West Hants
something inspiring awaits

WEST HANTS REGIONAL MUNICIPALITY REPORT

Information ×	Recommendation ☐	Decision Request ☐	Councillor Activity ☐

To: WHRM Committee of the Whole

Submitted by: Mark Phillips, Chief Administrative Officer and Deanna Snair, Municipal Clerk

Date: September 10, 2024

Subject: Property Buyout Information Report

LEGISLATIVE AUTHORITY

Municipal Government Act (*MGA*) Sections 50 (1) A municipality may acquire, and own property granted or conveyed to the municipality either absolutely or in trust for a public or charitable purpose.
Section 65 A (1) Subject to subsections (2) to (4), the municipality may only spend money for municipal purposes if: (a) the expenditure is included in the municipality's operating budget or capital budget or is otherwise authorized by the municipality;

RECOMMENDATION or DECISION REQUEST

This is an information report.

BACKGROUND

Property ×	Public Opinion ×	Environment ×	Social ☐	Economic ×	Councillor Activity ☐

At the July 23, 2024, Council meeting, Council passed the following motions:

1. Council direct the CAO to engage staff to undertake an expedited property appraisal of the homes involved for the purposes of determining a cost estimate for their inclusion in the CSO residential buyout program as discussed at the July 23, 2024 Council Meeting,

2. Council direct the CAO to engage staff to undertake an expedited estimate of the additional costs expected to be involved and included as part of the cost estimate for the CSO residential program as discussed at the July 23, 2024 Council meeting,

3. Council direct the CAO to engage staff to undertake on an expedited basis the development of a CSO residential buyout program as originally directed at the July 9th Committee of the Whole Meeting with input from the Council meeting on July 23 taken into account,

4. Council direct the CAO to present results of the costs and program not later than the September 10, 2024 Committee of the Whole meeting or sooner through a special meeting of Council.

Council further requested a letter be sent to Provincial representatives of the Disaster Financial Assistance (DFA) Program to enquire about funding and financial support for this initiative.

DISCUSSION

The letter to the Province of Nova Scotia regarding the request for financial assistance and the response from the province are attached for Council's reference. The response provided from Minister Lohr indicates the challenges associated with buyouts or "Strategic Retreats" as well as the impact of the loss of homes while the province experiences a housing crisis. He and his staff have reached out to The Honorable Harjit Sajjan, Minister of Emergency Preparedness to seek guidance under the current DFA program regarding the purchase of homes as the DFA funding is primarily funded by the federal government. Further, he advised that the federal government will be announcing changes to the DFA guidelines in April 2025. In conclusion with regards to provincial or federal funding to support the draft buyout program, there has not been confirmation from either level of government that financial support will be provided to support the program at this time. Other known buyout programs that staff have been able to source and understand have had primary financial support from higher levels of government.

The attached draft policy aims to address as many of the components of the policy as possible within the time provided, in-house expertise and components highlighted by Council. There are outstanding items that require Councils' discussion that may be added to the policy as it's reviewed and approved.

The draft Policy is applicable to the Combined Sewer Overflow (CSO) Residential Buyout Program for West Hants Regional Municipality and all qualifying residential properties. The Policy shall only apply to those eligible properties identified between 364 and 430 Stannus Street, Windsor, NS that have been exposed to an over the curb or overland CSO event. The program may evolve in the future.

The purpose of this Policy is to define the operational parameters of the Combined Sewer Overflow (CSO) Residential Buyout Program. This includes specifying the program's eligibility criteria, methods of assessing applications, methods and parameters for determining the market value of eligible homes, relocation costs, and details regarding funding.

NEXT STEPS

Review by Council resulting in amendments, additions or approval.

FINANCIAL IMPLICATIONS

This section of the report aims to provide information and methodology for the financial impacts of the draft plan but purposefully excludes detailed information pertaining to the individual homes on Stannus Street. Direct costs related to each home gathered to-date will be reviewed by Council in-camera to ensure confidentiality is maintained between the homeowners and the public as directed by the Municipal Government Act, as it relates to property purchases.

The following incremental hypothetical costs are provided to assist Council with their decision-making in relation to the potential costs of the program. The values displayed represent the potential “all-in” costs for the program for funds that might have to be borrowed to achieve Council’s goals.

The borrowing can be influenced or reduced if Provincial or Federal funding becomes available or if Council chooses to utilize existing reserves of the WHRM to off-set borrowing.

