

TO: Mayor Savage and Members of Halifax Regional Council

SUBMITTED BY: Original Signed by 
Jacques Dubé, Chief Administrative Officer

DATE: September 20, 2021

SUBJECT: **Case 23836: Amendments to the Regional Municipal Planning Strategy to establish Commercial Development Districts**

ORIGIN

On May 4, 2021 the following motion of Halifax Regional Council regarding Item 11.1.2 was put and passed:

That Halifax Regional Council direct the Chief Administrative Officer to:

2. Initiate a process to consider amendments to the Regional Municipal Planning Strategy to establish a Commercial Development District for all areas serviced by wastewater facilities and a water system, and adopt the public participation program as outlined in the Community Engagement section of the staff report dated April 6, 2021.

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter, Section 92C, Commercial development district,

92C (1) In this Section,

(a) “commercial development district” means a district, established by a by-law made pursuant to subsection (2), that comprises one or more eligible properties;

(b) “eligible commercial property” means a commercial property, except the forest property owned by a person who owns fifty thousand acres or more of forest property in the Province;

(c) “eligible contaminated property” means a property or part thereof that

(i) was an eligible commercial property,

(ii) is designated as a contaminated site pursuant to subsection 87(1) of the Environment Act, and

(iii) is the subject of an agreement entered into pursuant to clause 89(1)(b) of the Environment Act;

(d) “eligible property” means an eligible commercial property or eligible contaminated property.

(2) Notwithstanding subsection 71(2) but subject to Section 92D, where the Council considers it necessary or advisable, the Council may, by by-law, provide for

- (a) the phasing-in of an increase in the taxable assessed value of an eligible property located in a commercial development district over a period not exceeding ten years; and
- (b) the cancellation, reduction or refund of taxes paid as a result of the phasing-in of the increase.

(3) Subject to subsection (4), a by-law made pursuant to subsection (2) must establish, in accordance with a municipal planning strategy, one or more commercial development districts.

(4) A commercial development district may only be established in an area that is serviced by wastewater facilities and a water system.

Minimum Planning Requirements Regulations, clause 8(b)

8 A municipal planning strategy may include statements of policy on any of the following:

- (b) eligibility criteria for establishing a commercial development district including all of the following:
 - (i) the percentage increase in the taxable assessed value of the eligible properties, as defined in subsection 92C(1) of the Charter, within the proposed commercial development district, and
 - (ii) the period over which the increase in the taxable assessed value of the properties occurs

RECOMMENDATION

It is recommended that Regional Council:

1. Give First Reading to consider the proposed amendments to the Regional Municipal Planning Strategy as set out in Attachment A, to enable a Commercial Development District to be established for all areas serviced by wastewater facilities and a water system, and schedule a public hearing; and
2. Adopt the proposed amendments to the Regional Municipal Planning Strategy, as set out in Attachment A of this report.

BACKGROUND

On May 4, 2021, Regional Council directed the Chief Administrative Officer to implement a rolling three-year Assessment Averaging Program for commercial properties to help increase predictability in property taxes for commercial property owners and businesses. This will add certainty in taxation to those properties experiencing sudden spikes in assessed values. The phase-in of these assessment increases over three years can be done under provincial legislation, through the creation of a Commercial Development District. This initiative is being led by the Finance and Asset Management Business Unit and more information on the overall program is available on the HRM website at: <https://www.halifax.ca/home-property/property-taxes/commercial-tax-policy/commercial-assessment-averaging-program>

To establish this program, the *HRM Charter* requires the Municipality to establish a by-law in accordance with a municipal planning strategy. This report recommends amending the Regional Municipal Planning Strategy (RMPS) by adding a policy that will support a by-law which will establish one or more Commercial Development Districts. Future staff reports will be brought forward to complete the remaining steps for implementation of the program.

Regional and Local Policy Context

The RMPS supports the Economic Growth Strategy through policy EC-1, which requires HRM to work in partnership with the Greater Halifax Partnership. Further, improvements to commercial tax information and preparing recommendations for tax policy amendments is outlined through Policy EC-17 (c). The Economic Growth Plan 2016-21¹ identifies promoting and maximizing growth as one of its four strategic goals to make it easier to do business in Halifax. Action 11 of the Economic Growth Plan (“Assess potential commercial taxation improvements identified by the business community”) directly aligns and relates to Policy EC-17(c) to bring certainty to taxation which contributes to improving economic growth.

