal land sales¹.

Though the three possible functions of a land bank are land acquisition, improvement, and disposal, not all municipalities do all three, or they may not manage all three under one comprehensive land banking strategy. Halifax, for example, does all three functions in some form but really it is focused on acquisition and disposal, with municipal servicing added mainly to industrial surplus lots.

Saskatoon and Lethbridge both have well-established comprehensive land banking approaches that manage all three functions. A municipal department is dedicated to managing each City's land bank (Saskatoon Land; Lethbridge Land). Both are fully self-financed and operate as a land developer for municipal lands. Their approach includes delineating surplus land neighborhoods, intentionally adding properties through land acquisition, scheduling areas to be serviced and implementing that servicing, and posting lots for sale at planned intervals. Saskatoon ensures quality builds on sold municipal land by requiring buyers to hire a homebuilder who meets a certain set of criteria, and they maintain a qualified homebuilders list for this purpose.

Back to Atlantic Canada, all four case study municipalities have a policy that directs surplus land disposal. Halifax, NS and Salisbury, NB's policies combine land acquisition and land disposal into one policy. O'Leary, PEI and Channel-Port aux Basques, NL mainly focus on land disposal in their approaches. Salisbury, O'Leary, and Channel-Port aux Basques have all designated certain surplus land "neighbourhoods" where the municipality is getting lots building-ready before selling (i.e., surplus land improvements). All six of the case study municipalities seek to support affordable housing development using a variety of strategies related to their surplus land banks (see **Table 1**).

Since CBRM is just beginning to refine a land banking approach, these policies from Atlantic Canada are a useful starting point and they form the basis for the Land Banking Framework presented at the end of this section. But first, let us turn our attention to CBRM itself, looking at what is permitted under Nova Scotia legislation and then at the nature of the surplus land currently owned by CBRM.

¹ HRM. 2025. Closed transactions for land sold.

Table 1: Land Banking Case Studies Across Canada

Location	Population	Land Area of the Municipality	Managed By	Year Began	Land Bank Staff Members	Land Banking Functions	Land Use Focus	Affordable Housing (AH) related measures	Neighbourhood Designated for Improvement (Residential only)	Key Documents and Policies
City of Lethbridge, AB	106,550 (2023)	127.2 sq km	Municipal Department (Lethbridge Land)	1940s	6 City Land staff 2 financial staff	Acquisition Improvement Disposal	Municipal Residential Commercial Industrial	-AH has its own line in the Lethbridge Lands' Operating Budget -Some parcels are designated only for non-profits	Crossings, Watermark, Riverstone, Sunridge, Airport, Sherring Business & Industrial Park	Lethbridge Land Annual Report (2018) Lethbridge Land Work Plan + Project Expenditures (2020-23)
City of Saskatoon, SK	288,311 (2022)	228.1 sq km	Municipal Department (Saskatoon Land)	1920s	6 sales staff 8 planning staff 4 real estate staff	Acquisition Improvement Disposal	Residential Institutional Industrial	-Designated 4 surplus properties for affordable rental units only in the City's 2023 Action Plan	Aspen Ridge, Brighton, Kensington, and Parkridge, plus infill and tax title properties	Saskatoon Land Annual Report (2023)
Town of Channel-Port aux Basques, NL	3,547 (2021)	38.77 sq km	Consultants (Fundamental Inc in NL)	2024	2 consultant staff	Improvement Disposal	Residential	-Requesting Expressions of Interests provides municipality more influence	Grand Bay West	First Call for Expressions of Interest (March 14, 2024): Increasing Housing Supply Housing Accelerator Fund agreement with CMHC
Town of O'Leary, PEI	876 (2021)	1.82 sq km	Chief Administrative Officer (CAO)	2018	1 CAO	Improvement Disposal	Residential	-Affordable Housing Land Disposal Grant covers up to \$5,000 per property	Pate Garden*	Town of O'Leary Land Disposal Program Policy (January 2025)
Town of Salisbury, NB	2,387 (2021)	13.56 sq km	Chief Administrative Officer (CAO)	2024	1 CAO 1 Public Works staff	Acquisition Improvement Disposal	Residential	-Special process that allows direct invitations and land sales of \$1 to non-profits -Housing Hub NB partnership 28-acres designated for this 1\$ process	28-acres of Town-owned land	Municipal Surplus Land and Land Acquisition Policy (2024)
Halifax Regional Municipality, NS	480,216 (2022)	5,476 sq km	Municipal Department (Corporate Real Estate Business Unit)	2006	6 Real Estate Specialists 2 supervisors	Acquisition Improvement Disposal	Municipal Industrial	-"Affordable Housing" and "Community Interest" surplus land designation for non-profits -Affordable Housing Grant Tax Relief for Non-Profit Organizations Program -Waiving permit fees for non-profits -Partnership with United Ways' new municipality-wide Community Land Trust		Municipal Surplus Land and Land Acquisition Policy (2024)

Note for comparison: CBRM's population was 104,801 people in 2023 according to Statistics Canada, with a municipal land area of 2,434 sq km.

*Although policy applies to any surplus municipal land in the Town of O'Leary, PEI.

Legal Authority for Land Banking in CBRM

Here we provide a brief overview of legislation from the *Municipal Government Act* (MGA) related to land banking. Specific policy references and more details are included in **Appendix D**.

Tax sale properties and land banks: To move tax sale properties into the municipal land bank, CBRM must follow the same bidding process as other parties as set out in the MGA. CBRM could, by policy, seek to bid for and acquire tax sale properties to add to the land bank to promote the redevelopment of properties. This would involve budgetary provisions, which could be offset through future tax revenues if these properties were developed.

Municipal land sales: CBRM is permitted under the MGA to acquire and own property for municipal or public purposes and these lands can be sold or leased at market value. CBRM may also follow a special set of procedures to sell or lease a property at less than market value for a purpose Council considers beneficial to the municipality, and the municipality is also permitted to hold land in trust for a charitable or public purpose.

Donating or gifting municipal lands: Municipalities are not generally allowed to provide tax concessions or direct financial assistance (such as a land donation) to private businesses, but they are permitted to donate or gift land to non-profits. Of particular interest to private developers, municipalities can donate or gift land to private businesses if it is for the purpose of improving accessibility for people with disabilities or increasing availability of affordable housing.

Municipal grants: Except where prohibited, the MGA enables CBRM to spend money for municipal purposes, which can be broadly interpreted based on the purposes set out in the Act.

Surplus land development by the municipality (land improvement): The municipality is permitted to act as if it were a private owner when it comes to subdividing, developing, and selling lands, all while remaining consistent with the Municipal Planning Strategy.

Development charges: Municipalities have the authority to establish development charges for various capital projects listed in the MGA.

Reserve funds: The MGA requires funds received from the sale of property to go into a capital reserve fund, which may only be used for capital expenditures (which includes purchasing or improving land and buildings). To use these funds requires a Council resolution. Once revenues are added to the capital reserve fund, CBRM could have a policy that some or all of land sale proceeds are earmarked for further investment in land bank acquisitions or certain land improvements (i.e., servicing can be covered and remediation may be if that is part of the capital budget, while zoning and other planning actions could not be covered by the capital reserve fund).

Other legislation that may be relevant to land banking and should be reviewed as CBRM continues to move forward with the Housing Strategy include the *Municipal Grants Act*, *Assessment Act*, *Housing Act*, *Housing Nova Scotia Act*, *Municipal Housing Corporations Act*, and *Municipal Loan and Building Fund Act* (all are briefly described **Appendix D**).

DISCLAIMER: While this review explores what is included in the MGA, we recommend the municipality seek legal advice to confirm that it is acting within the authority granted to it.

Surplus Land Review

The Project Team conducted a review of CBRM's existing surplus properties aimed at assisting the Municipality in making informed decisions about how it may use this valuable resource in a strategic land banking approach. The review identifies parcels where residential development is most feasible and suitable. **Appendix E** provides more details about the surplus land inventory across CBRM and staff will also be provided with the GIS (Geographic Information System) mapping data created in this analysis for future reference.

Methodology

The first step of the surplus lands review was to identify surplus properties that were within the planning service boundaries. Parcels that were outside of the boundaries were excluded from the analysis. The analysis then examined the lot size and the lot frontage of each surplus property. The current zoning regulations have varying lot size and lot frontage requirements depending on the number of dwelling units and types of housing. Generally, most residential zones set the minimum lot size as 225 square metres and the minimum lot frontage as nine metres. It is important to note that some parcels did not meet these requirements individually but were kept in the analysis because they were beside other surplus land(s) and combined these properties would meet the minimum lot width. Excluded parcels were stand-alone properties that did not share their parcel boundaries with any other surplus lands. Such properties were excluded from the feasibility score calculation and were labeled as "small surplus lands" on the inventory maps (See **Appendix E** for the maps).

We conducted a **multiple criteria evaluation**, which is a spatial analysis method, to identify potential candidates for residential development based on several evaluation criteria. The analysis assessed development feasibility of the surplus properties based on proximity to the key community features listed in **Table 2**. The inventory of the community features was developed based on desktop research and the CBRM's data, and it was validated by community and staff feedback.

We then added a buffer for each community feature inventory layer using the predetermined distance shown in **Table 2** to calculate the feasibility score for the surplus properties. The score from each community feature layer was added together as the final calculation of the analysis. In this analysis, each criterion was weighed equally. The highest score possible was 6, indicated the highest suitability level.

The Project Team also considered the locations of wetland areas and floodplain overlay areas in the analysis to identify parcels that may require special considerations when developing housing. A 30-metre buffer was applied around the wetland areas.

Table 2: Criteria Summary

Type of Community Features	Daily Goods and Services	Transit Stops	Community Assets	Educational Institutions
Examples	Grocery stores; Convenience stores; Hospitals; Clinics; Pharmacies; Daycare facilities	Active transportation stops	Outdoor parks; Indoor recreational facilities; Community halls; Libraries	Schools; Colleges; Adult learning centres
Score	2	0 – 500 m	0 – 250 m	N/A
	1	500 m – 1 km	250 m – 500 m	0 – 400 m

Results and Discussion

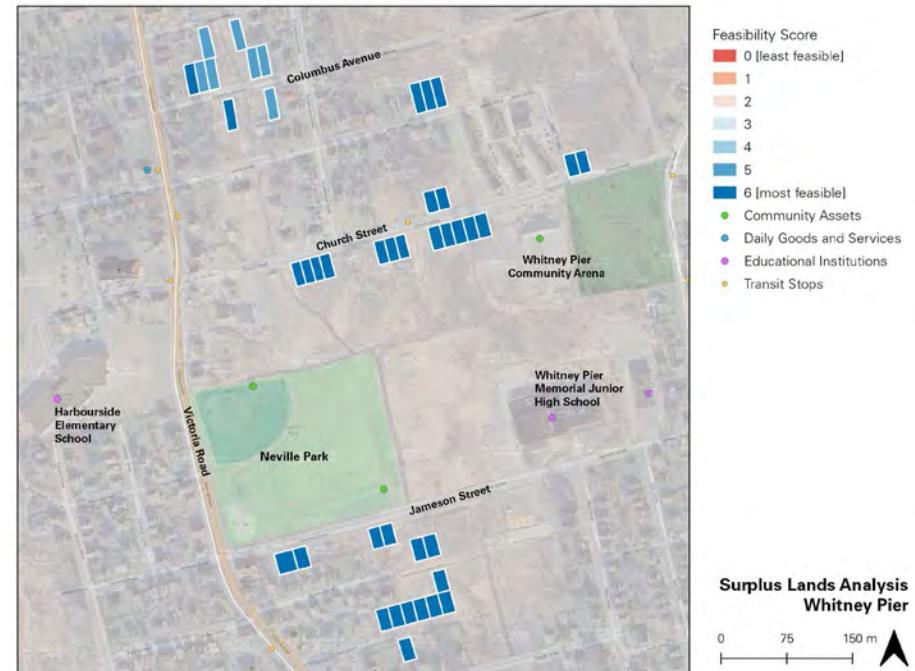
Location of Surplus Lands

Out of 149 surplus properties across CBRM, 124 of them were within the service boundaries and met the lot size and frontage requirements. The majority of these surplus lands are located in Sydney (74 parcels), followed by Glace Bay (25), North Sydney (9), and New Waterford (7). **Figure 1** shows the number of parcels that received each feasibility score, with a score of 6 being the highest.

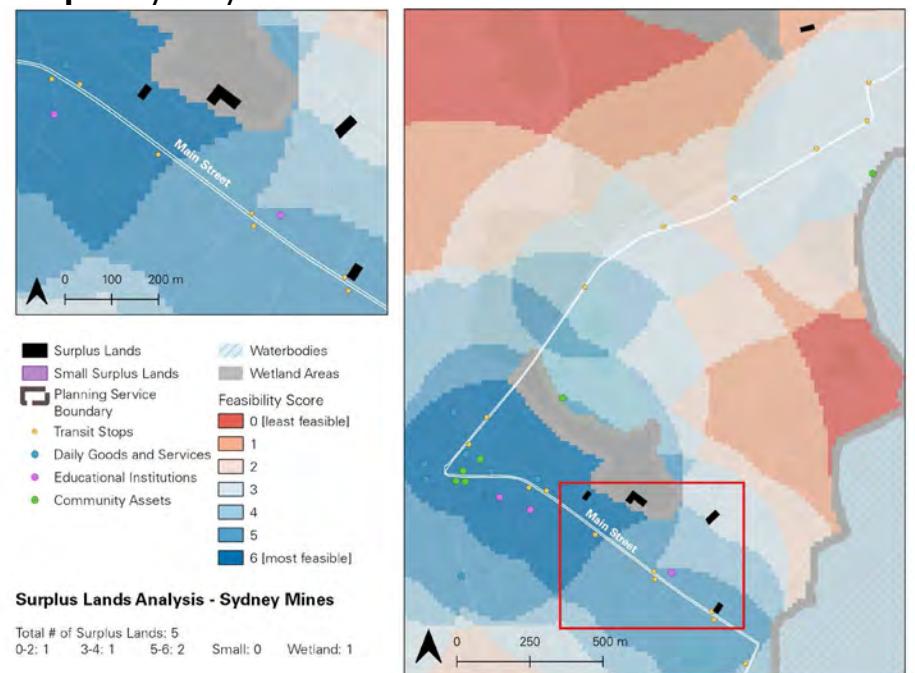
All 124 lots meet the minimum requirement for residential development of being appropriately sized and located within the service boundary, but several areas that earned higher scores stand out as prime candidates for more municipal attention regarding surplus land management (including acquisition, improvements, or disposal). The community of **Whitney Pier in Sydney** offers several clusters of surplus lands, many of which scored five or six (see **Map 1**). The proximity to transit stops as well as daily goods and services make these parcels prime locations for housing development.

Three other higher scoring areas are shown in **Map 2**, **Map 3**, and **Map 4**. Compared to Sydney, Glace Bay has fewer parcels that had scores of five or six; however, the wide distribution of community parks across Glace Bay can be an attractive environment for potential residents. New Waterford has one surplus property with a score of five and two with a score of four, which are still relatively high scores. Although fewer in number, Sydney Mines (n=5) also offers a few potential good candidates for housing development¹.