			Annual Taxation Impact of Borrowing 2024/25 Values			
Borrowing Value*	Term of Borrowing	Debt Servicing Value**	Windsor Area Rated		WHRM General Rate	
			Residential	Commercial	Residential	Commercial
$ 250,000	20 Years	$ 17,195	0.0071	0.0008	0.0009	0.0001
$ 500,000	20 Years	$ 34,389	0.0142	0.0016	0.0019	0.0002
$ 750,000	20 Years	$ 51,584	0.0214	0.0024	0.0028	0.0003
$ 1,000,000	20 Years	$ 68,779	0.0285	0.0032	0.0038	0.0003
$ 1,250,000	20 Years	$ 85,974	0.0356	0.0040	0.0047	0.0004
$ 1,500,000	20 Years	$ 103,168	0.0427	0.0048	0.0056	0.0005
$ 1,750,000	20 Years	$ 120,363	0.0499	0.0056	0.0066	0.0006
$ 2,000,000	20 Years	$ 137,558	0.0570	0.0064	0.0075	0.0007
$ 2,250,000	20 Years	$ 154,752	0.0641	0.0072	0.0084	0.0008
$ 2,500,000	20 Years	$ 171,947	0.0712	0.0079	0.0094	0.0009
$ 2,750,000	20 Years	$ 189,142	0.0784	0.0087	0.0103	0.0010
$ 3,000,000	20 Years	$ 206,337	0.0855	0.0095	0.0113	0.0010
$ 3,250,000	20 Years	$ 223,531	0.0926	0.0103	0.0122	0.0011
$ 3,500,000	20 Years	$ 240,726	0.0997	0.0111	0.0131	0.0012
$ 3,750,000	20 Years	$ 257,921	0.1068	0.0119	0.0141	0.0013
$ 4,000,000	20 Years	$ 275,116	0.1140	0.0127	0.0150	0.0014
$ 4,250,000	20 Years	$ 292,310	0.1211	0.0135	0.0160	0.0015
$ 4,500,000	20 Years	$ 309,505	0.1282	0.0143	0.0169	0.0016
$ 4,750,000	20 Years	$ 326,700	0.1353	0.0151	0.0178	0.0017
$ 5,000,000	20 Years	$ 343,894	0.1425	0.0159	0.0188	0.0017

* Assuming all in cost

** Including Principal & Interest

For the purpose of discussion, the following chart represents the debt service ratio in relation to the five (5) year capital budget based on the assumption the purchases / buyout would be executed within the current fiscal year. This can be adjusted if required.

Assuming Completion in 2024-25				
5 Year Debt Ratio Forecast				
2024-25	2025-26	2026-27	2027-28	2028-29
9.5%	11.6%	13.3%	14.6%	15.2%
9.6%	11.7%	13.4%	14.6%	15.3%
9.6%	11.8%	13.4%	14.7%	15.3%
9.7%	11.8%	13.5%	14.7%	15.4%
9.7%	11.9%	13.5%	14.8%	15.4%
9.8%	11.9%	13.6%	14.8%	15.5%
9.8%	12.0%	13.6%	14.9%	15.5%
9.9%	12.0%	13.7%	14.9%	15.6%
10.0%	12.1%	13.7%	15.0%	15.6%
10.0%	12.1%	13.8%	15.0%	15.7%
10.1%	12.2%	13.8%	15.1%	15.7%
10.1%	12.2%	13.9%	15.1%	15.8%
10.2%	12.3%	13.9%	15.2%	15.8%
10.2%	12.3%	14.0%	15.2%	15.9%
10.3%	12.4%	14.0%	15.3%	15.9%
10.3%	12.4%	14.1%	15.3%	16.0%
10.4%	12.5%	14.1%	15.4%	16.0%
10.4%	12.5%	14.2%	15.4%	16.1%
10.5%	12.6%	14.2%	15.5%	16.1%
10.5%	12.6%	14.3%	15.5%	16.1%
Financial Condition Indicator Measures:				
Moderate	10.00%			
High	15.00%			

The tables displayed above can be influenced should Council elect to withdraw a portion of the required funding from reserves. At the current time staff would recommend the utilization of the WHRM Operating Reserve to off-set borrowing if Council chooses to utilize its' own reserves.

WHRM Operating Reserve

Year End March 31, 2025 Forecast (approved)	$2,466,736
Year End Updated Forecast (as of September 1, 2024)	**$2,175,508**

-including additional expenditures approved by Council after the budget us approved.

ALTERNATIVES

At this time Council has been specific and direct with their information requests associated with the policy. The draft policy and the supporting documents reflect the information gathered to-date. Staff await direction from Council regarding any other alternatives Council may wish to see in relation to the buyout program.

