

February 5, 2025

Re: Item No. 6

HALIFAX

2025/26 Operating Budget

Budget Committee

2025/26 Budget Key Themes

- Proposed Operating Budget is a net increase of 5.8% or \$69.7M
 - Required municipal tax rate increase of 0.021 (2.7%)
 - Average municipal increase of 7.6%, \$189
 - Total budget expected to rise to \$1.3B
- This is a transitional budget
 - Final year of 2021-25 Strategic Priorities Plan
- Budget invests in affordability
 - Invests in affordable access, non-profit relief and affordable housing grants

1

2025/26 Budget Key Themes

- The operating budget funds the costs of the services of the municipality (Police, Transit, Parks & Recreation, etc.)
- The operating budget is built based on the priorities previously identified by Council.
- Budget growth is impacted by population growth, inflation, and service enhancements.
- Investments in Capital Renewal.

2025/26 Budget Key Themes

- We are responding to significant services demands.
 - 11,594 new residents per latest population numbers
 - 2,870 new dwelling units
 - Increased permits and increased construction activity
 - New roads, sidewalks, and assets to manage, operate and maintain
 - Projected increase in calls to 311, emergency calls & incidents dispatched by 911 (HRP, HRFE, RCMP), projected increase in work orders for Public Works, Parks & Rec, internal service requests to IT, increasing transit ridership and demands for service

2025/26 Budget – What will be Discussed

1. The Budget Process

- Outlining the timeline of events/key deliverables and the approach to budgeting

2. The Proposed Budget

- Historical tax and revenue information
- Highlight FTEs and Budgets by Business Unit