Map 1: Whitney Pier Neighbourhood, Sydney

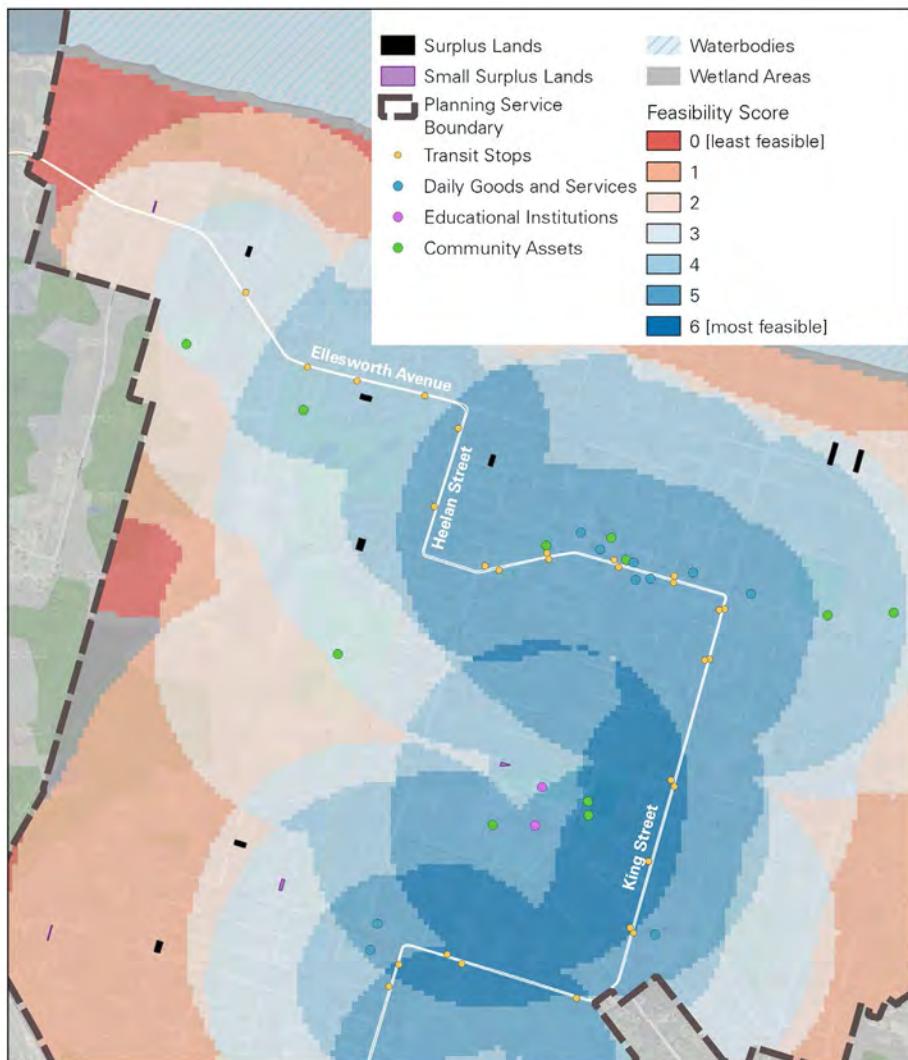


Map 2: Sydney Mines

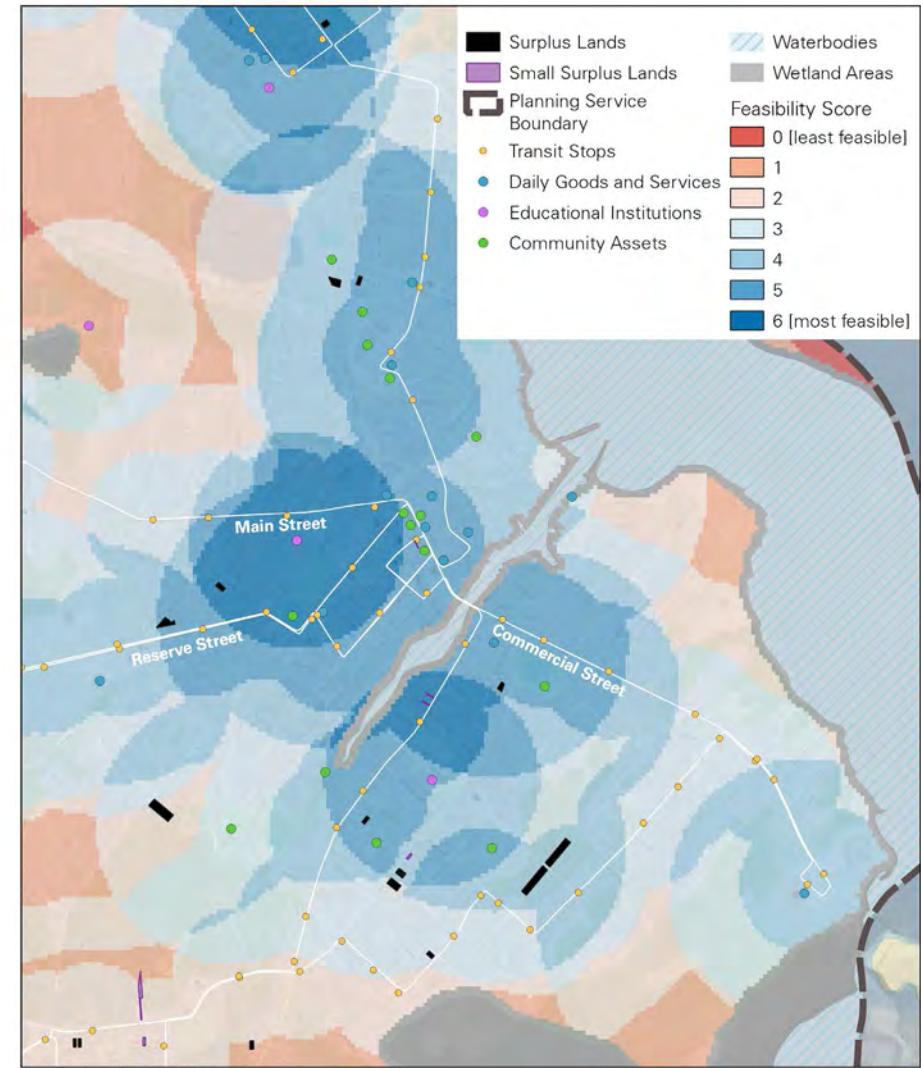


1 The review indicated that Sydney Mines had one parcel in the “wetland area”. According to CBRM’s GIS data, this “wetland area” was categorized as a “Shallow Marsh” area. However, this area is not designated as the Environmental Protection Zone and is in the Low Density Urban Residential zone. Although the Municipality may need to further examine the surrounding natural environment, this parcel is located near several key community features, including active transportation stops, grocery stores, and educational institutions.

Map 3: New Waterford



Map 4: Glace Bay



Land Use Designations

Most of the surplus properties are located in the Low Density Urban Residential (UR2) or the Medium Density Urban Residential (UR3) zones (**Figure 2**). Both zones accommodate a wide range of housing forms, providing opportunities to provide a mix of housing. However, it is important to note that the current zoning requirements vary depending on the number of dwelling units and the type of housing forms.

Key Implications to CBRM's Land Banking Framework

Ultimately, the surplus land review provides a foundation for developing the Land Banking Framework. The analysis demonstrates that the majority of the surplus lands scored four or higher, indicating that CBRM offers a large inventory of surplus properties that have potential for future residential development and supporting the need for a more strategic land banking approach.

The four highest scoring areas (Whitney Pier, Sydney Mines, Glace Bay, and New Waterford) are four priority areas for the Framework based on this analysis. For improving affordable housing, knowing the most suitable properties for residential development (in these four areas and beyond) highlights more resources the Municipality can use to establish strategic partnerships with local housing initiatives, including non-profits, social enterprises, and housing cooperatives.

An additional opportunity is surplus properties that could be consolidated to provide opportunities for higher density or more varied housing developments. Although some of these parcels did not meet the lot size requirement individually, these parcels could be prime locations for residential developments if consolidated with adjacent properties.

Figure 1: Total Surplus Lands by Feasibility Score (Source: FBM)

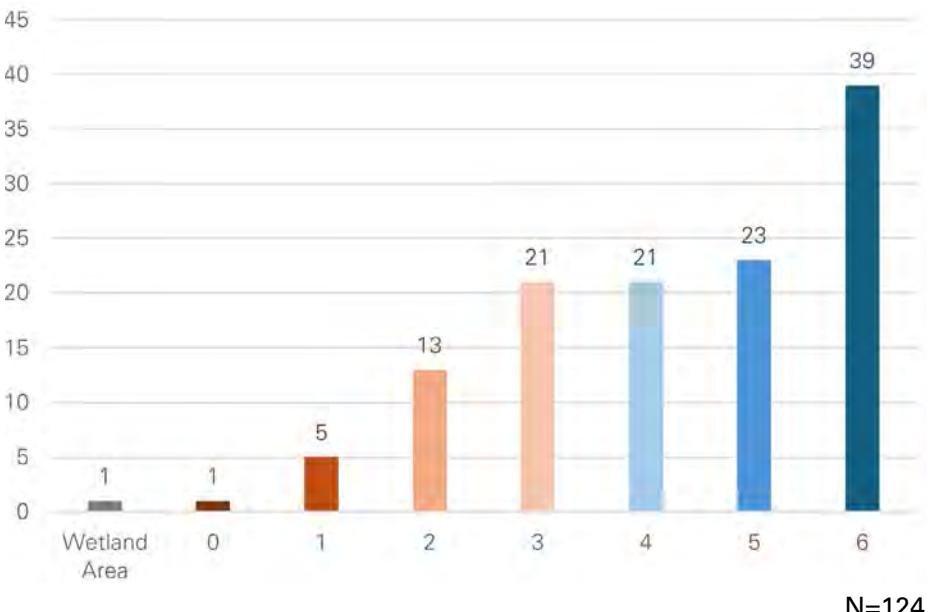
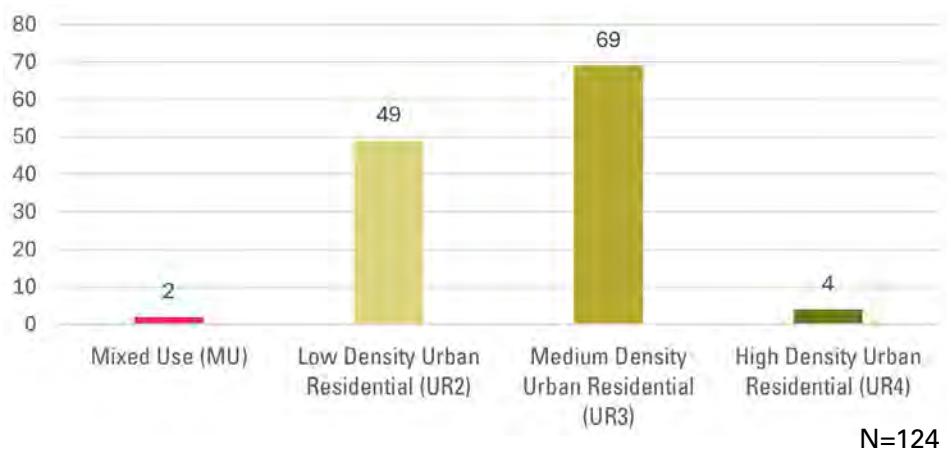


Figure 2: Which Zones are the Surplus Lands Located? (Source: FBM based on CBRM data)



Land Banking Framework

As shown in the Surplus Lands Review, CBRM has a great wealth of surplus lands that are suitable for residential development. The following land banking framework is intended to provide the municipality with enough information to draft its own land banking policies as it works to more strategically use this valuable resource to address local housing needs. The framework includes Key Considerations (Setting Goals, Listening to Locals, Pursuing Partnerships) followed by suggested content for a Surplus Land Disposal and Acquisition Policy and Surplus Land Improvement Policy.

Land Banking Success Factors

Key considerations when establishing a land banking framework can be summarized in the following success factors, drawn from case study analysis presented earlier in this section.

Success Factor 1: Setting Goals

Municipalities need to be intentional about how they manage their land bank, otherwise lands are likely to simply be sold at market value and used to build whatever housing form is most profitable for the developer. CBRM must clearly define what it hopes to achieve with its surplus land banking strategy so that the Municipality can put in place policies that work toward those goals. The following are a few potential goals for a land banking framework including references to strategies used in other municipalities:

Potential Goal 1 - Increase Affordable* and Missing Middle** Housing Supply:

If creating more diverse housing types or ensuring a greater supply of affordable housing is a goal, one strategy is to select specific lands that will be dedicated to affordable housing and manage those using a different process from the rest of the inventory (e.g., Saskatoon; Halifax; Channel-Port aux Basque). Another strategy is to create a policy that gives municipal staff or Council flexibility to allow them to sell land for a lower price to non-profits which have an affordable or equitable housing mandate (e.g., Salisbury; Halifax).

Potential Goal 2 - Increase Municipal Funds: If a goal for the land bank is to produce more funds for the municipality, then Saskatoon or Lethbridge are useful models. In both cases, land is improved before it is sold, an initial municipal investment which produces revenues for the municipality from higher sale prices in the near term (which can supplement the capital budget) and more property tax income over the long term (which can supplement the operating budget). Both Saskatoon Land and Lethbridge Land are self-funded by land sales.

Potential Goal 3 - Improve A Specific Neighborhood: Another way a municipality can direct the kinds of development to take place on its land is to create a site-specific strategic plan. This could be a larger master planning effort that looks at strategically planning a whole neighborhood (e.g., Town of O'Leary; Saskatoon; Lethbridge), or it could be creating a smaller site plan for only one or a handful of parcels (e.g., Channel-Port aux Basques).

***Affordable Housing** can be defined as housing that requires 30% or less of a household income.

****Missing Middle** housing refers to housing types that fall somewhere between a single-detached home and a high-rise apartment building, and can include types like a duplex, row houses, or a smaller low-rise apartment building.

How can CBRM apply Success Factor 1: Setting Goals?

Based on conversations with municipal staff and housing providers, **CBRM needs a land banking framework that is flexible and able to be used to move forward multiple goals**, including providing income to the municipality, better residential developer opportunities, and space for other land uses (e.g., commercial, industrial, institutional). Keeping the framework versatile is especially important for CBRM which is made up of many smaller communities, each with their own set of goals and priorities.

The suggested Surplus Land Acquisition and Disposal Policy outlined next is intended to provide staff and Council with flexibility to meet these varying needs, but also with special tools that can be used to move forward the affordable housing goal of the Housing Strategy.

Improving a Specific Neighbourhood is another goal CBRM should consider. The surplus land review shows CBRM has several areas where surplus properties scored highly for residential development potential, with Whitney Pier as the clear stand-out and three more high scoring areas in Glace Bay, New Waterford, and Sydney Mines (see the Surplus Land Review section of this report for details).

CBRM could consider taking on a subdivision developer role for any of these areas. Improvements efforts could be as simple as addressing the main barrier to selling these lots: a lack of access to municipal services (electric, water, sewer). Another options would be to undergo a neighborhood planning process, creating a vision, future land use concept, and 5-to-10-year strategic plan for the selected neighborhood. The approach taken will depend on Council direction, budgetary restraints, and staff capacity. See the Surplus Land Improvement Policy outlined below for suggested policies and a funding option for improvements.

Success Factor 2: Listening to Locals

Each community has its own unique history, culture, and ways of doing things, and what works in one place may not work everywhere. For instance, the Town of Channel-Port aux Basque, NL leaned on the wisdom of Town Council when they expressed that their small municipality would not have the financial resources available to sustain an arms-length housing corporation to manage a land bank. The local developers in the area were also uncomfortable with the idea of leasing land from the Town, while the two potential non-market developing partners were both open to land leases. Engaging with locals as land banking policies are developed is essential to see ideas become reality.

How can CBRM apply Success Factor 2: Listening to Locals?

In CBRM, our team engaged non-profit and private developers to understand their perspective on the options for incentives and land banking measures. Both groups expressed they were looking for reasonable, specific, and meaningful actions to help address the current housing situation in CBRM, which suggests CBRM is on the right track in looking to develop a clear, practical Housing Action Plan.

Success Factor 3: Pursuing Partnerships

Partnerships can be used strategically to support land acquisition, improvement, and disposal. For acquisition, private citizens can be partners. Salisbury's policy was open to acquiring or purchasing land from any private person, entity, or real estate sale, and Channel-Port aux Basque's *Call for Expressions of Interest* invited anyone willing to make their land available for residential development to put their names forward. Working with organizations with a mandate to provide housing to vulnerable populations can be an effective way to make sure some municipal lands is used to improve equitable or affordable housing access.

Salisbury is partnering with non-profit, Housing Hub of New Brunswick, to develop 28 municipally-owned acres before sale. Housing Hub is also able to work with organizations to act as a housing developer on their behalf, taking that developer role from the municipality. Halifax is working with the non-profit United Way to establish a Community Land Trust that will span the entire municipality. Habitat for Humanity and housing cooperatives are both mentioned by several case studies as land disposal partners who improve affordable housing access.

How can CBRM apply Success Factor 3: Pursuing Partnerships?

Which partnerships to pursue comes down to CBRM's goals for surplus lands; existing connections; municipal staff capacity to curate and communicate with potential partners; the policies that CBRM puts in place for land banking; and the goals and capacity of potential partners. The options for partnerships are as many as there are organizations. See **Appendix C** for more details on the above-mentioned groups along with additional potential partner ideas for CBRM.

Surplus Land Acquisition and Disposal Policy

We recommend CBRM draft a Surplus Land Acquisition and Disposal Policy, as this is an essential document to strategically manage a municipal land bank. It is recommended that as part of the drafting and adoption of this new policy, CBRM review and amend as needed the existing *Property Management Policies* (adopted in 2000, last amended in 2021) to ensure the two policies are coordinated.

The primary reference for the suggested outline is the Town of Salisbury's *Municipal Surplus Land and Land Acquisition Policy* (2024), with certain additions drawn from the Town of O'Leary (PEI)'s *Land Disposal Program Policy* (2025) (mainly the Grants and Compliance sections).

The outline includes a section that would allow CBRM the option to directly contact a non-profit for land disposal ("Solicitation of proposals – by-invite for not-for-profit developers"). This is a tool staff and Council can choose to use should they wish to ensure certain surplus lands are used for affordable or supportive housing. The municipality has the authority to sell or lease land at below-market value or even donate/gift land to non-profits following procedures in the *Municipal Government Act* (MGA) (see the "Legal Authority for Land Banking in CBRM" report section for more details).

The outline also includes a grant section should the municipality decide to provide a grant that covers the costs of land transfers for non-profit proposals, as is done in the Town of O'Leary, PEI.