Council has expressed urgency in the creation of the policy. Items within or influencing the policy still require some direction from Council. Pending Council's discussion these items can be addressed with broader solutions or may require more detailed discussions.

1. Program funding source
2. What is the timing associated with the program and the availability to the property owners?
    a. Is the program open indefinitely as a voluntary option.
    b. Will Council set a timeframe for applications and relocation?
3. Property (s) remediation strategy (s)
    a. Prior to demolition hazardous assessments of the structures.
    b. Class 1 Environmental Assessments of the properties.
    c. Determination of use of lands after demolition.
4. Legal Review of Policy
5. Accurate relocation cost estimates
    a. To accurately forecast relocation costs, specifically the relocation of contents, homes will have to be inspected and items inventories. Content weight, number of items, distance of relocation etc, will have to be inventoried for accuracy. As noted in the policy cost estimates from certified movers would be the best method for the true cost determination for these matters. This will be revisited once the policy is defined and approved by Council.
6. Level and duration of property tax off-setting.

ATTACHMENTS

1. Draft Combined Sewer Overflow (CSO) Home Buyout Program – September 6, 2024 version
2. Correspondence to the Province of Nova Scotia from the WHRM regarding financial assistance request for Home Buyout Program – July 4, 2024
3. Correspondence from The Honorable John A Lohr Minister of Municipal Affairs and Housing to WHRM – August 2, 2024

Report Prepared by: ______________________________

Mark Phillips, Chief Administrative Officer

1. TITLE

This policy shall be known, and cited, as the Combined Sewer Overflow (CSO) Residential Buyout Program (the “**Policy**”).

2. SCOPE AND PURPOSE

2.1. This Policy is applicable to the Combined Sewer Overflow (CSO) Residential Buyout Program for West Hants Regional Municipality and all qualifying residential properties. This Policy shall only apply to those eligible properties identified between 364 and 430 Stannus Street, Windsor, NS that have been exposed to an over the curb or overland CSO event. The program may evolve in the future.

2.2. The purpose of this Policy is to define the operational parameters of the Combined Sewer Overflow (CSO) Residential Buyout Program. This includes specifying the program’s eligibility criteria, methods of assessing applications, methods and parameters for determining the market value of eligible homes, relocation costs, and details regarding funding.

2.3. The purpose of the Combined Sewer Overflow (CSO) Residential Buyout Program is to provide a voluntary opportunity for the homeowners to individually apply for or accept a buyout plan if they so choose.

3. REFERENCES

3.1. Nova Scotia *Municipal Government Act,* Section 50 (1)

3.2. Nova Scotia *Municipal Government Act,* Section 65 A and B.

4. DEFINITIONS

4.1. "**Applicant**” means an individual or individuals who jointly are the registered owner (s) of the qualifying properties on Stannus Street, Windsor Nova Scotia.

4.2. “**CAO**" means the Chief Administrative Officer of the Municipality.

4.3. “**Funding Limit**” TBD

4.4. "**Municipality**" means West Hants Regional Municipality.

4.5. "**Program**" means the Combined Sewer Overflow (CSO) Residential Buyout Program.

4.6. "**Program Application**" means an application to the Combined Sewer Overflow (CSO) Residential Buyout Program.

4.7. **"The Property"** means all land and structures located at the applicants address inclusive of the primary residence of the applicant (s) or a residential home.

4.8. **"Combined Sewer Overflow (CSO) Event"** means the property, and specifically the primary residence, has been exposed to an over the curb or overland water and CSO flooding event as a result of an extreme weather event.

4.9. **"Relocation Costs"** means the moving costs, realtor fees, legal costs associated with buyout program, compensation or offsetting associated with the difference between current annual property tax values and property tax values associated with future home purchased by the applicant within the Municipality.

4.10. "**Qualifying Property**" is existing properties between 364 and 430 Stannus Street, Windsor, NS that meets all the eligibility requirements set out in this Policy.

