

# 2021/22 Budget

Regional Council

May 04, 2021

# Transparent Decision Making throughout Budget Process

Budget is built on the basis of citizen input and Council decision making:

- Committee of the Whole (COW) Budget Committee:
- Weekly Meetings during the budget cycle.

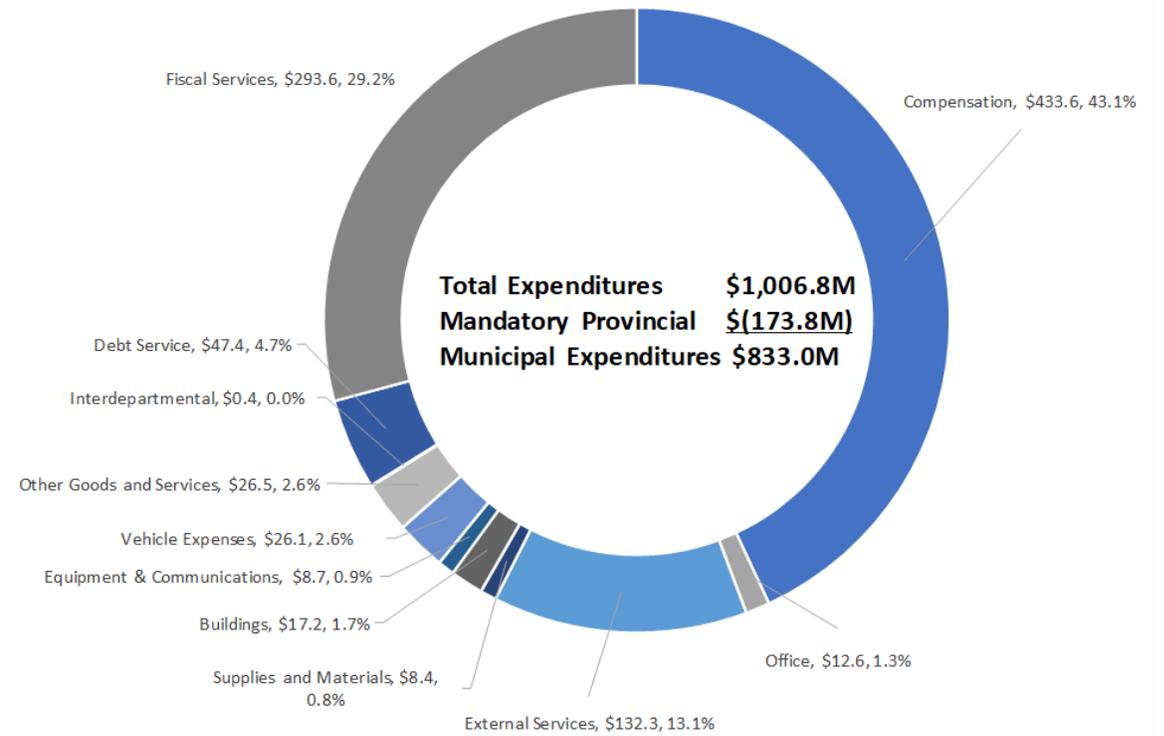
Budget Engagement:

- Virtual engagement due to pandemic.
- Municipal Budget Survey Results presented to Council in January 2021.

# 2021/22 Operating Budget

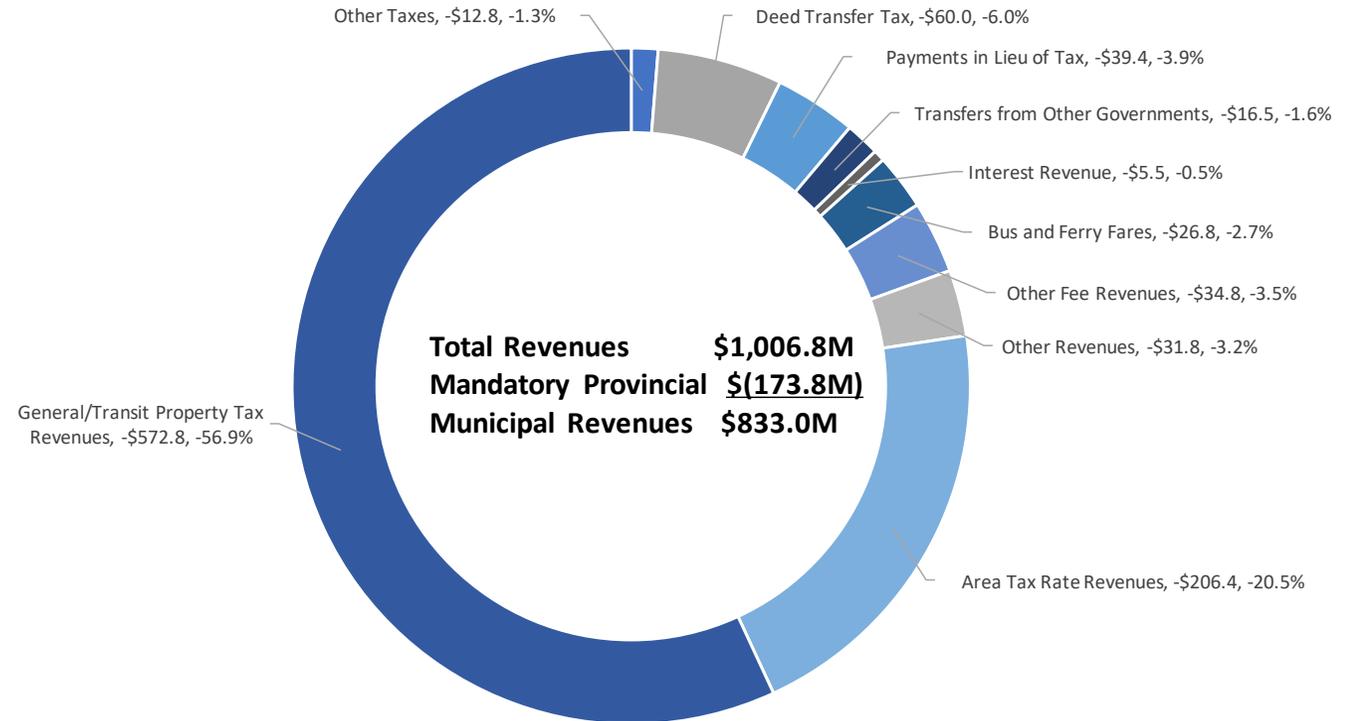
First time Budget has officially exceeded \$1B.