Policy Outline

The following are suggested components for a CBRM Land Acquisition and Disposal Policy:

- Purpose statement
- Application (includes exclusions)
- Definitions
- Administration
- Land Acquisition policies
 - » Identification of land(s) to be acquired
 - » Process for land acquisition
 - » Authorization for pre-approved land negotiations
 - » Acquisition process
- Disposal of municipal land(s) policies
 - » Designation of surplus lands
 - » Direct sale
 - » Public notice of solicitation of proposals – general
 - » Solicitation of proposals – by-invite for not-for-profit developers
 - » Evaluation of proposals by administration
 - » Presentation of proposals – meeting of Council
 - » Disposal of land(s)
- Grant for land transfer costs for affordable housing providers
 - » Eligible applicants, properties, projects, and costs
 - » Value of grant
 - » Disbursement
 - » Expiry of program
- Compliance
- Land sale/ Use of revenues

- Appendices

- » Appendix A: Surplus Land Disposal Proposal Assessment Criteria
- » Appendix B: Grant Application

Special Designations

An unusual but potentially impactful idea specific to CBRM would be to establish a special designation, like those in the *Halifax Administrative Order 50 (2021)*, that could grant the municipality the ability to gift or sell land at below-market value to private for-profit developers under specific circumstances. This would address CBRM's ongoing difficulty attracting developer interest in its surplus properties and would be intended to increase the general availability of new housing. In Nova Scotia, the MGA allows municipalities to follow a special set of procedures to sell or lease a property at less than market value for a purpose Council considers beneficial to the municipality, or to even donate or gift land to private businesses if it is for the purpose of improving accessibility for people with disabilities or increasing availability of affordable housing.

Such designations would fall under the “Designation of surplus land” section of the suggested policy outline. To ensure sales under this special designation result in construction of new housing development and not simply in buyers purchasing land to hold as an investment, the policy must include enforcement mechanisms in the policy. This could be that part of the buyer's purchase and sale agreement includes a condition to begin or complete construction within a certain reasonable time frame. The provision must include a consequence if the agreement is not upheld, which could be the ability for the municipality to re-acquire the land.

Another special designation CBRM could apply to certain surplus parcels are those selected for **improvements** before sale, discussed in more detail next.

Surplus Land Improvement Policy

If CBRM decides to create a Surplus Land Improvement Policy, we recommend adding this as a section to the Surplus Land Acquisition and Disposal Policy to keep all surplus land management policies in one place. The following would be enabled by creating a **Special Designation** for this category (see previous page).

Components of a surplus land improvement policy could include the following:

- Circumstances under which Council may designate surplus lands for improvement, such as:
 - » Proximity to other surplus land parcels (e.g., adjacent to or within certain distance of other surplus land)
 - » Located within service boundary
 - » Suitability for residential development (can use suitability scores from this study)
 - » Location within community
 - » Alignment with Municipal Planning Strategy and other planning documents
- Procedure
 - » Council designates select surplus lands for improvement (can be result of staff recommendation).
 - » Staff conduct a review of designated parcels to determine types of improvements needed (see below) and the projected cost to the municipality.
 - » As needed, this step may include multiple types of assessments, including phase 1 environmental site assessment; wetland delineation; and biophysical, geotechnical, archaeological, and historical studies.
 - » Council approves proposed improvements.
 - » Staff oversees project coordination of improvements

(including permits, hiring contractors, and overseeing work to completion).

- » Staff reports to Council when improvements are complete and lands are then available to be posted for sale following the Disposal of municipal lands policy.
- » Contact departments and agencies that will be affected by expansions to areas receiving municipal services, including: waste removal, mail service, and snow removal.
- Types of Improvements that may be considered:
 - » Demolishing derelict buildings
 - » Environmental remediation (e.g., oil contamination)
 - » Rezoning (e.g., changing zone from an UR2 to UR4 zone to allow more variety in types of housing than could be built)
 - » Consolidating lots together to create larger lots or one large lot
 - » Providing access to municipal utilities (Electrical, Water, Wastewater (sewer))

To implement a Surplus Land Improvement Policy, some amount of municipal budget would need to be designated each year to cover the cost of staff hours as well as possible studies that may need to be conducted as part of the process (e.g., environmental assessments). CBRM will have to determine how the suggested procedures fit best within the municipal budgeting cycle.

Funding Surplus Land Improvements

The following funding options are listed in no particular order and could be used together to fund surplus land improvements.

Option A - Designating Surplus Land Sale Revenues: A component of the suggested Acquisition and Disposal Policy that could be used by CBRM to modify and clarify how funds earned through land sales are used in the municipal budget is the section “Land sale/Use of revenues”. This may be simply designating that a certain percentage of revenues is put into a fund dedicated for surplus land improvements (municipal staff hours, permit applications, construction costs).

Option B - Development Charges: Development charges, such as capital cost contributions (CCC) or local improvement charges (LIC), are a way for future buyers (rather than the municipality) to finance the cost of preparing new lots for development when adding, for example, wastewater systems.

Option C – Debt Borrowing: The Nova Scotia Municipal Finance Corporation provides loans in the form of debt borrowing to municipalities, municipal enterprises, regional school boards, and hospitals in Nova Scotia to fund capital projects¹. The purpose of these loans is “to provide capital infrastructure financing to clients at the lowest available cost, within acceptable risk parameters, and to provide financial management advice and assistance to clients”². Debt borrowing are issued twice per year and require pre-approval by Council.

Option D – Grants and Funding Programs: The municipality should endeavor to stay up to date on funding programs as they become available through federal, provincial, or other funding sources (like the Housing Accelerator Fund). The federal Housing Accelerator Fund (HAF) was one such example, as is the Canada Housing Infrastructure Fund providing funding “for pressing drinking water, wastewater, stormwater and solid-waste infrastructure needs”³. (March 31, 2025 is the deadline for this particular fund, but the same program may be renewed or similar programs may become available in the future.)

A funding opportunity CBRM could consider is as follows:

- The Province of Nova Scotia is accepting applications to the **Provincial Capital Assistance Program**, covering up to 50% of municipal infrastructure project costs (including water supply, sewage disposal, and solid waste management), with applications open until **April 28, 2025**⁴.

Such programs can be leveraged to support surplus land development, particularly should the municipality pre-select certain surplus lands for future improvements.

APPLICATION DEADLINE:

Provincial Capital Assistance Program applications closing April 28, 2025.

¹ Nova Scotia Municipal Finance Corporation. (n.d.). *Debenture Issue Process*.

² Nova Scotia Municipal Finance Corporation, 2021, *Debenture Process Policy*.

³ Government of Canada. 2025. Canada Housing Infrastructure Fund.

⁴ Province of Nova Scotia. 2025-2026. Provincial Capital Assistance Program.



Section 4: Summary & What's Next?

This report presented the findings from Phase 3 of the CBRM Housing Strategy. To provide a toolkit to address local housing needs, we proposed five residential development incentive approaches selected and designed based on community and staff feedback. To enable the municipality to more strategically use its surplus lands, we then presented a Land Banking Framework based on case study land banks from across Canada and the municipality's surplus land inventory.

Recommendations Summary

The following summarizes recommendations from throughout the report:

Residential Development Incentives:

1. Enhance the Affordable Housing Property Tax Adjustment Policy.
 - a. Provide tax relief for non-profit organizations.
 - b. Expand tax adjustments for Affordable Housing.
2. Provide owner occupied infill development grants.
3. Adopt a Home Rehabilitation Grant Program.
4. Adopt a Property Assessed Clean Energy Program.
5. Service lots within sewer service boundary.

Surplus Land Banking Framework:

6. Adopt a Surplus Land Acquisition and Disposal Policy, including a Surplus Land Improvement Policy.
7. Review existing *Property Management Policy*.
8. Focus improvements on select surplus land areas, starting with Whitney Pier area.

For All of the Above:

9. Seek legal advice for all programs and policies to ensure compliance with legislative requirements.

What's Next for this Project?

The fourth and the final phase of the project will be to create the Housing Action Plan for CBRM. The Plan will be based on community engagement, research, and analysis completed through Phases 1 to 3 and it will consolidate all recommendations into one practical, measurable strategy.

The final product of Phase 4 will focus on how the Housing Vision, Goals, and Objectives will be implemented, including specific actions, who will be responsible for each action, suggested timelines, and monitoring and evaluation measures.



For ongoing project updates or to contact the project team, visit
www.cbrm.ns.ca/housing-strategy

Appendices

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Appendix A: Land Bank vs. Community Land Trust Infographic

The Answer

SHELTERFORCE

Q: Is a land bank the same thing as a land trust?

A: No!! They are totally different, though complementary, tools.

MUNICIPAL LAND BANKS



LAND BANKS IN U.S.: 120
Return vacant, abandoned, and tax foreclosed property to productive use efficiently and strategically, while reducing the harm of vacant properties.

Quasi-governmental authorities.

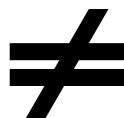


Using a range of special powers, such as ability to acquire and hold property tax free, clear title and back taxes, and dispose of property intentionally, not just to the highest bidder. They may, for example, demolish obsolete structures; remediate soil; give side lots to neighboring owners, donate land to nonprofits, or assemble properties for larger developers.



No, a land bank typically does not maintain any long-term interest in or restrictions on land it sells.

Land banks are more common or more active in weaker or mixed markets where there is more vacancy.



COMMUNITY LAND TRUSTS



CLTS IN U.S.: 230
Enable community control over land and create community assets, including permanently affordable housing.

PURPOSE

STRUCTURE



Membership-based nonprofits, usually, sometimes municipally-created.



HOW DO THEY DO IT?

CLTs retain ownership of land, sell the structures on it, and offer long-term ground leases to those structures' owners. To create permanently affordable homeownership CLTs sell houses with a resale price restriction. CLTs also develop and maintain affordable rental housing, commercial spaces, gardens, and community facilities.

DO THEY STAY INVOLVED WITH THE PROPERTIES?



Yes, a CLT holds land in "trust" and uses its ownership to keep an eye on how it is used, its condition, and its affordability.

MARKETS

Land trusts operate in all markets, though they are best known for their goal of preventing displacement in appreciating markets.

BONUS QUESTION:

Can they work together? Yes!

Land banks are in need of ways to dispose of land that will help the community and keep it out of the speculative cycle so it is less likely to end up vacant again. Land trusts are often looking for either land to develop on or buildings to bring into their portfolio. Land out, land in.

The Answer is for you to use. Please distribute freely for non-commercial purposes as long as Shelterforce's credit remains on it and you write to us about how you used it at theanswer@nhi.org. You can also download a PDF to print at www.nhi.org/go/theanswer. What do you find yourself explaining over and over? Send suggestions for The Answer to theanswer@nhi.org.

IMAGE CREDITS FOR "HOW DO THEY DO IT?" ARE © ISTOCKPHOTO/STUDIOPHOTO (L) AND © ISTOCKPHOTO/SI GAL (R).



(Image Source: Shelterforce via the Canada Community Economic Development Network)

Appendix B: Land Banking Case Studies

The case studies selected for this report are intended to illustrate the variety of land banking approaches Canadian municipalities are taking. Over the next few pages we present each community one at a time, focusing on Land Bank Origin (why and how each land bank was created, how it operates, and lessons learned (challenges and successes)).

As shown in **Map B-1**, the case studies included are Channel-Port aux Basques, NL; Town of O'Leary, PEI; Halifax Regional Municipality, NS; Town of Salisbury, NB; City of Saskatoon, SK; and City of Lethbridge, AB.



Map B-1: Locations of Land Banking Case Studies
(Source: FBM with base map image from Wikimedia Commons)

Case Study 1: City of Lethbridge, Alberta

Land Bank Origin

Saskatoon Land is the longest continuously operating municipal land bank in Canada¹. The City has been involved in land banking since the 1940s and its involvement has shaped the direction of the city's historic development. Through the 1990s this role evolved into that of a land developer, with the City making organizational changes that have allowed them to become more and more competitive in the real estate market².

How It Operates

Lethbridge Lands' operations are summarized as follows: "We develop land to provide industrial, residential and commercial land opportunities. We also administer land holdings to create opportunities for the orderly assembly of land for effective community planning. Lethbridge Land demonstrates leadership through innovation in support of the Integrated Community Sustainability Plan/Municipal Development Plan, and we create revenue to be reinvested into other projects"³.

Lethbridge Land is a department of the City of Lethbridge with a General Manager who reports to the City Manager and City Council. Revenue from municipal land sales covers all operating expenses, including land development levies, fees, staff, overhead, marketing, and property taxes in lieu, making the department a fully self-financed municipal land developer⁴.

In the 2023 *Municipal Annual Report*, the City reported that 3% of municipal revenue came from Sale of Land, with revenue totaling \$15.2 million in 2023. Other revenue sources include net taxes and special municipal levies, sales and user charges, and governmental transfers. About 3% of the total revenue went back into Development Services, which includes economic development, planning, public housing, and land development. The proceeds are also used to buy more land for land banking. The City also borrows money from the Government of Alberta in the form of debenture debt to fund capital projects; in 2023 much of the loan was used to fund offsites (roads and utilities located off parcels)⁵.

Table B-1: Lethbridge Land Bank Summary

Population	106,550 (2023)
Land Area of the Municipality	127.2 sq km
Administered By	City department (Lethbridge Land)
Year Began	1940s
Land Bank Staff Members	6 Lethbridge Land staff 2 financial staff
Land Banking Functions	Acquisition, Improvement, Disposal
Land Use Focus	Municipal, Residential, Commercial, Industrial
Affordable Housing (AH) Related Measures	AH has its own line in the Lethbridge Lands' Operating Budget. Some parcels are designated only for non-profits.
Neighbourhood Designated for Improvement (Residential Only)	Crossings, Watermark, Riverstone, Sunridge, Airport, Sherring Business & Industrial Park
Key Documents and Policies	Lethbridge Land Annual Report (2018) Lethbridge Land Work Plan + Project Expenditures (2020-23)

Certain surplus properties managed by Lethbridge Land are occasionally designated for lease to non-profits only, as was done for the Bowman building toward the end of 2023⁶.

Challenges and Successes

Lethbridge Lands' property sales has produced \$76 million allocated back into the City's capital projects and operating budget since 2008⁷. Affordable Housing is one line item under the Operating Budget.

Lethbridge Lands faces the same challenges as any developer company, noting in their most recently available Work Plan that the effects of the COVID-19 pandemic and market conditions required delays or modifications to planned projects and budget adjustments⁸.

1 Halifax Regional Municipality. (2016, March 24). *Information Report for Council re: Municipal Involvement in Community Land Trust Models*.

2 Lethbridge Land. (n.d.). Our History.

3 Lethbridge Land. (n.d.). What We Do.

4 Lethbridge Land. (2018). *Annual Report*.

5 City of Lethbridge. (2023). *Municipal Annual Report*.

6 Lethbridge Land. (2023). *Bowman Pre-call Survey*.

7 Lethbridge Land. (2018). *Annual Report*.

8 Lethbridge Land. (2020-2023). *Work Plan + Project Expenditures*.

Case Study 2: City of Saskatoon, Saskatchewan

Land Bank Origin

The Saskatoon Land Bank is the longest continuously operating municipal land bank in Canada¹. Though the City had been involved in land development and sales since the 1920s, in 1954 it established a formal Land Bank - now called Saskatoon Land - to intentionally acquire land for development. Their mandate has now evolved to: "provide an adequate supply of serviced land, but also to initiate creativity and innovation in urban design, generate profits for allocation to civic projects and programs, and influence urban growth"².

How It Operates

Saskatoon Land operates under the City's Corporate Financial Services division³. As of March 2025, it has 6 sales staff, 8 planning staff, and 4 real estate staff. They operate similarly to private developers, sell land at market value, and provide an annual report summarizing sales and project progress⁴. The Saskatoon land bank is fully self-financed and for-profit (not relying on property taxes), with land sale profits used to cover land bank operations, invest in land development, and strategically purchase additional land. It also maintains and leases municipally-owned lands designated for future development and coordinates municipal service installations on surplus lands before selling. Saskatoon Land manages and sells land on four planned residential communities (Aspen Ridge, Brighton, Kensington, and Parkridge)⁵, developed and sold using a phased approach, as well as infill/tax title properties throughout the City⁶. Saskatoon Land requires developers to hire homebuilders who meet specific criteria and it maintains a list of approved builders for this purpose. They manage four properties designated in the City's Housing Action Plan 2023 (HAF) available only for proposals that will provide new affordable rental units. Successful applicants enter into a legal agreement with the City that includes strict monitoring, and they can receive up to \$50,000 per unit through Capital Grants, a five-year incremental tax abatement, and permit fee rebate⁷.