3. Revenue and Assessment Changes

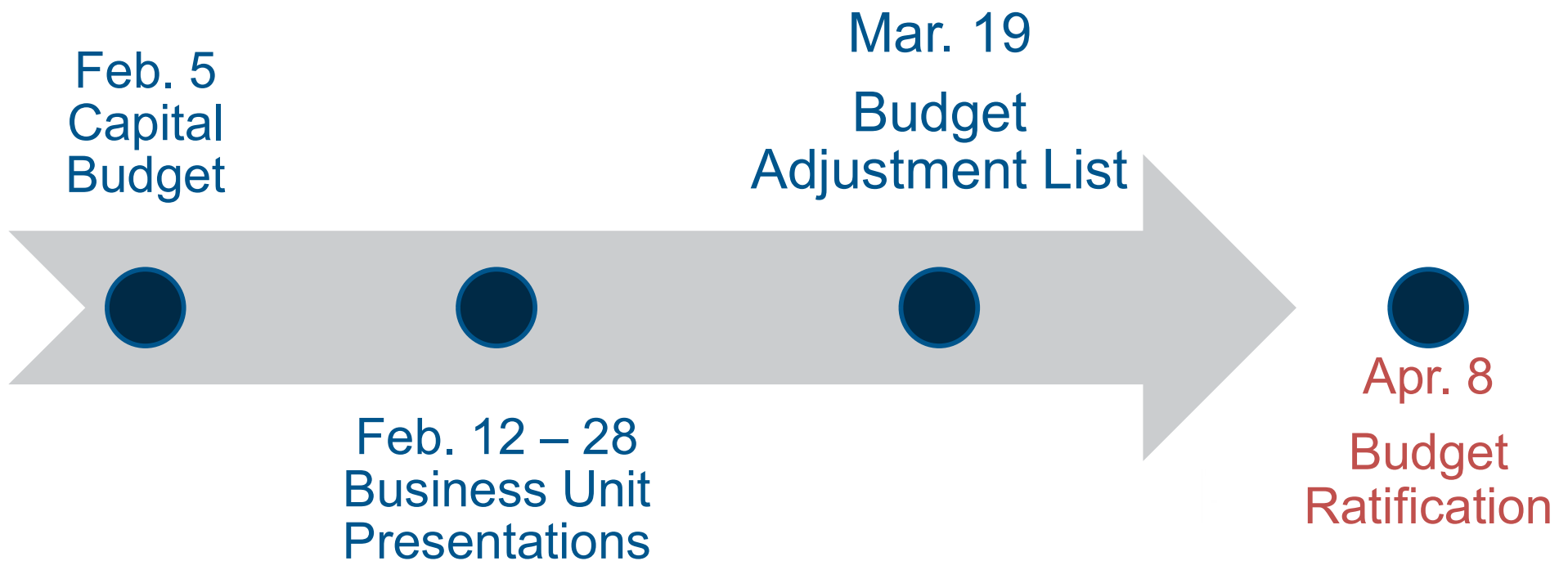
4. Notable Pressures & Risks

5. Affordability Highlights

HALIFAX

Budget Process

Budget Timeline (Budget Committee)



HRM's Approach to the Operating Budget

- Finance works with Business Units to review funding requirements
- Funding requirements are the cumulation of:
 - Changes in contractual obligations
 - Inflationary pressures
 - Direction on new programs and services provided by Council
- Funding requirements form the base of the “Revenue Gap”
 - The revenue gap is the amount that expenditures exceed revenues
 - The revenue gap needs to be made up with a tax increase

7

HRM's Approach to the Operating Budget

- Property Taxes are the municipality's main source of revenue
 - 82% of funding comes from property taxes
- The Property Tax Bill is the result of **Tax Rate x Assessment**
 - Assessments are provided by Property Valuation Service Corp.