- Provincial Mandatory Costs are \$173.8M
- Municipal Budget is balanced as per requirements in Halifax Charter.
- Municipal Expenditures are \$833M
- Returning to pre-pandemic expenditure trend.



# 2021/22 Municipal Tax Revenues

- Tax Revenue Budgeted Estimates:
  - General and Transit Tax- \$572.8M
  - Deed Transfer Tax- \$60M
- Increased revenues reflect strength of housing sector and its economic importance.
- Tax increase below CPI



# 2021/22 Average Residential and Commercial Taxes

- Average Residential and Commercial tax bills will rise 1.0%
- Based on prior-year economic conditions and real estate market dynamics.
- Below forecasted economic variables; core inflation and real income growth.

| Residential                                    | 2020/21          | 2021/22          | Δ 2020/21-<br>2021/22 | Δ% 2020/21-<br>2021/22 |
|--|------------------|------------------|-----------------------|------------------------|
| <b>Average Assessment</b> (Single Family Home) | <b>\$247,200</b> | <b>\$250,400</b> | <b>\$3,200</b>        | <b>1.3%</b>            |
| Urban Tax Rate (Including Transit Rates)       | <u>0.815</u>     | <u>0.813</u>     | <u>0.002</u>          | <u>-0.25%</u>          |
| <b>Average Tax Bill</b>                        | <b>\$2,015</b>   | <b>\$2,036</b>   | <b>\$21</b>           | <b>1.0%</b>            |
| Change in Average Tax Bill                     | 1.4%             | 1.0%             |                       |                        |