Table B-2: Saskatoon Land Bank Summary

Population	288,311 (2022)
Land Area of the Municipality	228.1 sq km
Administered By	City department (Saskatoon Land)
Year Began	1920s
Land Bank Staff Members	6 sales staff 8 planning staff 4 real estate staff
Land Banking Functions	Acquisition, Improvement, Disposal
Land Use Focus	Residential, Institutional, Industrial
Affordable Housing (AH) Related Measures	Designated 4 surplus properties for affordable rental units only in the City's 2023 Action Plan
Neighbourhood Designated for Improvement (Residential Only)	Aspen Ridge, Brighton, Kensington, and Parkridge, plus infill and tax title properties
Key Documents and Policies	Saskatoon Land Annual Report (2023)

Challenges and Successes

The 2016 Internal Audit Report detailed areas for improvement which included clearer explanations of how its work is consistent with City policies, creating a conflict-of-interest policy for staff, ensuring buyers pay for lands purchased in a timeline manner, and improving transparency by increasing the frequency of publicly available reports⁸. For successes, Saskatoon Land has contributed to keeping municipal property taxes lower than most communities in western Canada and has earned the city a top credit rating when it seeks to borrow funds⁹. The Audit found Saskatoon's policy context is stricter than other similar municipalities, which the report noted has proven to be a positive feature "because it ensures consistency from sale to sale"¹⁰. It found Saskatoon Land effectively mitigates the risks inherent in land sales and management using "upfront due diligence, continual market monitoring, development phasing and cost monitoring/ management"¹¹.

1 Halifax Regional Municipality. (2016). *Information Report for Council*.

2 City of Saskatoon, Saskatoon Land (n.d.). *About Us*.

3 City of Saskatoon. (2025). *Organization Chart*.

4 Saskatoon Land. (2023). *Annual Report*.

5 City of Saskatoon, Saskatoon Land (n.d.). *Welcome to Saskatoon Land*.

6 City of Saskatoon, Saskatoon Land (n.d.). *Infill and Tax Title*.

7 City of Saskatoon. (n.d.). *Affordable Housing Incentives*.

8 Saskatoon Land. (2016). *Internal Audit Report Summary*.

9 Saskatoon Land. (2023). *Annual Report*.

10 Saskatoon Land. (2016). *Internal Audit Report Summary*. Page 3.

11 Ibid, Page 24.

Case Study 3: Town of Channel-Port aux Basques, Newfoundland & Labrador

Land Bank Origin

An existing housing shortage in the Town of Channel-Port aux Basques (CPAB) was exacerbated by Hurricane Fiona's property destruction in 2022. A resulting Housing Needs Assessment led the Town to the federal Housing Accelerator Fund (HAF). The municipal land bank is established through a Call for Expressions of Interest (EOI) issued in March 2024¹ as part of the HAF agreement with the goal "to eliminate barriers to building the housing we need, faster"². Land bank properties are earmarked only for residential development, and the Town is keeping lands that are considered at-risk to climate impacts out of the land bank. The Town plans to add land acquisition to the strategy in the future.

How It Operates

Expression of interest may come from three different avenues: 1) any entity (individual or group) willing to make privately owned properties available for housing development, 2) contractors or developers interesting in taking on housing development projects, and 3) contractors or developers with a proposal to develop housing on specific Town-owned properties. These invitations represent both land acquisition and land disposal actions for the land bank. The Call for EOI requires that the land bank properties will be "developed by private entities in a way that aligns with the purpose and requirements of the land bank as defined by the municipality/organization"³. Surplus land improvement is part of avenue number 3 above, with four residential building lots in Grand Bay West area available for sale that now have access to municipal water and sewer services, garbage and snow removal services, and paved roads, with plans to add sidewalks.

Challenges and Successes

A challenge the Town is bearing in mind is the uncertain future of the HAF due to the possible upcoming change in federal leadership, so they are working as quickly as possible to complete initiatives. Navigating local input has been a challenging but important part of the land banking process.

Table B-3: Channel-Port aux Basques Land Bank Summary

Population	3,547 (2021)
Land Area of the Municipality	38.77 sq km
Administered By	Consultants (Fundamental Inc in NL)
Year Began	2024
Land Bank Staff Members	2 consultant staff
Land Banking Functions	Improvement, Disposal
Land Use Focus	Residential
Affordable Housing (AH) Related Measures	Requesting Expressions of Interests provides municipality more influence
Neighbourhood Designated for Improvement (Residential Only)	Grand Bay West
Key Documents and Policies	First Call for Expressions of Interest (March 14, 2024); Increasing Housing Supply Housing Accelerator Fund agreement with CMHC

Developers were not keen on the idea of leasing land from the Town because they understood banks would not be willing to give them a loan without owning the land. Landlords were concerned that the Town would become competition; however, educating landlords could reduce this challenge, as the Town is hoping to provide non-market housing to people who would not be able to afford the at-market rental units. Municipalities will also sometimes set up an arms-length housing corporation to manage land banks, but Council was not confident that a small Town like CPAB could sustain operating that kind of entity with the existing municipal funding.

Taking an open and innovative posture to land bank partners is a success factor for the Town that has allowed for creative partnership discussions with a housing cooperative developer, Habitat for Humanity, and the Carpentry College. Putting out a broad Call for Expressions of Interest was a successful method to ensure the process of using the municipal lands remained transparent and it also allows the Town a degree of influence to encourage the building of more diverse housing types and prevent developers from simply build what will be most profitable (the Housing Needs Assessment found there was a need for more housing options, from tiny homes to three-bedroom apartments).

1 Town of Channel-Port aux Basques. (2024, March 13). *First Call for Expressions of Interest*.

2 CMHC. (2024, February 19). *Helping build more homes, faster in Channel-Port aux Basques*.

3 Town of Channel-Port aux Basques. (2024, March 13). *First Call...*, Page 2.

Case Study 4: Town of O'Leary, Prince Edward Island

Land Bank Origin

The Town of O'Leary's Land Disposal Program Policy is the most recent land bank case study in this report, approved by Council on January 9, 2025. Land banking is part of the Town's Housing Accelerator Fund (HAF) agreement, specifically Initiative #4 (focused on creating a municipal land banking policy that enables affordable housing development of Town land) and Initiative #7 (seeking to help people to grow home equity and access rent-to-own opportunities by working with community partners like Habitat for Humanity and by making land available through the land bank)¹.

How It Operates

The Policy, administered by the Chief Administrative Officer, uses a Request for Proposals (RFP) process to dispose of land and includes the *Affordable Housing Lands Disposal Grant* to supplement land transfer costs if the buyer is an affordable housing provider. Though funding currently comes from HAF, the intention is for the grant to continue after the HAF funding period through Council's annual budgeting process. The process for surplus land disposal is outlined through the Policy and includes Council declaring lands as surplus, determining fair market value, an RFP process that includes a Proposal Review Committee and a set of Assessment Criteria.

The Grant is available to non-profit or other recognized housing providers as long as the proposal features affordable or non-market housing and covers any costs associated with transferring land ownership (incl. issuing the public notice, legal fees, surveys, and environmental assessments). Up to 100% of eligible costs can be covered to a maximum of \$5,000 per property to a maximum of \$20,000 for the Program. The grant is provided once the land transfer is complete and the applicant submits proper documentation. In earlier land improvement efforts, the Town developed just under 20 lots in the Pate Garden Subdivision to the building-ready stage, building roads and providing access to a municipal sewage treatment system with the goal of expanding residential options in the Town.

Table B-4: O'Leary Land Bank Summary

Population	876 (2021)
Land Area of the Municipality	1.82 sq km
Administered By	Chief Administrative Officer (CAO)
Year Began	2018
Land Bank Staff Members	Chief Administrative Officer (CAO)
Land Banking Functions	Improvement, Disposal
Land Use Focus	Residential
Affordable Housing (AH) Related Measures	Affordable Housing Land Disposal Grant covers up to \$5,000 per property.
Neighbourhood Designated for Improvement (Residential Only)	Existing completed subdivision: Pate Garden, future opportunities yet to be identified
Key Documents and Policies	Town of O'Leary Land Disposal Program Policy (January 2025)

Challenges and Successes

The Town's public investment in the creation of housing lots was a strategic choice in the area's economic environment where the private sector is not readily creating build-ready housing lots. The RFP process provides a clearer process for land disposal and allows the Town to consider factors beyond simply who offered the highest bid, which gives them the opportunity to move forward the goal of creating more affordable housing. Including the Grant within the surplus land policy keeps all surplus land administration as straightforward as possible.

A challenge O'Leary continues to navigate is how to avoid speculation purchases (purchasing land as an investment without plans to build), looking for how to ensure prompt lot development through enforceable mechanisms or a procedure for how the Town can actively pursue lot re-acquisition. Restrictive zoning and covenants were also a challenge. Lots in Pate Garden Subdivision sold slowly until the zoning was changed in the recent plan review to offer more development options and restrictive covenants were removed in 2024 in recognition of the affordability impacts of the minimum square footage requirements. A number of lots have since sold.

¹ Town of O'Leary. (2024, October 9). *Annexation Zoning & Housing Accelerator Fund – potential edits to the Official Plan and Bylaw. Info Package for Public Meeting.*

Case Study 5: Town of Salisbury, New Brunswick

Land Bank Origin

Developing a land acquisition and management strategy, maintaining a land inventory, incentivizing residential development, and exploring partnerships for affordable housing are all action items in the Town of Salisbury's 2023-2026 Strategic Plan under the pillar to "Create an environment that is attractive for developers and where affordable housing is accessible". Salisbury's *Municipal Surplus Land and Land Acquisition Policy*, approved in February 2024, moves forward all four of these actions¹. The policy was developed in part to guide plans for 28-acres of municipally owned land.

How It Operates

The policy is administered primarily by the Chief Administrative Officer (CAO) and the Public Works Manager, with support from Planning Services provided by the area's Regional Service Commission. The list of who or what may identify lands for acquisition under the policy is broad and can include Council; a third party; a municipal plan, report, or strategy; real estate listings; or another department. The Municipality has recently also added formerly provincial lands to the land bank, expanding Salisbury's municipal boundaries following the Province's disposal processes. For land disposal, Town-owned land must first be designated as "surplus land" by Council, then disposed of by direct sale or a public solicitation of proposals process. The policy adds a special process that allows the Municipality to invite non-profit developers interested in developing housing to submit a proposal without the Town publishing a public post. Non-profit proposals are evaluated by the CAO's office and top contenders are presented in a closed session to Council, with lands sold for only \$1 to the successful proposal. Funds from land sales go to the General Operating Budget to be used within the fiscal year of the transaction, with any funds remaining at the end of that year transferred to a Reserve Fund. At least 50% of revenue from lands sold for housing or economic development must be used for development related to housing (e.g., land purchases, developer agreement incentives). In April 2023, Salisbury announced a new partnership with Housing Hub of NB, which is conducting a financial feasibility study for municipal development plans on the 28 acres². The land will be divided so that one portion can be sold to a non-profit for \$1 and provide a variety of low-rise residential options targeted specifically for seniors, and the other portion sold

1 Town of Salisbury. (2024, January 22). *Council Meeting Minutes*.

2 Town of Salisbury. (2024, April 16). *Town Partnering with Housing Hub of New Brunswick to Explore Residential Development on Municipal Lands*.

Table B-5: Salisbury Land Bank Summary

Population	2,387 (2021)
Land Area of the Municipality	13.56 sq km
Administered By	Chief Administrative Officer (CAO)
Year Began	2024
Land Bank Staff Members	CAO and a Public Works Manager
Land Banking Functions	Acquisition, Improvement, Disposal
Land Use Focus	Residential
Affordable Housing (AH) Related Measures	Special process that allows direct invitations and land sales of \$1 to non-profits Housing Hub NB partnership 28-acres designated for this \$1 process.
Neighbourhood Designated for Improvement (Residential Only)	28-acres of Town-owned land
Key Documents and Policies	Municipal Surplus Land and Land Acquisition Policy (2024)

following the 'General' surplus land disposal procedures. The plan is to install services before lots are sold, including roads, sewer, laterals (e.g., ditches), and power polls. The majority of the cost for pre-infrastructure (i.e., studies) and infrastructure servicing work is planned to be covered by funding administered through the Regional Development Corporation, while Council has also committed to funding remaining costs through debenture debt as identified in Council's 5-year strategic plan.

Challenges and Successes

There is significant developer interest in the area given its proximity to Moncton, but a reluctance to buy unserviced surplus lots; this approach both allows the municipality to create lots that are build-ready that can be sold to private developers to earn revenue for the municipality while allowing the Town to influence the type of development that will take place on another part of the land to achieve certain housing objectives. An intentional strategic component for developing the surplus land policy was to ensure there was a mechanism to allow them to sell surplus lands to non-profit affordable housing providers for only \$1. Another practical note was to ensure there was a motion of Council to direct staff to prepare and issue a Request for Proposals. A challenge that has delayed preparing the 28 acres is the discovery of wetland that occupies about a quarter of the land (over 7 acres) which have required additional measures be taken before the land could be prepared for sale.

Case Study 6: Halifax Regional Municipality, Nova Scotia

Land Bank Origin

Though the Halifax Regional Municipality (HRM) would have had surplus properties since amalgamation (and early as separate municipalities), the earliest surplus land sale posted on the municipal website was in 2006. In April 2013, the Halifax Regional Council approved *Administrative Order Number 50 Respecting the Disposal of Surplus Real Property* to establish a consistent approach for surplus land disposal. Its most recent amendment in March 2021 added Affordable Housing as a new interpretation and surplus land category to further enable the municipality to support affordable housing development. The municipality is also looking to use some surplus land for a Community Land Trust (CLT), with a report on the topic presented to Council in 2016¹, and current work taking place with the non-profit United Way to develop a municipality-wide CLT on municipal surplus, Crown, and privately donated lands (municipal CLTs already exist in Edmonton, Calgary, and Vancouver).

How It Operates

Administrative Order 50 is enabled under sections 61 and 63 respecting property sales and section 79 respecting grants and contributions in the *Halifax Charter*, which shares multiple similarities with the *Municipal Government Act* that governs CBRM. The policy is administered by the Corporate Real Estate Division by Real Estate Specialist staff, which falls under the larger Property, Fleet, and Environment Unit (department)². The policy governs surplus land acquisition and disposal (sold as is, where is), and though HRM does not yet have land improvement policies, staff are working to have a policy on rezoning surplus land ready in 2026.

Surplus properties designated for “Affordable Housing” are disposed of through direct sales or call for submissions open only to not-for-profit organizations, evaluated using criteria established by the planning and development department, which will change as needed. “Community Interest” surplus lands also may only be sold to a non-profit through either direct sale or a call for submissions, with processes that vary depending on whether the lands are considered highly valued (>\$250,000) or moderately valued (<=\$250,000). Council can consider selling Community Interest land at below market value in accordance with section 63 of the *Charter*, and the purchase price is required to include the deed transfer tax and the transaction fees. To make this opportunity

Table B-6: Halifax Land Bank Summary

Population	480,216 (2022)
Land Area of the Municipality	5,476 sq km
Administered By	City department (Corporate Real Estate Business Unit)
Year Began	2006
Land Bank Staff Members	6 Real Estate Specialists, 2 Supervisors
Land Banking Functions	Acquisition, Improvement*, Disposal
Land Use Focus	Municipal, Industrial
Affordable Housing (AH) Related Measures	<ul style="list-style-type: none">“Affordable Housing” and “Community Interest” surplus land designation for non-profitsAffordable Housing GrantTax Relief for Non-Profit Organizations ProgramWaiving permit fees for non-profitsPartnership with United Ways’ new municipality-wide Community Land Trust
Neighbourhood Designated for Improvement (Residential Only)	N/A
Key Documents and Policies	<ul style="list-style-type: none">Administrative Order 50 Respecting the Disposal of Surplus Real PropertyGuide for the Sale of Surplus Municipal Real Property: Community Interest (2021)Property Disposal Reports (annual)

* Halifax focuses improvements on only surplus industrial lands right now.

for non-profits clearer, HRM published the *Sale of Surplus Municipal Real Property: Community Interest (Administrative Order 50), A Guide to Less than Market Value Property Sales to Non-Profit and Charitable Organizations* (2021). If no suitable non-profit proposals are received, Council has the option to dispose of these properties in another way.

Challenges and Successes

HRM is working to use its surplus lands to meet community housing needs through the Corporate Real Estate Business Unit (through *Administrative Order 50*) and the United Way-led municipal CLT. The case study shows that a municipality can strategically use surplus lands to improve access to housing using multiple approaches, although HRM may benefit from creating one high level land banking framework that unifies and guides all surplus land initiatives, as CBRM is considering.

1 HRM. March 24, 2016. *Information Report: Municipal Involvement in Community Land Trust Models*

2 HRM. 2023-34 Annual Workforce Report.

Appendix C: Partner Opportunities for CBRM's Surplus Lands

The following are types of partnerships found throughout the case studies that CBRM can consider as it moves forward with a land banking framework, particularly for surplus land disposal.

Potential Partner: Community Land Trusts

An opportunity for CBRM to support affordable housing with the land bank is to work with a group interested in forming a Community Land Trust, as Halifax is doing with United Way. All CLTs in NS are currently located on the mainland, giving CBRM an opportunity to create the first on the island. The Canadian Network of Community Land Trusts interactive map shows current CLTs across Canada and can be a useful resource should this be a type of partnership CBRM wishes to pursue further.

Potential Partner: Habitat for Humanity

The non-profit, Habitat for Humanity, was mentioned by multiple sources as a partner for disposing of surplus lands (e.g., Channel-Port aux Basque; Town of O'Leary). Habitat for Humanity offers those who cannot afford to buy a home at market value the opportunity to get a mortgage, allowing them to begin building their own real estate wealth that can then be passed on to future generations.