 - The municipality has control over the tax rate by increasing or decreasing the final budget approved by Budget Committee
 - The municipality has over 30 different tax rates

HRM's Approach to the Operating Budget

Other taxes are raised by the municipality which are often referred to as "Mandatory Taxes"

- Mandatory Education
- Supplementary Education
- PVSC
- Right of Way fees
- Fire Protection

Budget Adjustment Process

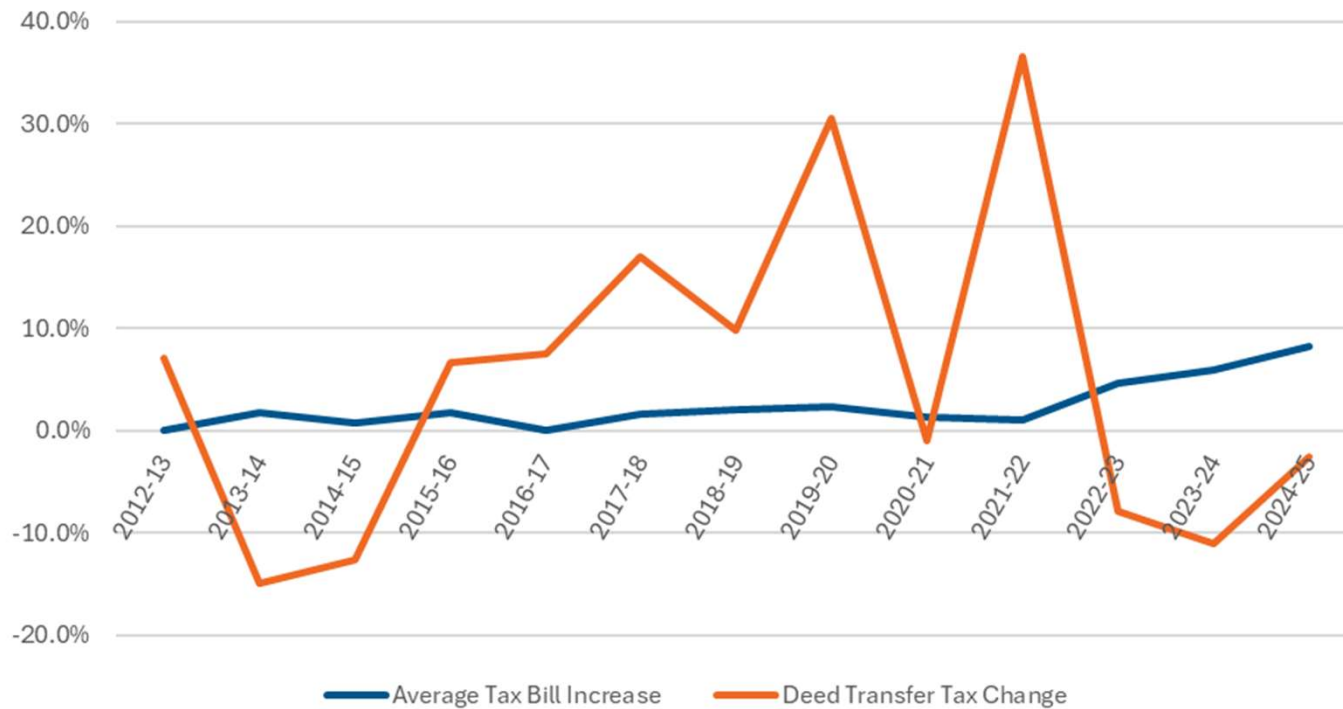
- Business Units can propose options to adjust their budgets
 - These options are not part of the proposed budget
- Budget Committee can choose to:
 - Move to the Budget Adjustment List (BAL) for further debate
 - Direct the adjustment to be built directly into the budget (without any further debate)
- Items on the BAL will be debated on **March 19**
 - The changes can either decrease or increase the required level of taxes
- Budget Committee can add items not brought forward by the Business Unit to the BAL that would result in increase/decrease to the Business Unit's Budget ¹⁰