5. QUALIFICATION

5.1. To qualify for the Program, the following conditions must be met:

5.1.1. The property must be an existing property between 364 and 430 Stannus Street, Windsor, NS before the date of adoption by Council of this Policy;

5.1.2. The property must have been exposed to a CSO event;

5.1.3. The property must be privately owned by an individual or jointly by individuals and registered with the Land Registry of Nova Scotia, before the date of adoption by Council of this Policy. The property cannot be owned or rented by the Federal, Provincial or Municipal government or by a for-profit Corporation;

5.1.4. If the property is jointly owned, the program application must be signed by all registered owners in order to be eligible;

5.1.5. The owner (s) of the property must not be in arrears of any Municipal taxes, including penalties and interest; and

6. APPLICATION AND APPROVAL (annually or within a set timeline defined by Council)

6.1. The Municipality shall notify the qualifying property owners annually before December 31st by registered mail of their potential eligibility. Property owners must submit their application within three months of receiving the notice or before March 31st . – *Council to review*

6.2. All Applicants must submit their Program Application by the submission deadline.

6.3. All properties must be appraised in order to determine market value for the purpose of the buyout.

6.3.1. All properties will require two independent appraisals by appraisers who are current and registered members of the Appraisal Institute of Canada (AIC).

6.3.1 (a) One appraisal will be conducted by an appraiser selected by the municipality at the cost of the municipality.

6.3.1 (b) The second appraisal will be conducted by an appraiser of the homeowner's choice with the cost to be reimbursed by the municipality. The applicant must provide documentation to the Chief Administrative Officer that the appraiser recognizes all components within section 6.3 of the policy as well as an accompanying quote for the appraisal before the appraisal is conducted. The Chief Administrative Officer must approve the appraisal reimbursement before the appraisal proceeds. No reasonable request for appraisal services from a vendor of the property owner's choice will be denied.

6.3.2. Separate and independent consent forms for each appraisal must be completed by the applicant before the appraisals are conducted.

6.3.3. Special instructions will be provided to the appraiser that fair market value of the property is to be valued without consideration of the recent flooding events impacting the property.

6.3.4. Confidentiality of the two appraisals will be strictly maintained between the municipality and the homeowner and will not be presented or discussed by the municipality in public.

6.4. Once per year, following the Program Application submission deadline, Staff will review all Program Applications.

6.5. Staff will evaluate all Program Applications based on eligibility set out in Sections 5 and 6 of this Policy. Staff will then recommend approval to Council. Program Applications are subject to written approval by Council or its designate.

6.6. The total value of the buyout and offer to the applicant associated with the application including the property value and all eligible relocation costs is at the sole discretion of Council for their determination.

6.7. Applicants are not eligible to apply for grants or contributions under any other grant program established by Council after submitting their application to the program. Should the applicant withdraw their application, or it be denied by Council, only then can the applicant apply for the established grants and contributions established by Council as per the set terms of the grants or programs.

6.8. Applicants should submit with their Program Application, any applicable supporting documentation to attest to the severity and frequency of flooding. This may include, but is not limited to, photos with a timestamp and/or documents that supported past insurance claims.

6.8.1. The Municipality reserves the right to inspect the home and/or property to verify applications.

6.8.2. The public records of the municipality noting flooding and CSO events are to be used to supplement and support an application.

6.9. The Municipality retains discretion to allocate grant funds as Council deems appropriate, subject to the approved annual Program budget.

7. PARTICIPATION AGREEMENT

7.1. Successful Applicants must enter into a participation agreement with the Municipality's CAO or their designate.

8. ELIGIBLE RELOCATION COSTS

The following is a list of relocation costs that are eligible for funding under the Program for applicants who relocate within the West Hants Regional Municipality. All relocation costs estimates must be included in the application and supported by three written quotes when possible.

8.1. Moving expenses are an eligible expense claim associated with the relocation of the applicant within the West Hants Regional Municipality. All contents within the home and associated with the property are eligible to be included in the moving costs. Applicants are required to submit three written quotes within their program application for proof of anticipated costs. Moving costs will be reimbursed with proof of receipts.

8.2. Realtor fees associated with the relocation and are an eligible expense claim associated with the relocation of the applicant within the West Hants Regional Municipality. Applicants are required to submit three written quotes within their program application for proof of anticipated costs. Realtor fees will be reimbursed with proof of receipts.

8.3. Legal fees associated with the relocation are an eligible expense claim associated with the relocation of the applicant within the West Hants Regional Municipality. Applicants are required to submit three written quotes within their program application for proof of anticipated costs. Legal fees will be reimbursed with proof of receipts. (Homeowners may have preferred solicitor)

8.4. Municipal property tax off-setting is aimed to ease the financial burden of the applicant after moving to a new property within the West Hants Regional Municipality, in the event the annual property taxation is greater at the new property purchased by the applicant vs the property taxation value of the Stannus Street property. *Duration and values TBD*

8.4.1 Stannus Street property tax values will be recorded for the purpose of the application in the year the application is submitted.