Potential Partner: A Housing Cooperative

Housing Cooperatives are another potential partner CBRM could consider. Co-ops were one of the official designations that the Halifax land disposal policy considered to be a “non-profit organization” that were exclusively eligible to apply for surplus lands designated for affordable housing or community interest. A housing co-op is a legal incorporated association that provides members with at-cost housing along with a vote on decisions¹. More information about co-ops, including how they can be created, can be found on through the Co-Operative Federation's resource page and CMHC's Guide to Co-op Housing.

a list of federally-owned lands selected because they were suitable for housing development that CBRM should review and consider purchasing if located near or next to two CBRM's current surplus lands or other strategic locations.

For affordable housing and housing vulnerable populations, organizations to consider for land improvement or disposal are:

- Affordable Housing Association of Nova Scotia
- Rooted
- New Dawn Enterprises
- Transition House Association of Nova Scotia
- Cape Breton Community Housing Association
- YMCA/YWCA of Cape Breton
- Teen Challenge Canada
- Souls Harbour Rescue Mission
- Elizabeth Fry Society
- John Howard Society
- Shelter Nova Scotia
- Everbloom Homes (a social enterprise*)

**Social enterprises are a hybrid model that merges business and social purposes.*

For disposing of environmentally sensitive lands, the Nature Conservancy of Canada will buy lands that are vulnerable to climate change effects, such as wetlands and other lands vulnerable to flooding (e.g., within high tide marks or storm surge zones). They are a resource if CBRM is looking to dispose of certain parcels that cannot be developed due to environmental risks, such as the surplus parcel located in a wetland area in Sydney Mines.

More Partnerships Options

For strategic land acquisition, the Government of Canada has curated

¹ Co-operative Housing Federation of Canada.

Appendix D: Legal Authority for Land Banking in CBRM

Every place has a unique set of legal limits and powers that affect what a municipality can do. Here we provide a more detailed review of the *Municipal Government Act* (MGA) legislation related to land banking along with specific policy references.

Tax sale properties and land banks

- Municipalities cannot unilaterally move tax sale properties into a municipal land bank. Under **MGA ss. 140(1)**, the land must be sold at public auction unless the arrears of taxes, interest and expense are paid, or tenders may be called for the property instead of auction under **ss. (2)**.
- Municipalities may seek to acquire tax sale properties, after following legislated requirements for seeking payment from the property owners, through the same process as any other party might (**MGA ss. 143(1)**). This would involve appointing an official or agent to bid for and purchase the land. Under **(2)**, if no bid is received sufficient to satisfy the full amount of the taxes, interest and expenses due in respect of the land, the treasurer appointed to manage the tax sale may bid the amount of the taxes, interest and expenses and purchase the land for the municipality.
- **MGA s. 172A** also allows Councils to acquire a property that contains a vacant building under certain conditions, using the power of expropriation under **s. 52**.

Option for CBRM: The municipality could, by policy, seek to bid for and acquire tax sale properties to add to the land bank in order to promote the redevelopment of properties. This would likely involve budgetary provisions but could be offset through future tax revenues if developed.

Municipal Land Sales

- **MGA s. 50** sets out the authority for municipalities to acquire and own property for its purposes or for the use of the public and includes the authority to dispose of the land when no longer required for the purposes of the municipalities by sale or lease at market value (**ss. (5)**).
- **MGA s. 50** also includes options for holding land in trust for a charitable or public purpose.
- **MGA s. 51B** sets out the procedures to be taken when the Cape Breton Regional Municipality intends to sell or lease a property at a price

less than market value for a purpose that the Council considers to be beneficial to the municipality. This involves:

- » Resolution to sell or lease, passed by at least a two thirds majority of Council present and voting (**51B(2)**)
- » Public hearing held if the property is valued at more than \$10,000 and public notice at least 14 days for the date of the public hearing. (**MGA ss. 51B(3)-(5)**)
- » The requirement under **s. 51B** of the MGA for public notice when selling or leasing land at a price less than market value, and a public hearing if the property is valued at more than \$10,000 would need to be built into any process timeline.
- The provisions around acquiring or selling lands include references to leasing land at market value, with the requirements regarding below market value in **MGA s. 51B** also applying to leases. There are no restrictions on who the properties can be leased to.

Donating or gifting municipal lands

- As a donation or gift of land counts as direct financial assistance, **MGA ss. 57(2)** bars municipalities from granting a tax concession or other form of direct financial assistance to a business or industry, with the exception of the purpose of improving accessibility for people with disabilities (3), increasing the availability of affordable housing (4), or body corporates promoting the municipality for establishment and expansion of institutions, industries and businesses (1).
 - » There are no similar prohibitions on non-profit organizations, unless non-profit organizations have been deemed to fall within the definition of 'business'.
 - » 'Body corporate' is defined under the *NS Companies Act* as "body corporate" a company or other body corporate wherever or however incorporated and a "company" as a company formed and registered or continued under this Act, or an existing company, that has not been discontinued under [the *Companies Act*].
 - » It is assumed in this case, based on a broad reading of the MGA, that non-profits are not generally considered to be 'businesses' in the context of the MGA.

CBRM Moving Forward: While this review explores what is included in the MGA, it is recommended that the municipality seek legal advice to confirm that it is acting within the authority granted to it.

Municipal grants

- A number of MGA provisions support grants and provide for broad interpretation of municipal powers in relation to the purposes of a municipality. (**MGA s. 9A, 14, 14A, 2**). Further, **section 65A** speaks to municipalities being able to spend money for municipal purposes, subject to conditions and criteria primarily relating to process, budgeting and financing procedures.

Surplus land development by the municipality

- **MGA s. 9A** sets out the purposes of a municipality, which include services, facilities and other things that, in the opinion of the Council, are necessary or desirable for all or part of the municipality. **Section 14A** mandates that **s. 9A** and **s. 2** be interpreted broadly.
- **MGA s. 218** also clearly states that a municipality may acquire and assemble land for the purpose of carrying out a development consistent with the Municipal Planning Strategy (MPS), including subdividing, rearranging, and dealing with the lands as if it were a private owner, and selling the lands subject to any building restrictions or easements.

Development charges

- **MGA s. 81** sets out the authority to establish development charges, and a list identifies which types of capital projects may be included in the by-law establishing the charges.

Reserve funds

- Under **ss. 99(1)**, municipalities must have a capital reserve fund and under (3) it would include funds received from the sale of property. Under (4), a withdrawal from the capital reserve fund requires a Council resolution and may only be used for, among unrelated things, (a) capital expenditures for which the municipality may borrow. **Subsection (6)** further allows a municipality to maintain other reserve funds for such purposes as the Council may determine.
- Therefore, CBRM must put the proceeds of any land sales into the capital reserve and can only spend it on capital expenditures, repayment of capital debt, landfill related expenses, and asset retirement. Once revenues are added to the capital reserve fund, CBRM could have a policy that some or all of land sale proceeds are earmarked for further investment in land bank acquisitions.

Other legislation

Other legislation that may be relevant to land banking and should be reviewed as CBRM moves forward with the Housing Strategy include:

- **Municipal Grants Act** – regarding grants to municipalities, grants in lieu of property assessment taxes from the Province, financial capacity grants, town foundation grants
- **Assessment Act** – regarding how and when property is assessed, and about appeals and liens
- **Housing Act** – regarding the provincial role in relation to housing corporations, acquiring land, disposing of properties. Of relevance to municipalities, **s. 19** deals with municipal powers respecting taxation and **s. 21-24** deal with municipal housing authorities and provincial authority in relation to municipal housing authorities. (Feb 6, 2025 – repealed but repeal not yet proclaimed into force.)
- **Housing Nova Scotia Act** – regarding incorporation of Housing Nova Scotia, enables agreements between municipalities and municipal housing corporations
- **Municipal Housing Corporations Act** – regarding operations of municipal housing corporations, appears to be largely focused on municipal corporations to construct, hold and manage accommodations for the ‘aged, mentally handicapped or physically disabled or others requiring nursing or custodial care’ and ‘to provide personal-care programs and rehabilitative programs for the aged, mentally handicapped or physically disabled.’
- **Municipal Loan and Building Fund Act** – regarding how the Province can loan funds to municipalities. Funds can be for the purpose of constructing, altering, extending, or improving the water system or public sewers in the municipality, as well as acquiring or purchasing materials and equipment needed to erect, acquire, purchase, or add to buildings for public schools, city or town halls, county court houses, county jails, or municipal buildings. This Act can be applied to make grants to any city or town for the purpose of aiding the construction or extension of buildings for junior or senior high schools as well.

Appendix E: Additional Details for the Surplus Land Inventory

Table E-1: CBRM's Surplus Land Inventory Summary

		(Small Lands)*	0 [Least Feasible]	1	2	3	4	5	6 [Most feasible]
Total number of surplus lands	149								
Within service boundary	138								
Met lot size/lot frontage requirements	124	N/A	1	5	13	21	21	23	39 (1)
Size: 300 sq m or above** Frontage: 10 m+	120	N/A							
Size: 225 sq m or above Frontage: 9 m+	4	N/A							
Did not meet lot size/frontage requirements (Small Lands)	14								
Community									
Sydney	74	4	0	0	3	10	8	16	36
Glace Bay	25	6	0	1	4	3	11	4	2
North Sydney	9	0	1	1	4	3	0	0	0
New Waterford	7	2	0	0	1	3	2	1	0
Sydney Mines	5	0	0	1	0	1	0	1	1 (1)
Dominion	1	0	0	1	0	0	0	0	0
Florence	1	0	0	0	1	0	0	0	0
Louisbourg	1	0	0	0	0	1	0	0	0
Scotchtown	1	1	0	1	0	0	0	0	0
New Victoria	0	1	0	0	0	0	0	0	0

Note: Number in brackets shows the number of parcels in the wetland as provided in CBRM's Geographic Information System (GIS) data.

Additional Notes for Table E-1

*Small lands refer to surplus lands that did not meet the typical zoning requirements (i.e. minimum lot size of 225 square metres and minimum lot frontage of 9 metres) and are not adjacent with another surplus property to be consolidated. These surplus lands were excluded from the feasibility score calculation and were labelled as "small surplus lands" on the inventory maps.

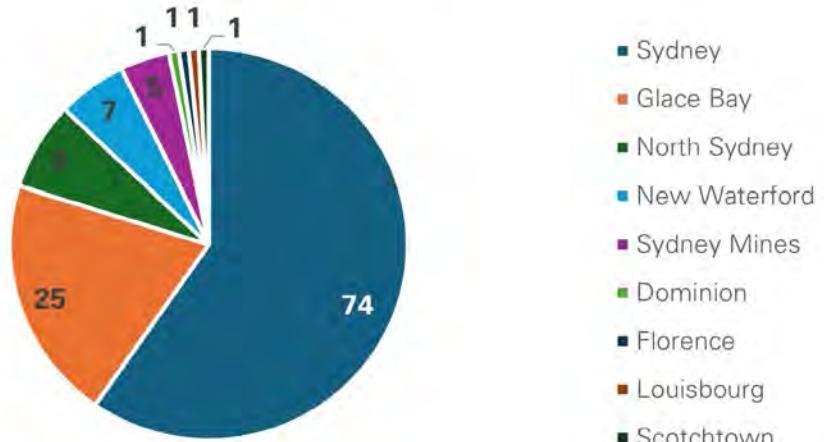
**For the lot size and the lot frontage requirements, we used the following threshold to determine parcels that could be potentially good candidates:

- Parcels need to be at least 300 square metres; and
- Parcels need to have a lot frontage of ten metres or wider.

The Project Team identified that those numbers are usually required for compatible residential development. There were four parcels that met these minimum requirements but did not meet the criteria mentioned above. These parcels were still included in the analysis; however, these parcels may have limited space for future residential development.

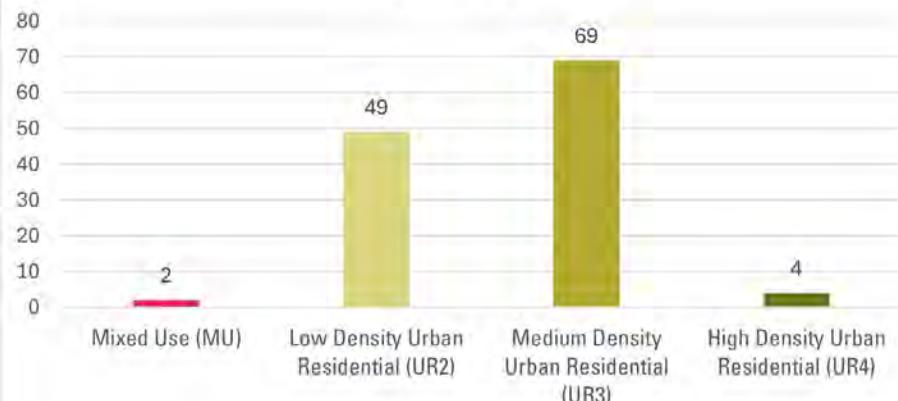
Figure E-1: CBRM's Surplus Land Inventory Key Statistics Charts

Which Communities are the Surplus Lands Located?



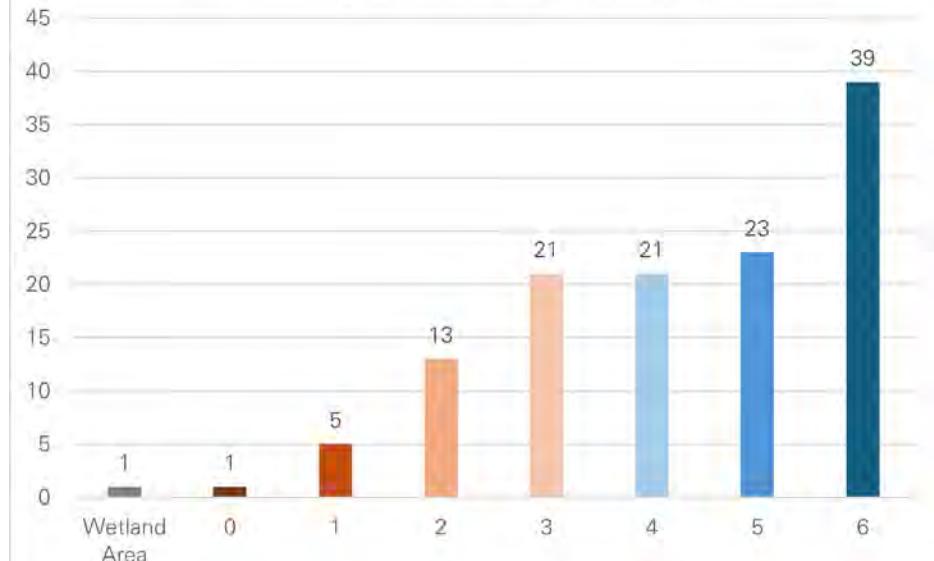
N=124

Which Zones are the Surplus Lands Located?