HALIFAX

Proposed Budget

Historical Deed Transfer Tax

Average Tax Bill vs Deed Transfer Tax



Key Pressures

The budget for 2025/26 needs to increase tax revenues by \$69.7M.

- \$44M Compensation & Benefits: collective bargaining settlements and competitive wages
- \$19M Capital Renewal: infrastructure, tech upgrades, and non-debt-eligible projects
- \$9M Contractual increases: Public Works contracts, janitorial, cleaning etc.
- Inflationary Impacts: \$0.7M in utilities, \$1.3M in fuel, and higher material costs

Budget Impact on Tax Bills

Average Residential Tax Bill

	2024/25 Approved	2025/26 Proposed	% Change
Assessment	\$ 323,300	\$ 338,500	4.7%
Mun. Tax Rate	0.770	0.791	2.7%
Average Mun. Tax Bill	\$2,489	\$2,678	
Increase \$		\$189	
Increase %		7.6%	

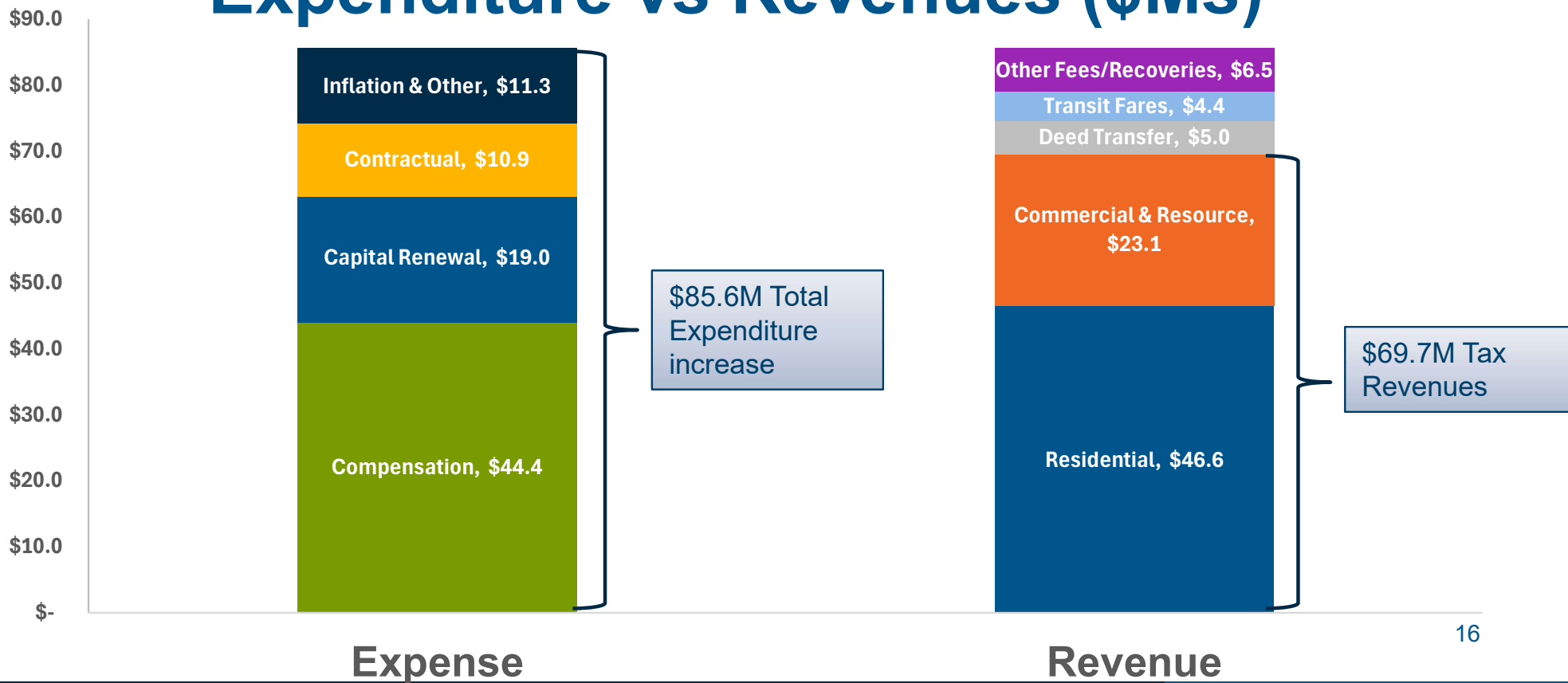
Varied Assessment Residential Tax Bill

	2025/26					
Assessment	\$ 238,500	\$ 338,500	\$ 438,500	\$ 538,500	\$ 738,500	\$ 938,500
Mun. Tax Rate	0.791	0.791	0.791	0.791	0.791	0.791
Average Tax Bill	\$1,887	\$2,678	\$3,469	\$4,260	\$5,842	\$7,424
Annual Increase \$	\$133	\$189	\$244	\$300	\$411	\$522
Annual Increase %	7.6%	7.6%	7.6%	7.6%	7.6%	7.6%

Current Budget Outlook (\$M's)

Business Unit	2024/25 Budget	2025/26 Budget	Δ %
Major Projects Office	0.3	0.8	130%
Strategic Infrastructure & Transportation Planning	1.7	1.7	-2%
Information Technology	38.4	45.0	17%
Community Safety	14.0	15.8	13%
Property Fleet & Environment	57.7	62.8	9%
Planning & Development	9.4	10.3	10%
Parks & Recreation	42.3	48.3	14%
Office of the Auditor General	1.2	1.3	9%
CAO	15.4	16.6	8%
Halifax Regional Fire & Emergency	93.2	98.0	5%
Finance & Asset Management	17.4	18.3	6%
Human Resources	10.2	11.6	14%
Legal & Legislative Services	9.8	11.2	15%
Fiscal	-653.9	-689.8	5%
Halifax Transit	68.7	60.7	-12%
RCMP	38.6	39.1	1%
Halifax Regional Police	98.0	101.3	3%
Public Works	112.5	118.4	5%
Halifax Public Library	25.1	28.5	13%

Expenditure vs Revenues (\$Ms)



Current Budget Outlook (FTEs)

Business Unit	2024/25	2025/26	Δ
	FTEs	FTEs	
Major Projects Office	-	12.0	12.0
Strategic Infrastructure & Transportation Planning	-	10.0	10.0
Information Technology	152.0	165.0	13.0
Community Safety	139.2	151.8	12.6
Property Fleet & Environment	224.5	238.0	13.5
Planning & Development	227.0	247.0	20.0
Parks & Recreation	297.1	304.1	7.0
Office of the Auditor General	8.0	8.0	-
CAO	83.0	88.0	5.0
Halifax Regional Fire & Emergency	626.7	642.7	16.0
Finance & Asset Management	237.6	240.2	2.6
Human Resources	83.0	91.0	8.0
Legal & Legislative Services	80.6	86.6	6.0
Fiscal	1.0	-	(1.0)
Halifax Transit	1,106.4	1,142.9	36.5
Halifax Regional Police	778.8	783.4	4.6
Public Works	427.2	427.7	0.5
Halifax Public Library	333.0	337.0	4.0
Total	4,805.1	4,975.4	170.3

