West Hants
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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: July 9, 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. Should Council wish to further consider residential property buyouts for properties impacted by extreme weather events and CSO overland events, staff request further direction on Council's intent for the program and its' details.

BACKGROUND

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

At the June 25, 2024, Council meeting, Council passed the following motion:

"Council direct staff provide a summary written report as to what potential buyout options might look like for homes that have suffered with the combined sewer overflow events within the region."

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

Based on the above motion, staff have prepared this report and are drafting a potential program. Staff request from Council additional information on what a residential property buyout program would look like:

- Confirming the program intent.
    - To create open green space.
    - To increase the flood storage capacity of the area.
        - One property at a time or as a whole.
    - To mitigate the number of properties impacted by storm water during extreme weather events resulting in CSOs.
    - To allow residents the choice to leave the Stannus area.
- Geographic locations where buyouts would be considered.
    - What constitutes a home/house impacted by a over the curb Combined Sewer Overflow (CSO) event.
- Information that would be considered as proof of homes impacted by an over the curb CSO event.

It is important to note the program, if supported, would look at purchasing residential properties and we would not be recommending a relocation program.

DISCUSSION

It is important that the intent of the program, eligibility criteria and locations are clearly identified to provide a clear, transparent understanding of the program to the public.

Property buyout programs are rare but when they do occur. Research to-date indicates they are generally initiated at the provincial or federal levels. However, municipalities can purchase properties for municipal uses if deemed appropriate.

There are several factors that need to be considered by Council prior to creating a residential property buyout program. Buyout programs vary considerably, offering baseline valuations for land and property that can range from 80% to 110% and sometimes capped at a specific amount.

For example, The City of Gatineau, Quebec identified houses that were targeted for a buyout with a capped amount of $200,000 and an additional $50,000 for the value of the land.

Another example is the city of High River, Alberta. Residential homeowners within the designated area were eligible to receive compensation equal to their most recent municipal tax assessment value in exchange for vacating their homes. Only primary residences were eligible for the program, and the government did not intend to allow any rebuilding on the vacated lots. Those who declined the buyout and opted instead to receive financial disaster assistance forfeited eligibility to receive additional assistance in the event of future over the curb CSO flooding impacting their homes.

It should also be noted that even in cases where 100% of the pre-flood property value was paid, homeowners reported challenges in finding comparable housing for the same price outside of their current location. They also faced additional expenses such as moving costs, interim housing, legal fees and service connections; all of which can represent a considerable burden to homeowners who accept a buyout.

The following factors discussed below must be considered by Council for a property buyout program, to create a clear policy to govern the program.

Geographic Location
A clearly defined map from the WHRM Planning Department identifying properties eligible to be considered for a buyout option is recommended, as it provides transparency and a clear understanding of properties eligible for the program.

Homeowner Eligibility
Inconsistent eligibility requirements make buyout programs challenging to administer and communicate. It is critical that eligibility criteria are clear about which properties will or will not meet the program criteria.

These eligibility requirements could consider:
1) The home is identified in the mapped Combined Sewer Overflow Flood area within WHRM;
2) Eligibility for existing residential construction that has not been built within the past 5 years;
3) The homeowner is in good standing with respect to all municipal taxes, rates, charges or any liens;
4) That CSO flooding is over the curb, specifically impacting homes confirmed by WHRM Public Works and/or past insurance claims, not land such as fields, lawns, etc.
5) Homeowners are not eligible to receive a property buyout and assistance from the Home Flood Protection Pilot Program and the Switch West Hants Program.

Associated Costs

1. An appraisal of the property. Typically, appraisals can range in cost from $4000-$6500 per property.
2. A Hazard Assessment that identifies any health or safety risks associated with hazardous materials found within the home or on the property.
3. Realtor fees associated with the purchase process.
4. WHRM legal fees.
5. Demolition costs including hazardous material disposal.
6. Site remediation and earthworks

7. Tax revenue loss consideration
8. Ongoing maintenance a repairs costs associated with vacant lands.

NEXT STEPS

To be determined.

Following further discussion there are multiple factors that require Council feedback, should Council decide to move forward with this initiative.

Options/Decision Factors	Yes	No
Does Council wish to have a mapped area identifying properties eligible for a property buyout? The map would note properties impacts by extreme weather events and overland flooding including the presence of CSOs.		
Does Council prefer to take a “all or nothing” approach or encourage a “one at a time” approach?		
Does Council wish to have staff make specific recommendations to Council for buyouts or to directly administer applications?		
Does Council wish to have an independent third party make those recommendations?		
What source of funds will be used for property buyouts?		
What is the intended use of the property (s) post buy-out?		
Does Council wish to impose a cap value per home for the program or take market value approach?		

Does Council wish to include relocation related costs to the program?		

FINANCIAL IMPLICATIONS

There are no financial implications associated with this report as it is for information purposes and to gather further feedback on how to proceed.

ALTERNATIVES

N/A

ATTACHMENTS

None

Report Prepared by: ______________________________
Mark Phillips, Chief Administrative Officer