N=124

Feasibility Score on Surplus Lands

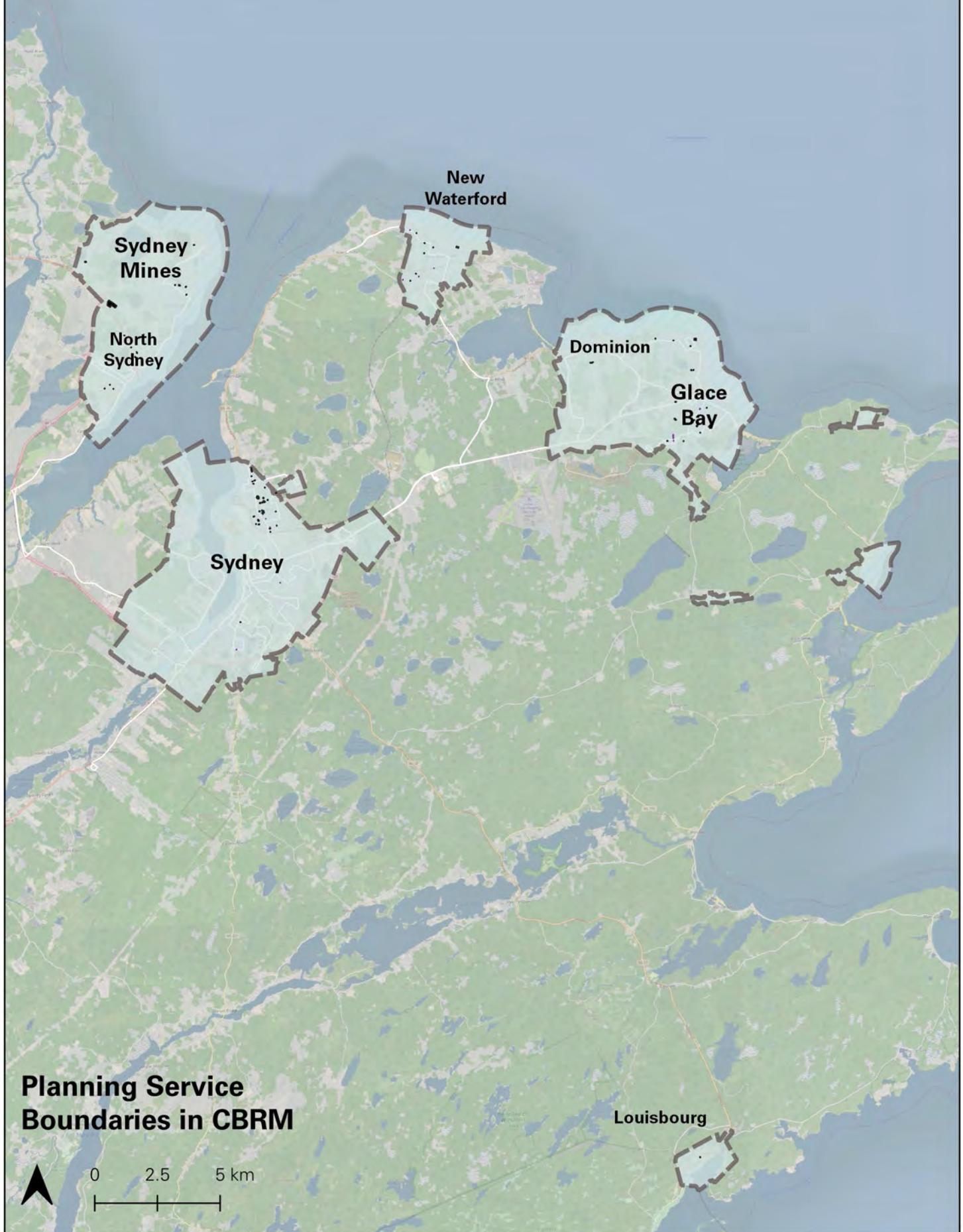


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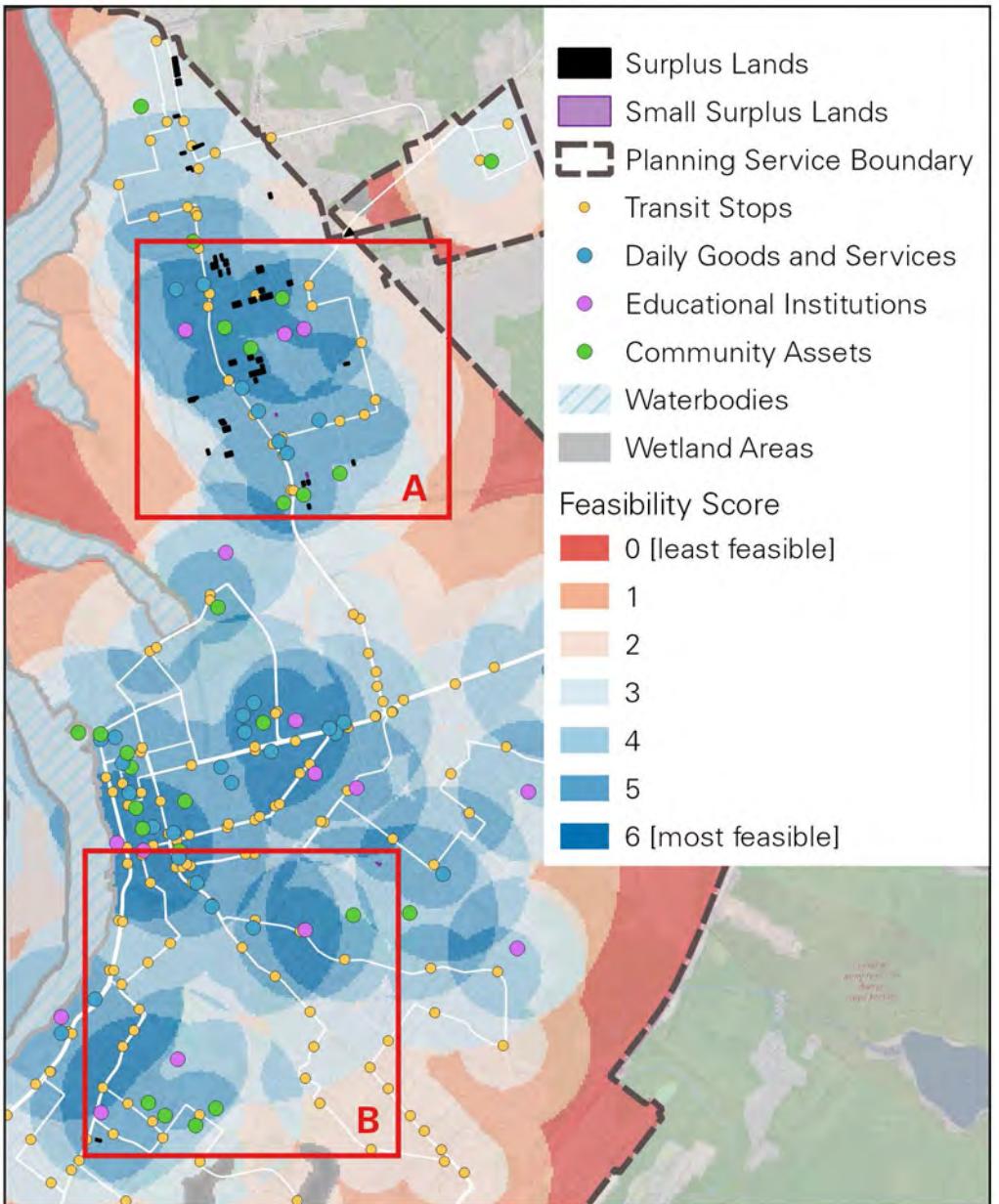
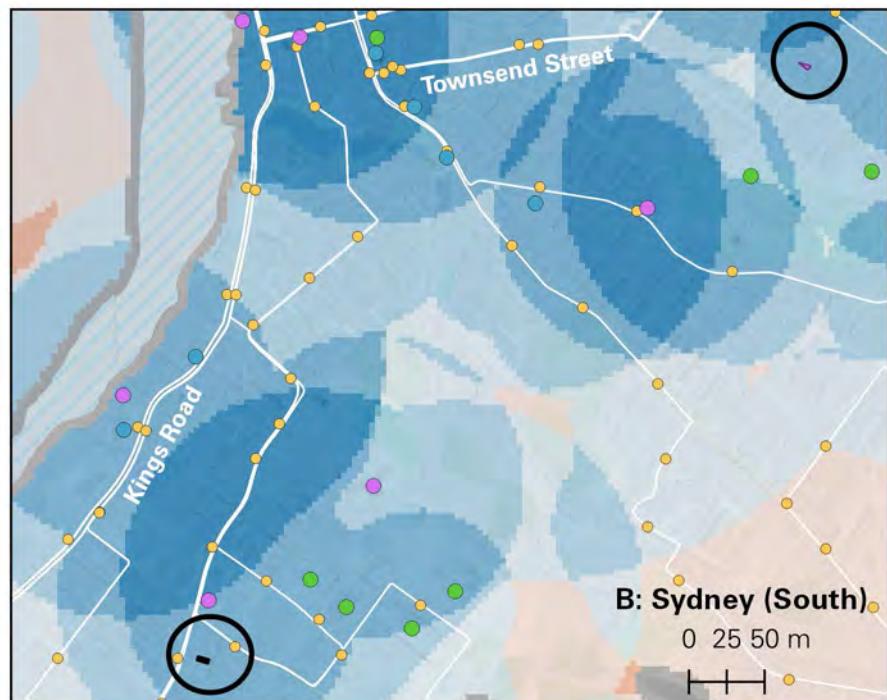
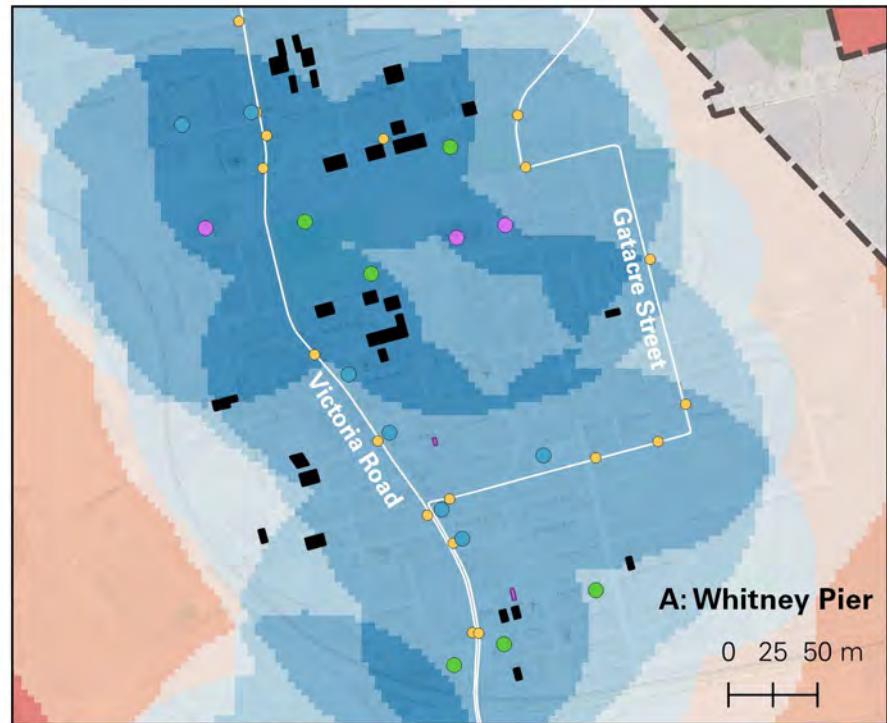
Number of Key Community Features in CBRM:

- **Daily Goods and Services** (Grocery stores, convenience stores, hospitals, clinics, daycare services): 91
- **Community Assets** (Outdoor parks, recreational facilities, community halls, libraries): 77
- **Educational Institutions** (schools, colleges, adult learning centres): 35
- **Transit stops**: 499

Map E-1: Planning Service Boundaries in CBRM

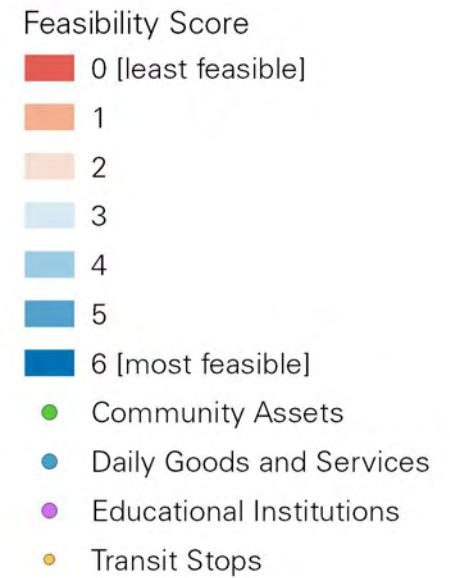
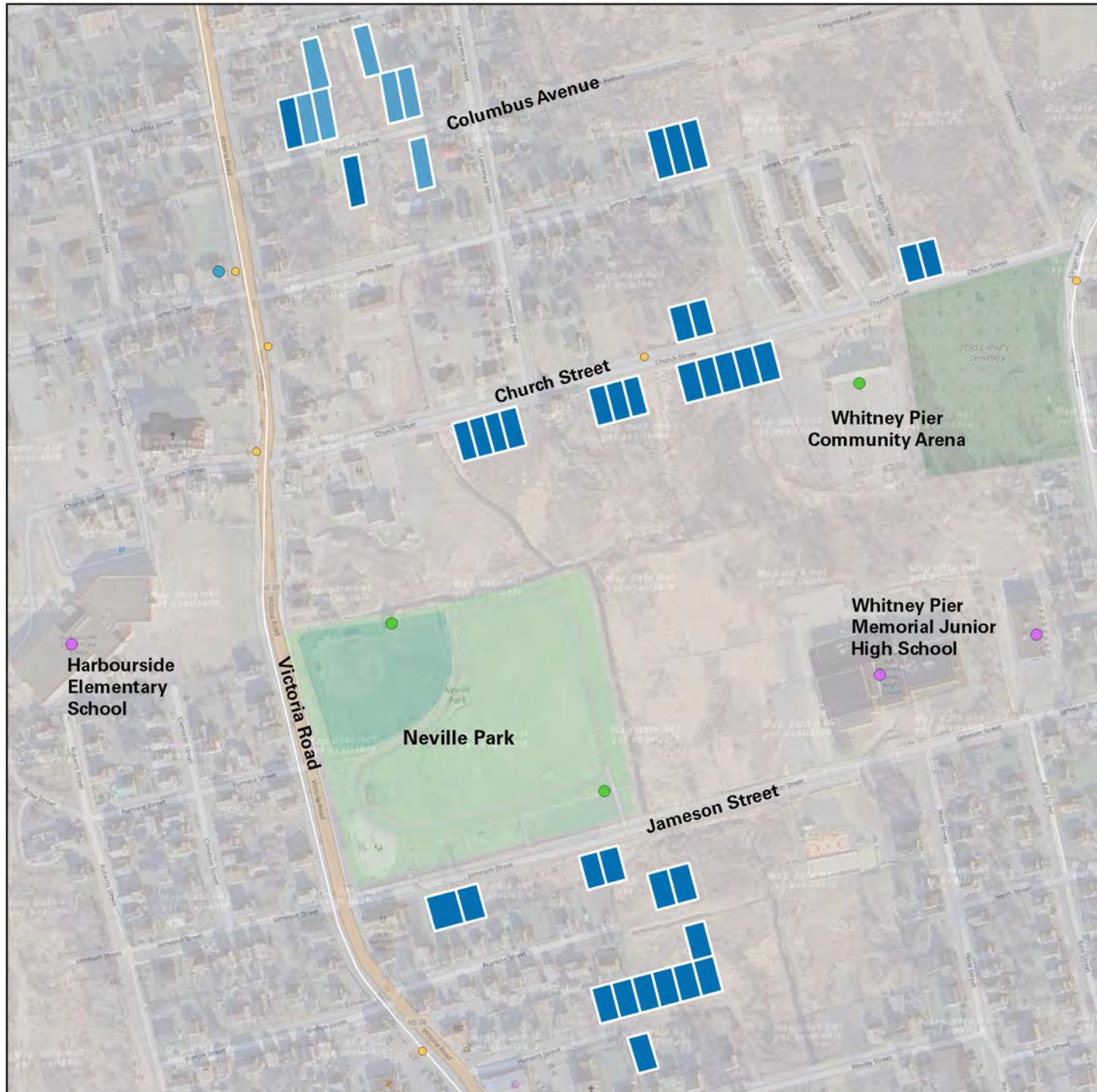


Map E-2: Multiple Criteria Analysis Mapping Results for Highly Suitable Areas



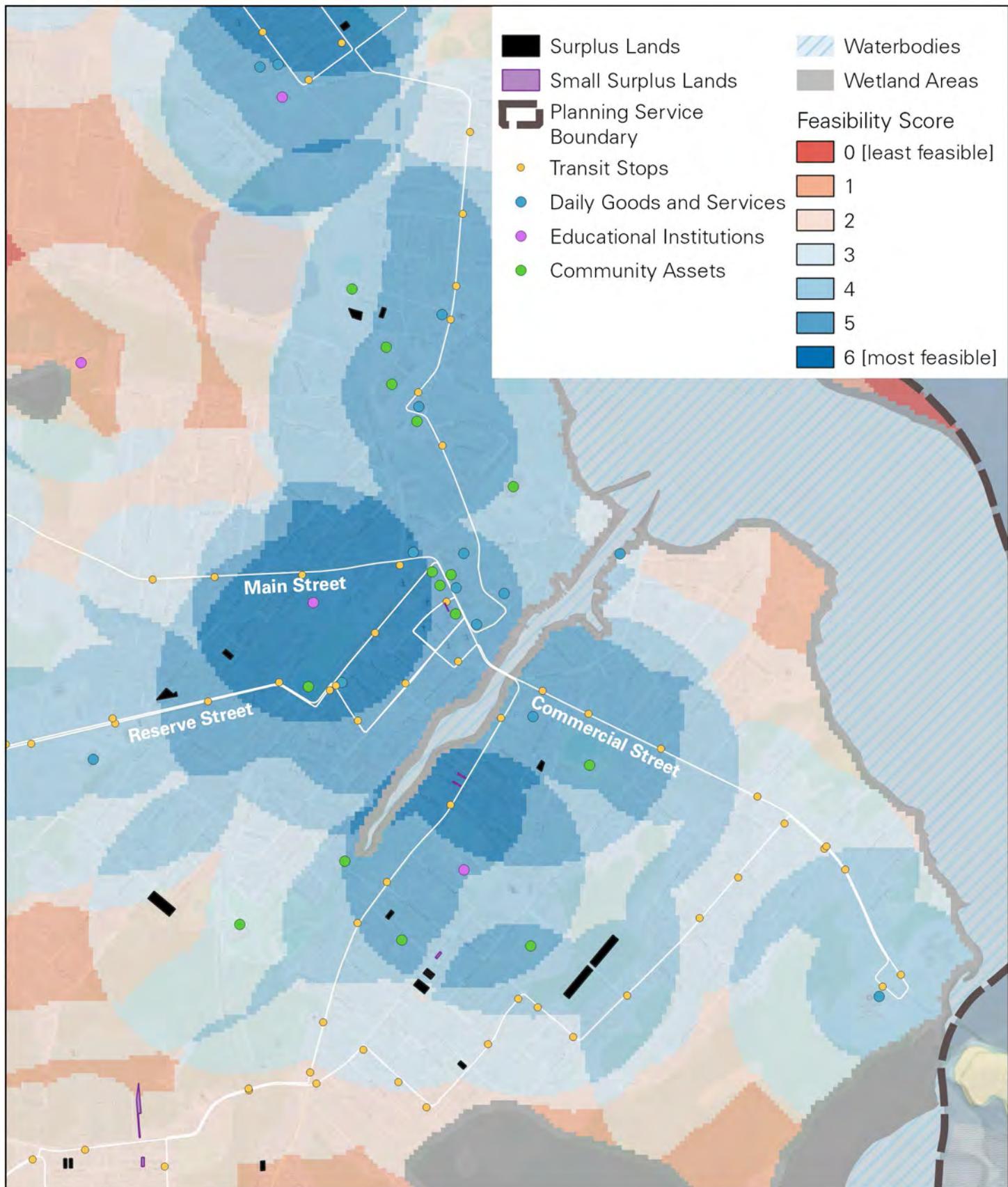
Total # of Surplus Lands: 78
 0-2: 3 3-4: 18
 5-6: 53 Small: 4