HALIFAX

Revenue & Assessment Changes

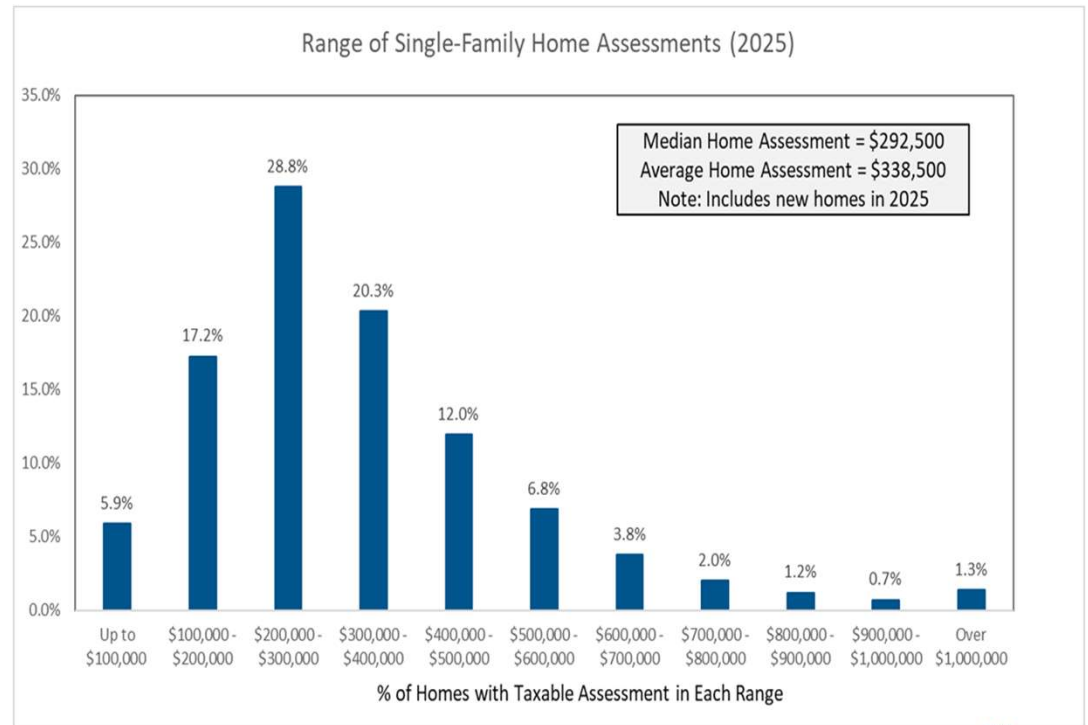
2025 Residential Assessment Roll

- Residential taxable assessment increase slowed from 8.5% to 8.3%
- Assessment cap declined from 3.2% to 1.5%
- Apartment values have increased 15% due to increased market value and most apartments are not part of the assessment cap

Dwelling Unit Group	# Properties	Total Dwellings	Total Taxable Assessment Base	Increase in Units from 2024	Value Increase per Unit	Base Increase
Vacant Land	15,604	-	\$ 2,858,177,500	n/a	n/a	28.4%
SFHs	126,169	126,169	\$ 42,707,884,800	0.4%	4.7%	5.1%
2-3 Units	8,017	17,135	\$ 3,454,746,500	3.6%	6.6%	10.4%
Apartments	2,460	71,997	\$ 12,978,148,300	2.9%	11.8%	15.0%
All Residential	152,250	215,301	\$ 61,998,957,100	1.5%	6.7%	8.3%