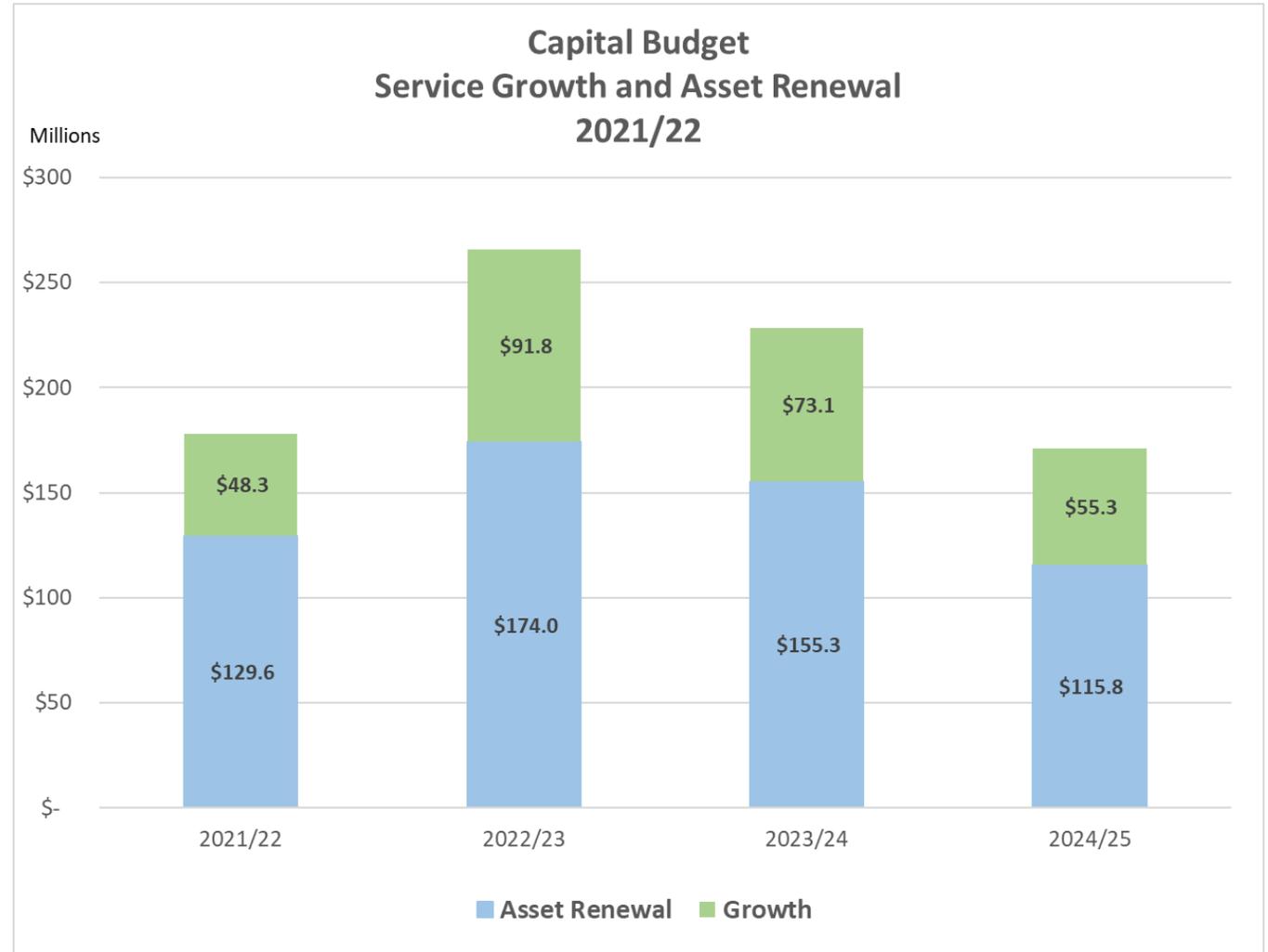
| Commercial                 | 2020/21            | 2021/22            | Δ 2020/21-<br>2021/22 | Δ% 2020/21-<br>2021/22 |
|----------------------------|--------------------|--------------------|-----------------------|------------------------|
| <b>Average Assessment</b>  | <b>\$1,427,800</b> | <b>\$1,465,300</b> | <b>\$37,500</b>       | <b>2.6%</b>            |
| Urban Tax Rate             | <u>3.000</u>       | <u>2.953</u>       | <u>(0.047)</u>        | <u>-1.57%</u>          |
| <b>Average Tax Bill</b>    | <b>\$42,834</b>    | <b>\$43,270</b>    | <b>\$436</b>          | <b>1.0%</b>            |
| Change in Average Tax Bill | 1.4%               | 1.0%               |                       |                        |

# 2021/22 Debt, Reserves, Capital Budget

- Debt stock in 2021/22 will be 241.2M.
- Gross Reserve Balances total \$311.7M.
- Reserve balances help fund both capital and operating expenditures.
- Capital Budget totals \$177.9M, delivering Regional Council priorities.

# 2021/22 Investment in Capital

- Significant Key Investments are underway:
  - Cogswell Interchange Redevelopment
  - HalifACT
  - Electric Buses
  - Active Transportation Strategic Projects
  - Windsor Street Exchange Redevelopment



# Fiscal Sustainability

- In December Council approved the Fiscal Sustainability Strategy, it includes a one-year Budget, a three-year outlook and a long-term plan based on Council's Strategic Vision that supports the operating, capital and reserve budgets and allows the Municipality to meet its long-term goals.
- In 2021/22 staff will come back with revised business cases for Reserves as well as a revised Debt Policy
- For the 2022/23 budget, staff will provide a Tax and Fee Revenue Strategy to Budget Committee that will establish guiding principles for user fees and property taxes.
- Council also approved the Strategic Initiative Funding Plan for projects that are tied to an approved Council strategy and are significant enough to lead to a discernable increase in the tax rate or special funding that is outside the normal budget process.

# Conclusions

- Economy is recovering from Pandemic induced decline:
  - Robust growth in real estate market due to population trends, financial conditions.
  - Real estate market is contributing to growth in national and provincial economies.
- Revenues increasing.
  - Residential property tax driven by demand for detached homes, high quality apartments.
  - Deed Transfer Tax revenues budgeted at \$60M, in 2021/22 with growth projected to continue
  - Increased revenues used to fund services as well as lower tax increase
- Financial resiliency increased:
  - Average Commercial and Residential tax bills increasing relatively modestly at 1 per cent.
  - Debt and servicing costs are extremely low relative to assets and revenues.
  - Capital Budget increased to aid economic recovery and achieve Council priorities.
  - HRM will be well-placed to excel in post-pandemic uncertainty.