8.4.2 The property taxation values of the new property will be calculated based on the property buyout value approved with the program by Council or assessed value assigned to the new property as provide by PVSC in the first taxation billing cycle after relocating.

8.4.3 The property tax off-setting value will be granted in a lump sum as part of the buy-out value equivalent to (?) year (s) of property taxation payments or granted annually to the applicants for a o period of (?) years.

I, Deanna Snair, Municipal Clerk of the West Hants Regional Municipality, in the Province of Nova Scotia, do hereby certify that this is a true copy of the Combined Sewer Overflow (CSO) Residential Buyout Program as adopted by the Council of the West Hants Regional Municipality at a meeting duly called and held on the___day of (month),______(year).

____

Deanna Snair

Adoption	
Notice to Council	Date
Approval	Date
Description	

West Hants
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July 4, 2024

Sent electronically to: premier@novascotia.ca and emo@novascotia.ca

RE: Information and support for homes impacted by Combined Sewer Overflow flooding

Dear Honourable Premier Tim Houston and Honourable Minister John Lohr, Minister Responsible for the Office of Emergency Management

Please accept the following letter on behalf of the West Hants Regional Municipality (WHRM) and its' Council regarding the Disaster Financial Assistance (DFA) Program and the eligibility of the program to support property buy-outs. Specifically, properties that were impacted by the July 2023 floods in the Windsor area as a result of overland stormwater flooding both during the event and historically during extreme weather events. It is further noted that the stormwater during these events include the presence of Combined Sewer Overflow (CSO) due to the combined storm and sewer systems presently in the Windsor area.

To formally express the current position of the Council who met on June 25, 2024, to discuss this matter, the following motion was ratified.

"COUNCIL DIRECT THAT A LETTER BE PREPARED TO GO TO DFA REQUESTING INFORMATION AND SUPPORT ON FUNDING FOR HOMES IMPACTED BY FLOODING AS A RESULT OF COMBINED SEWER OVERFLOWS WITHIN THE REGION"

Through this letter we hope to determine if property buy-outs are eligible under the current DFA program.

In the past and more recently at the June 11, 2024 meeting of Council, correspondence has been received from residents expressing the need for immediate supports and options for homeowners in the areas impacted by the noted conditions while the municipality continues to define the long-term infrastructure upgrades needed for the area. Property buy-outs have been requested by some residents in the areas and Council wishes to respond to these enquiries.

West Hants Regional Municipality thanks you for your attention to this matter and we look forward to hearing from you.

Respectfully,

Abraham Zebian, Mayor
ds/az

CC: Member of Parliament for Kings-Hants, Kody Blois
Melissa Sheehy-Richard, MLA Hants West
WHRM Council
Chief Administrative Officer, Mark Phillips

NOVA SCOTIA

Municipal Affairs and Housing
Office of the Minister

PO Box 216, Halifax, Nova Scotia, Canada B3J 2M4 • Telephone 902-424-5550 Fax 902-424-0581 • novascotia.ca

August 2, 2024

Your Worship Abraham Zebian
Mayor
West Hants Regional Municipality
Via Email: azebian@westhants.ca

Dear Mayor Zebian:

As Minister responsible for the Emergency Management Office, the Premier has asked that I respond to your letter of July 5, 2024, regarding the purchase of homes in the Municipality of West Hants that have been affected by overland stormwater.

The purchasing of homes in areas which suffer repeated flooding events is a tool government can use to guard against future flood losses. This method (Strategic Retreat) can be complex as not all homeowners in a given area may want to leave their homes. A further consideration is the current housing crisis in our province and nationally which makes affordable housing difficult to acquire.

The provincial Emergency Management Office (NSEMO) has been assisting Disaster Financial Assistance (DFA) applicants from across our province. To date the Province of Nova Scotia has provided over $5.2 million in financial assistance to homeowners, small businesses and not for profits in Hants County.

The federal government will be announcing changes to their DFA guidelines in April 2025 which can help inform future developments in this area.

I have reached out to the Honourable Harjit Sajjan, Minister of Emergency Preparedness, to seek federal guidance regarding purchasing homes in high-risk flood locations under the existing federal DFA guidelines. The staff at NSEMO have also been in contact with their federal counterparts on this important matter and will keep me advised.

I will be in touch once more information is available.

Sincerely,

Honourable John A. Lohr
Minister of Municipal Affairs and Housing

c. Honourable Tim Houston, Premier

PNS-44267-W8V5Z6