2025 Residential Assessment Roll

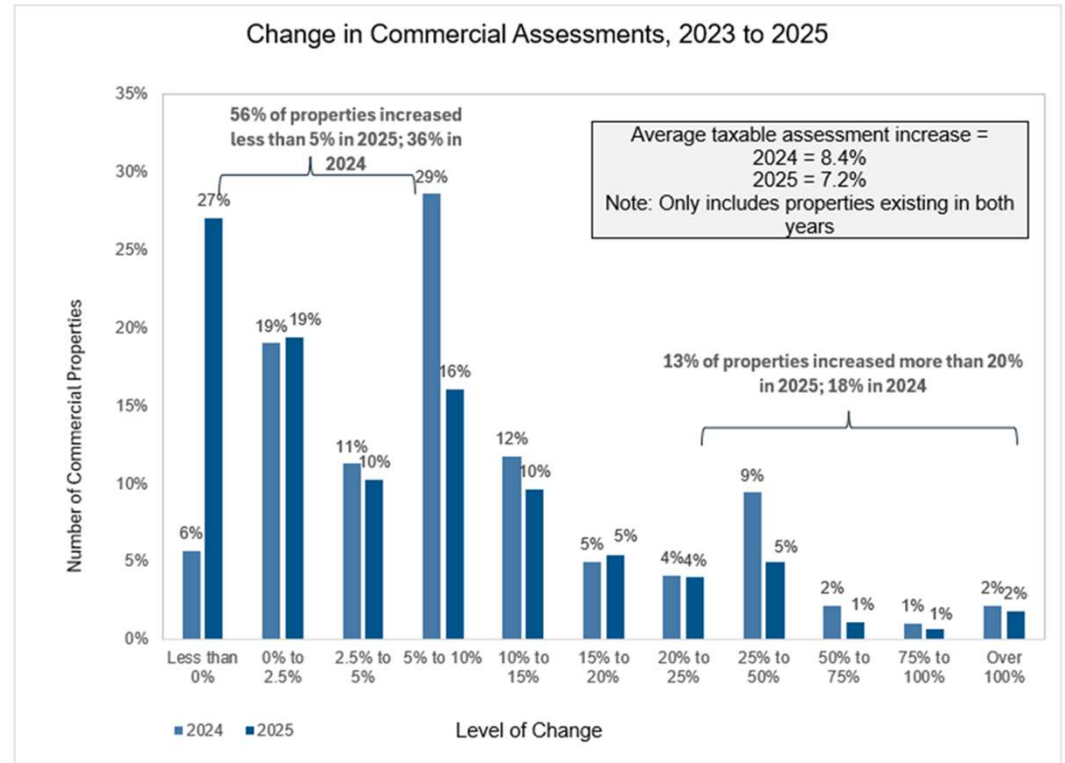
- Single-family households under the cap decreased to 89%
- 89% of single-family household taxable assessments increased between 0%-3%
- Average single-family household taxable assessed value increased 4.7% from \$323,300 to \$338,500