0 50 100 m



Surplus Lands Analysis Whitney Pier

0 75 150 m



Total # of Surplus Lands: 31

0-2: 5

3-4: 14

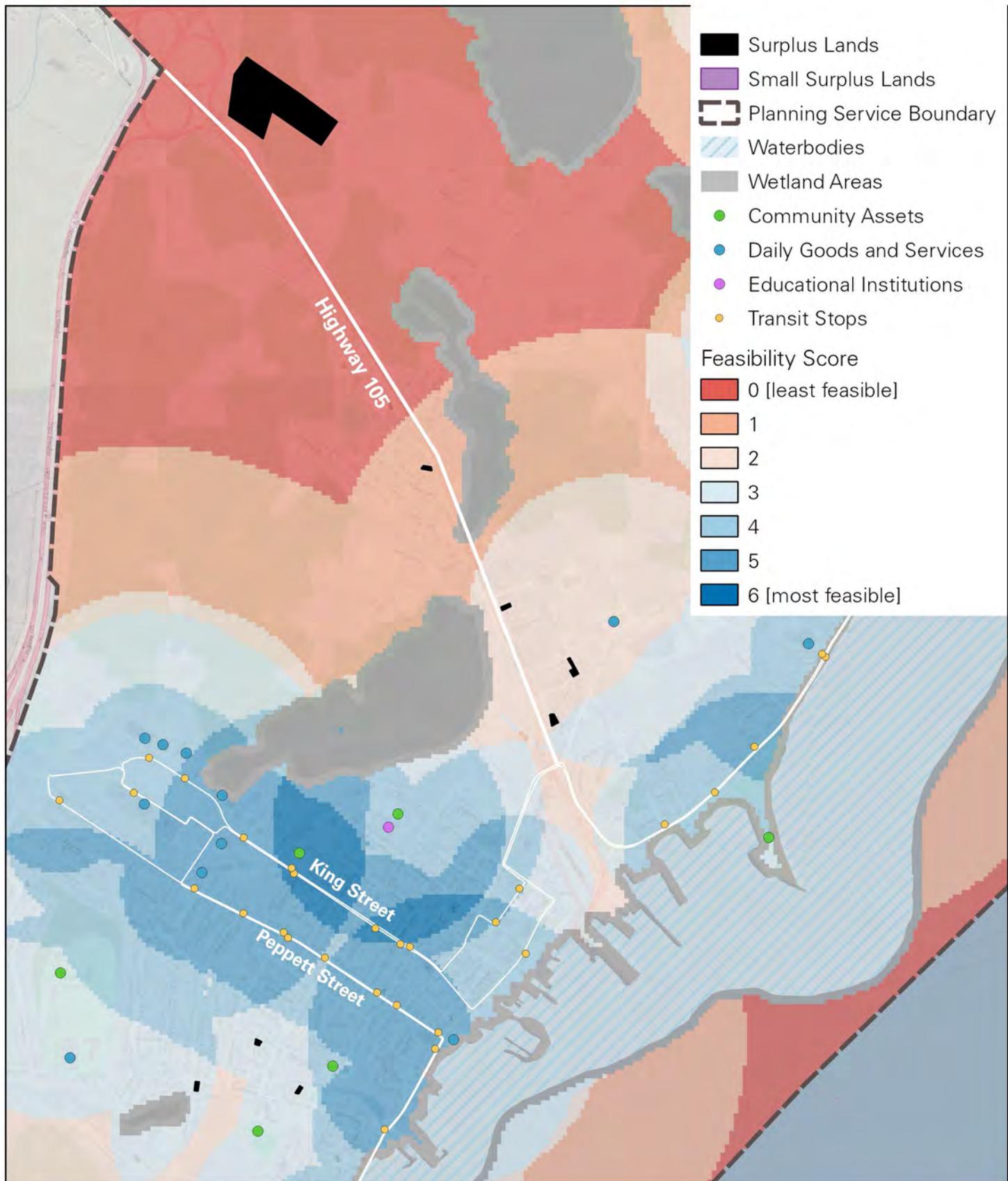
5-6: 6

Small: 6

Surplus Lands Analysis - Glace Bay

0 250 500 m





Total # of Surplus Lands: 9

0-2: 6

3-4: 3

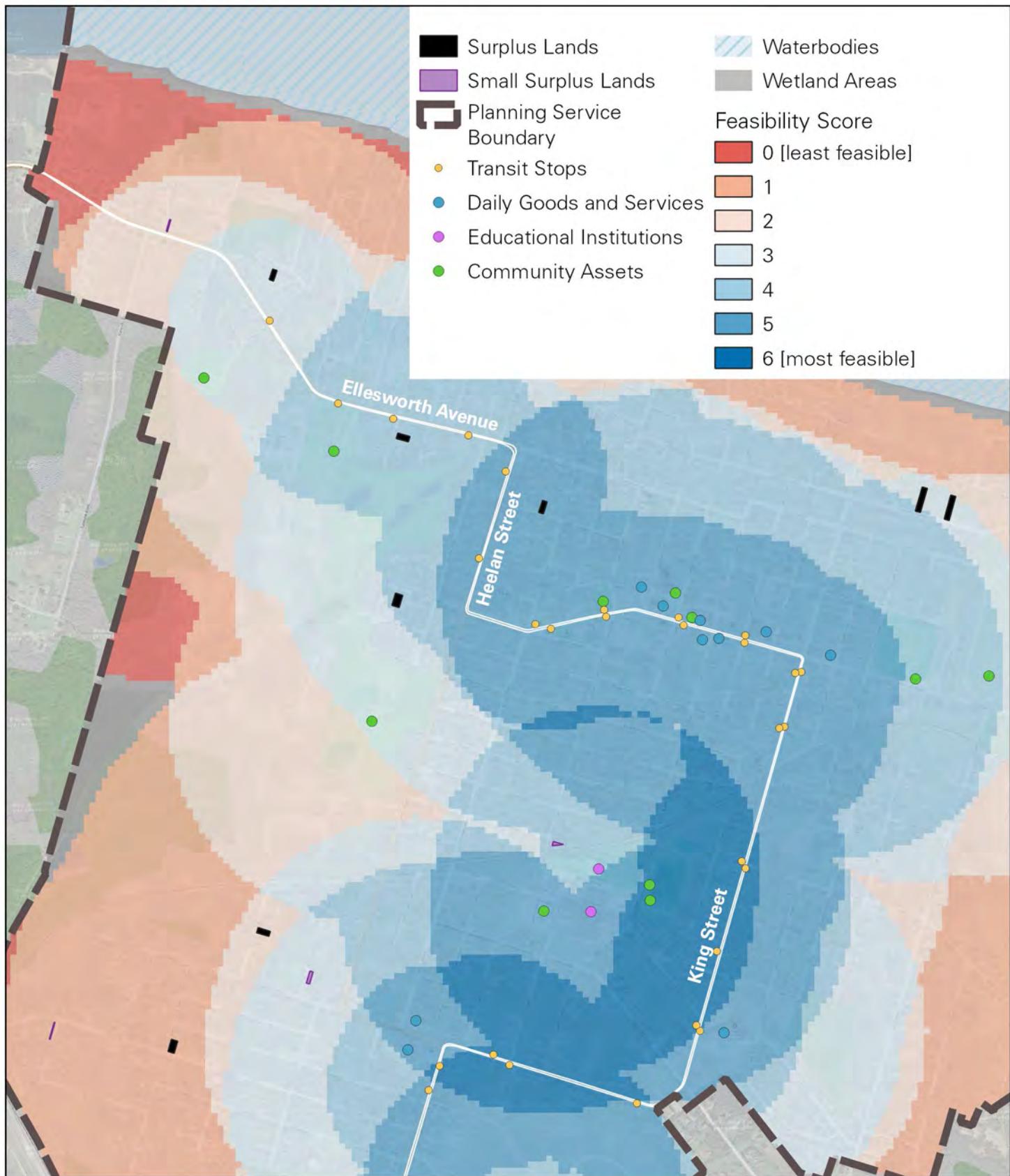
5-6: 0

Small: 0

Surplus Lands Analysis - North Sydney

0 250 500 m





Total # of Surplus Lands: 9

0-2: 1

3-4: 5

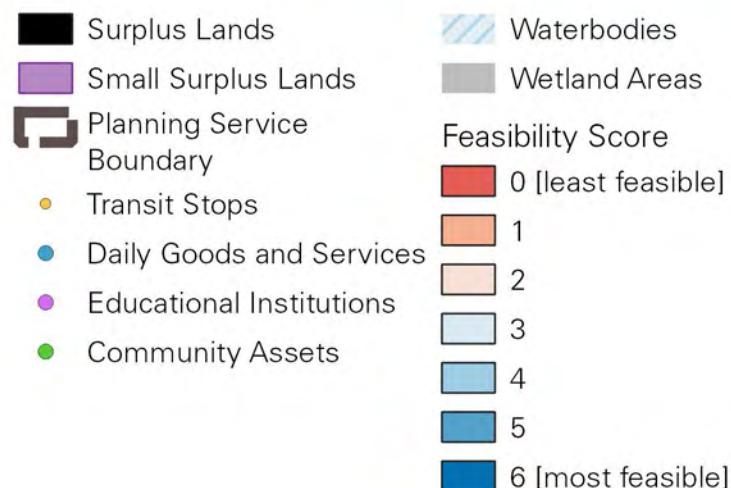
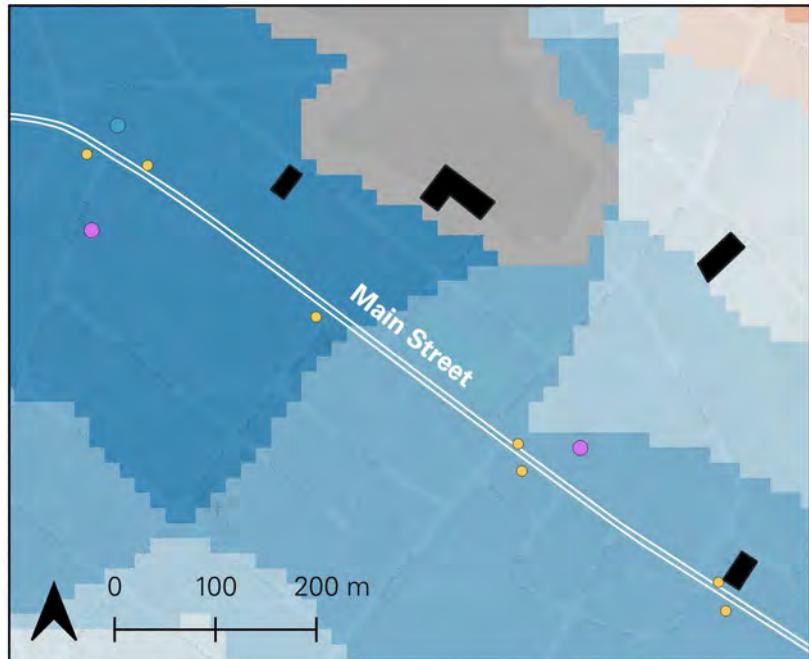
5-6: 1

Small: 2

Surplus Lands Analysis - New Waterford

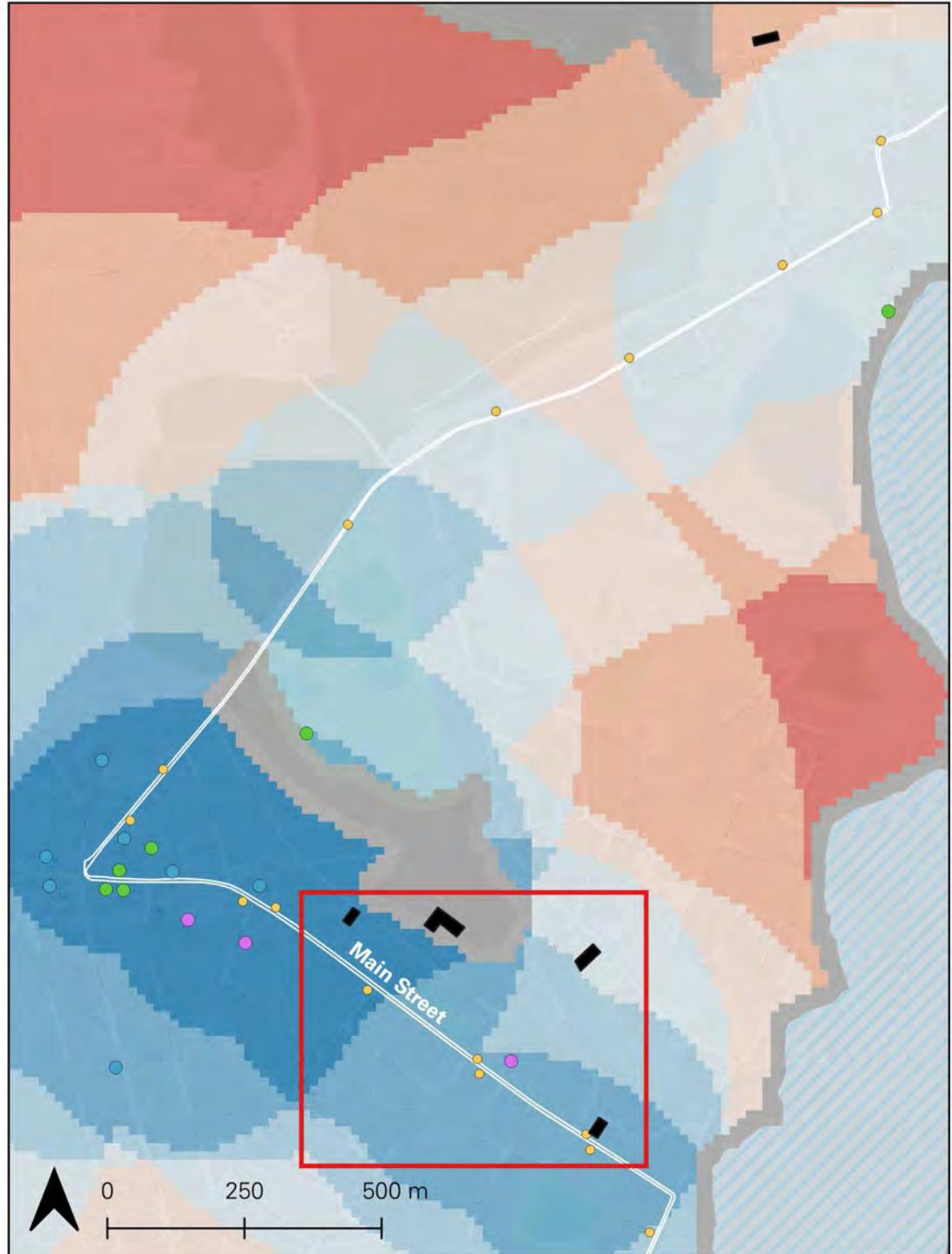
0 250 500 m





Surplus Lands Analysis - Sydney Mines

Total # of Surplus Lands: 5
 0-2: 1 3-4: 1 5-6: 2 Small: 0 Wetland: 1



Other Surplus Properties (From properties that meet the lot size and lot frontage requirements)

Dominion (1)

- PID: 15493877
 - » LU Zone: Low Density Urban Residential (UR2)

Florence (1)

- PID: 15253867
 - » LU Zone: Low Density Urban Residential (UR2)

Louisbourg (1)

- PID: 15506991
 - » LU Zone: Mixed Use (MU)

Scotchtown (1)

- PID: 15273543
 - » LU Zone: Low Density Urban Residential (UR2)

Surplus lands that met the LUB requirements but were under

300 square metres of lot size and the minimum lot frontage of 9 metres:

Sydney (1)

- PID: 15137466 (Feasibility Score: 4)
 - » LU Zone: Medium Density Urban Residential (UR3)

Glace Bay (2)

- PID: 15431430 (Score: 2)
 - » LU Zone: Low Density Urban Residential (UR2)
- PID: 15431455 (Score: 2)
 - » LU Zone: Low Density Urban Residential (UR2)

New Waterford (1)

- PID: 15489867 (Score: 3)
 - » LU Zone: Low Density Urban Residential (UR2)



Created for:



CAPE BRETON
REGIONAL MUNICIPALITY

Lead Consultants:

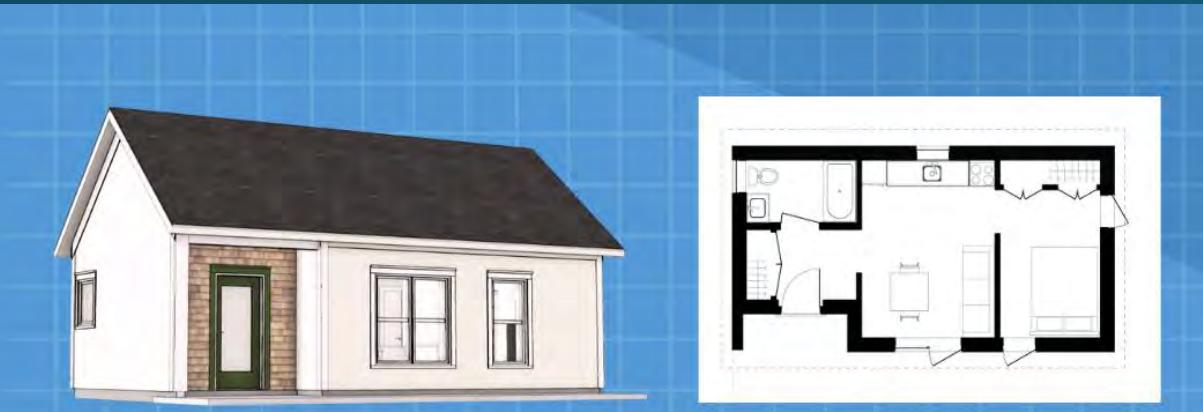


Sub-Consultants:

Lyndsay Francis
SJ Murphy Consulting

Fast-Tracked Housing Plans

Cape Breton Regional Municipality – Housing Accelerator Fund
Project



CBRM FAST TRACKED HOUSING DESIGN INITIATIVE

What You Need to Know About the Project

- What is a fast tracked housing design?
- What designs are available?
- Why is the CBRM undertaking this project?
- Who designed the housing plans?
- How can they be accessed?
- Where can they be built?



WHAT IS A FAST TRACKED HOUSING DESIGN?

A fast tracked housing design is a housing solution that helps to make the construction of new homes faster, easier and more affordable!

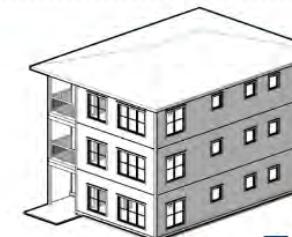


WHAT DESIGNS ARE AVAILABLE?

Accessory Dwelling Units (Small & Large)



Duplex



Triplex



Fourplex



Sixplex

WHY IS THE CBRM UNDERTAKING THIS PROJECT?

3 Main Reasons for the Project:



There are many undeveloped lots with water & sewer service in the CBRM



Infill development requires additional considerations for builders



Fast tracked designs consider the local context and character

WHO DESIGNED THEM?

Passive Design Solutions (PDS) is the architecture firm that developed the designs with support from **UPLAND Planning + Design Studio**.



HOW CAN I ACCESS THE DESIGNS?



Visit the Building and Development Applications page for more information.



There you can learn more about the details of the designs and options for customization.

WHERE CAN THEY BE BUILT?

The designs were developed to **maximize** their use in the CBRM.



To learn about what's possible on your lot contact the CBRM.



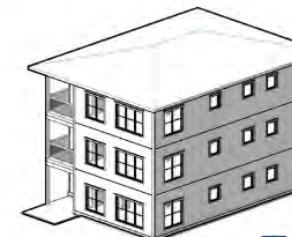
email: permits@cbrm.ns.ca

THE DESIGNS

Accessory Dwelling Units (Small & Large)



Duplex



Triplex



Fourplex

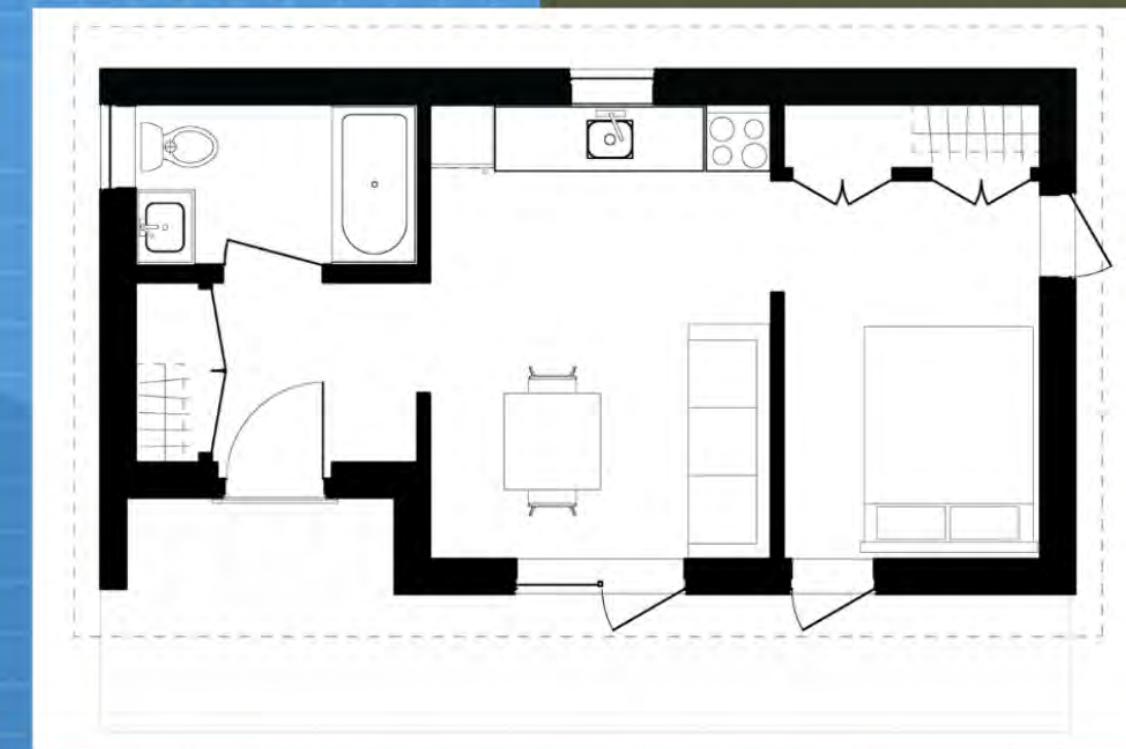


Sixplex

ACCESSORY DWELLING UNIT (SMALL)

455 ft²

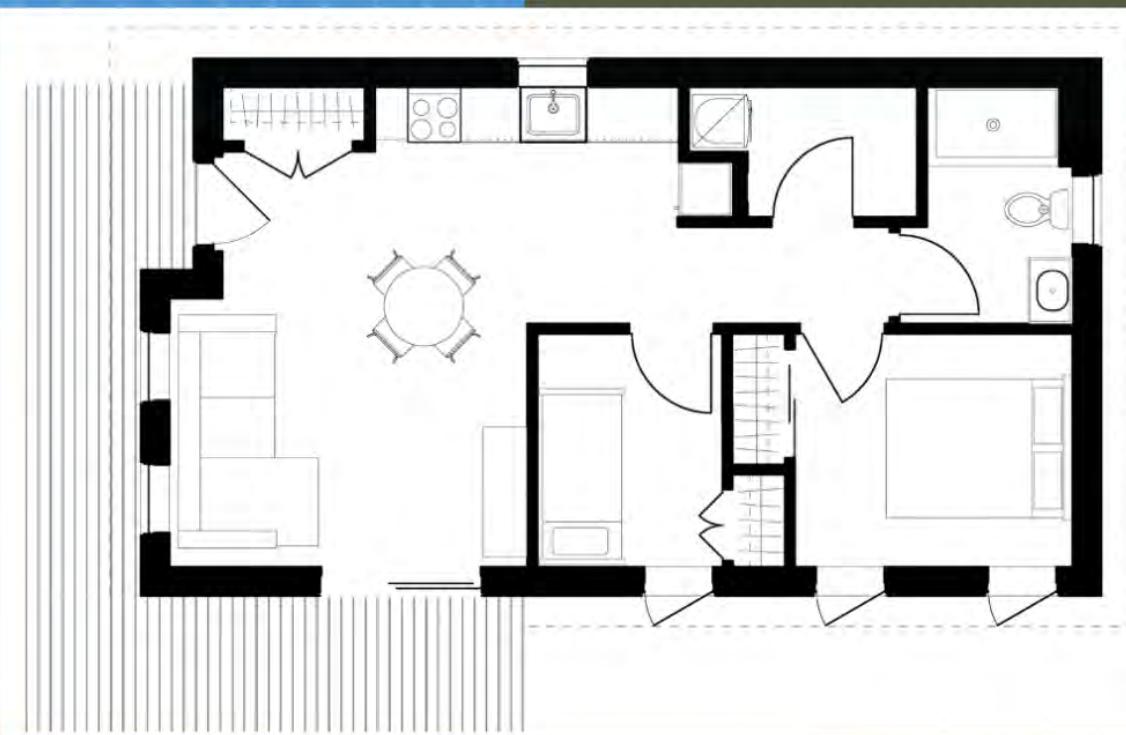
1 Bed - 1 Bath



ACCESSORY DWELLING UNIT (LARGE)

710 ft²

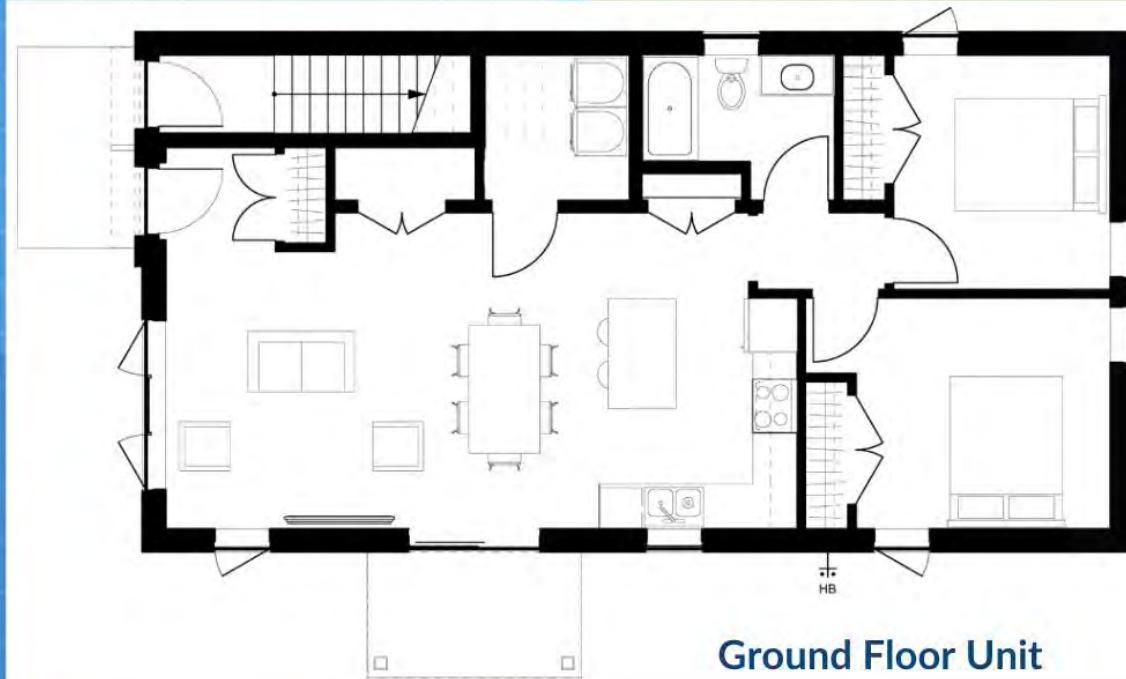
2 Bed - 1 Bath



DUPLEX

2,220 ft²

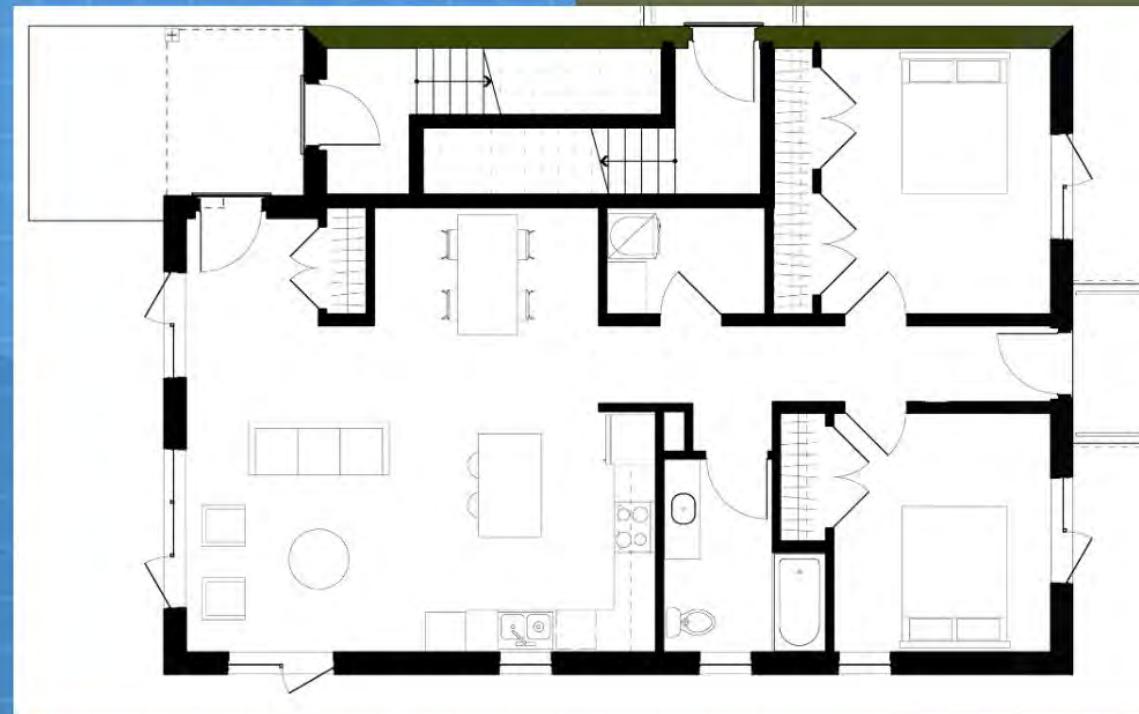
2 x 2 Bed - 1 Bath



TRIPLEX

4,220 ft²

3 x 2 Bed - 1 Bath



FOURPLEX

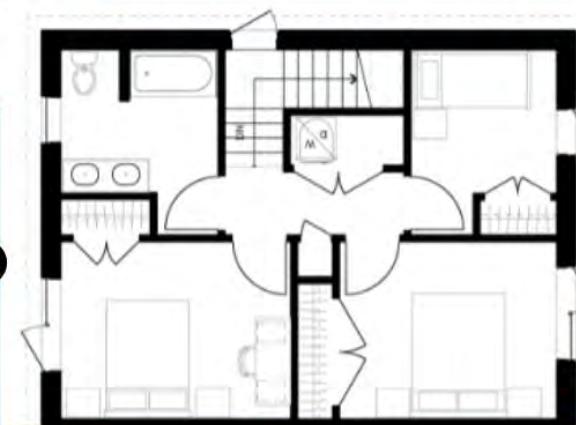
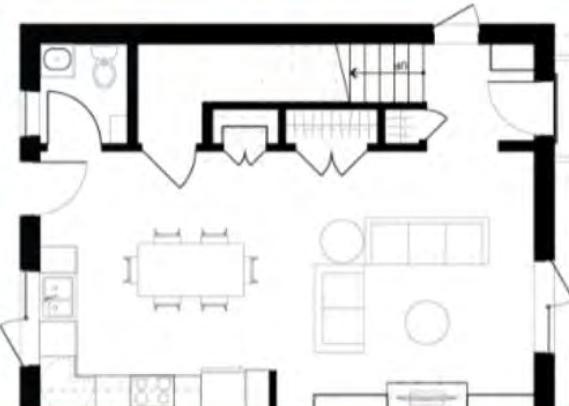
5,280 ft²

4 x 3 Bed - 1.5 Bath



Ground Floor

Upper Floor



SIXPLEX

5,915 ft²

3 x 2 Bed - 1 Bath

3 x 1 Bed - 1 Bath