20

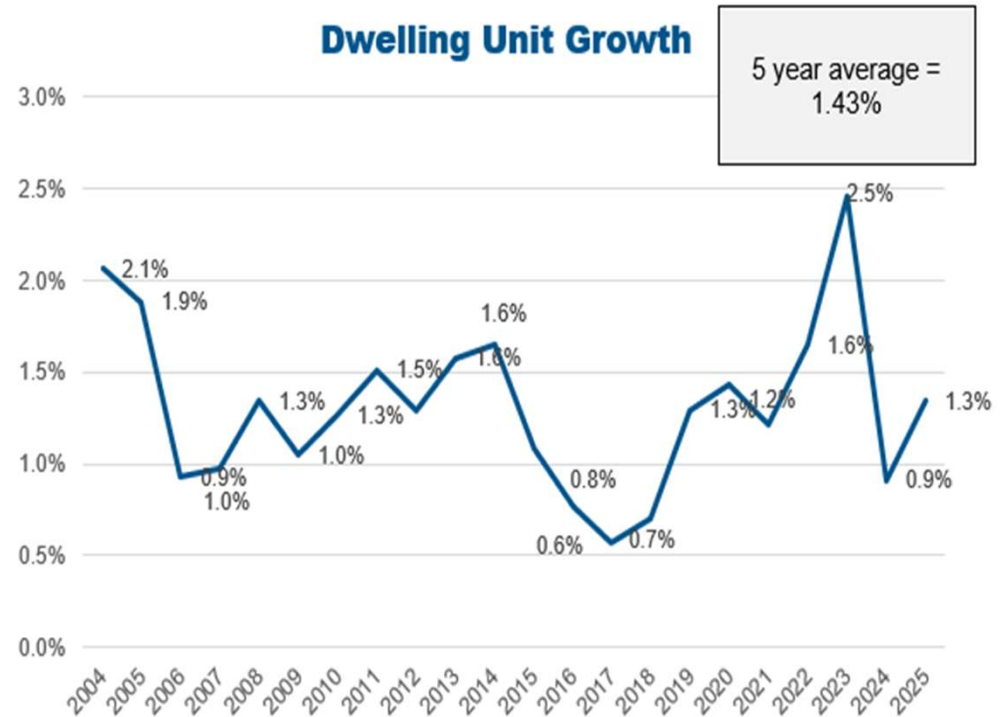
2025 Commercial Assessment Roll

- Total taxable value growth declined slightly from 8.2% to 6.4%
- Tourism industries, retail shopping, and industrial properties such as warehousing, as well as commercial vacant land have seen particularly high increases.
- Commercial tax area assessment change breakdown:
 - Business Park Area – 6.8%
 - Community Area – 2.4%
 - Downtown/Community Area – 6.2%
 - Industrial Area – 12.1%
 - Rural Area – 3.2%



Dwelling Units & New Growth

- Dwelling unit growth in HRM has accelerated after slowing significantly in 2023. Through 2024 dwellings increased by 1.5%, primarily from multi-unit residential buildings.
- Trend of conversion of commercial properties to residential to support new housing construction.
- As large apartments under construction are completed dwelling unit growth will accelerate further.
- New commercial growth is slowing. Conversions of commercial space to residential has created a net taxable assessment loss in added/removed commercial property.



HALIFAX

Pressures & Risks

Risks

- **Restricted Reserve Funding:** Reserves have little sustainable funding
- **Vacant Positions:** Savings from vacancies will become ongoing expenses
- **One-Time Funding:** One-time funding (e.g. HAF, reserves) used to fund ongoing expenditures will require tax increases once the one-time funding is gone
- **Debt Servicing:** Rising debt from capital projects limits future financial flexibility
- **Climate Action Tax Gaps:** HalifACT lacks funding beyond the initial four years of the plan
- **Escalating Capital Costs:** Project costs have risen significantly
- **Short-Term vs. Long-Term View:** Short-term fixes increase future costs
- **Future Tax Pressure:** Deferring issues now leads to tax increases
- **Collective Agreements:** Nearly all collective agreements are coming up for negotiation

24

HALIFAX

Affordability

Affordability

Affordable Access Program (\$3.1M funded in 2024/25):

- Provides discounted transit passes and recreation programs
- Property tax exemptions

Non-Profit Tax Relief Program (\$7.7M funded in 2024/25):

- Provides annual property tax relief to eligible non-profit and charitable property owners

Affordable Housing Grant Program:

- Provides funding for eligible non-profit and charitable organizations

Living Wage for Contracts:

- Currently 71 contracts instituting a living wage (\$28.30/hr)

Affordability - Benchmarking

Household Income per Capita and Property Tax Comparison				
City	Household Income per Capita	Average Property Tax per Single Family Household	Property Tax per Capita	Household Income to Household Tax Ratio
Toronto	\$ 60,471	\$ 6,376	\$ 2,579	9.5
Vancouver	\$ 60,876	\$ 4,636	\$ 2,740	13.1
Victoria	\$ 66,359	N/A	\$ 2,789	N/A
Edmonton	\$ 60,589	\$ 4,379	\$ 1,965	13.8
Calgary	\$ 66,812	\$ 4,046	\$ 2,127	16.5
Halifax	\$ 53,341	\$ 3,262	\$ 1,750	16.4
Winnipeg	\$ 53,095	\$ 3,000	\$ 1,835	17.7
Regina	\$ 63,525	\$ 3,740	\$ 1,915	17.0
Saskatoon	\$ 60,745	\$ 3,756	\$ 1,710	16.2

HALIFAX

Questions?