On September 18, 2019 Regional Centre adopted the Regional Centre Secondary Municipal Planning Strategy (Package A) which included a Policy 10.24 respecting commercial development districts, as follows:

Council may establish, by by-law, one or more commercial development districts in the Regional Centre, provided the district is serviced by wastewater and water infrastructure.

This Policy continues under Regional Centre Secondary Municipal Planning Strategy (Package B) under Policy 10.9

COMMUNITY ENGAGEMENT

The community engagement process is consistent with the intent of the HRM Community Engagement Strategy and the public participation program adopted by Regional Council on May 4, 2021. The level of community engagement was consultation, achieved through providing information and seeking feedback through the HRM website and targeted consultation.

Finance staff have undertaken stakeholder engagement, which includes providing information on the proposed amendment to the Regional Plan. Accordingly, given the broad geography involved and the previous consultation completed, the level of community engagement was consultation, achieved through:

- Information sharing and information gathering on the HRM website² (currently live since June 2021)
- Feedback from business partners (Property Valuation Services Corporation [PVSC])
- Feedback/letter from eight Business Improvement Districts (BIDs)
- Virtual meeting/discussion with a local real estate firm
- Virtual meeting with The Village on Main for the Dartmouth Main Street Business Improvement District

The feedback received include the following topics:

- Clarification on the proposed program and commercial tax structure options
- Support for the proposed three-year averaging strategy which aligns with HRM’s Economic Growth Plan, RMPS, and HalifACT
- Support for implementing the changes without delay
- Support to continue working in partnership to achieve a more equitable and beneficial tax system

Finance staff will continue additional engagement as part of the development of the proposed by-law. Staff will be engaging with the business community before implementation of the commercial assessment averaging program, to explain how taxable commercial assessment values will be determined and what process/communication changes they may expect to see.

¹ <https://halifaxpartnership.com/research-strategy/economic-growth-plan/>

² <https://www.halifax.ca/home-property/property-taxes/commercial-tax-policy/commercial-assessment-averaging-program>

In addition to this public participation, the *HRM Charter* requires a public hearing to be held before Regional Council can consider approval of any amendments to planning documents. Amendments to the RMPS will potentially impact the following stakeholders: commercial property owners and tenants, business associations and commissions (including the Halifax Chamber of Commerce and Business Improvement Districts), as well as business owners in the region. Future development of the by-law may potentially impact business owners and further engagement will occur with the development of the by-law.

DISCUSSION

The RMPS is a strategic policy document that sets out the goals, objectives and direction for long term growth and development in the Municipality. In this case, staff advise that the amendments are consistent with the *HRM Charter* and existing Regional Plan policy that supports the Economic Growth Plan and improvements to commercial taxation. The following paragraphs review the rationale and content of the proposed RMPS amendment.

Proposed RMPS Amendment

Attachment A contains the proposed RMPS amendments. These amendments are consistent with Section 92C of the *HRM Charter*, within Part IV Finance, which allows the Municipality to adopt a by-law to establish Commercial Development Districts in accordance with a municipal planning strategy, only in an area that is serviced by wastewater facilities and a water system.

The proposed amendment takes a similar approach to the existing policy adopted under the Regional Centre Secondary Municipal Planning Strategy and will make the program available to commercial properties outside of the Regional Centre. The proposed amendment will enable a future by-law to establish Commercial Development Districts in any area that is serviced by wastewater and water infrastructure. The proposed amendment is drafted broadly so that details of the program can be determined at the time the by-law is proposed. Discussions for the locations of potential Commercial Development Districts and boundaries will be reviewed by Regional Council in future staff reports brought forward by HRM Finance if the Regional Plan amendments is adopted by Regional Council.

Next Steps

Finance staff are planning the 2022/23 implementation of commercial assessment averaging. Provided Regional Council adopts the proposed RMPS amendment, Finance staff will continue to work through the remaining steps to implement commercial assessment averaging as outlined below:

1. Approval of the required By-law (including Ministerial approval);
2. Implementation of the revenue component of the new SAP system;
3. Communication of the final assessment averaging system, to the business community; and
4. HRM - PVSC agreement on management of assessment averaging information.

Conclusion

Staff advise that amending the RMPS will enable the creation of Commercial Development Districts and allow Finance staff to move forward with the Commercial Assessment Average program and development of the accompanying by-law. It is, therefore, recommended that the Regional Council approve the proposed RMPS amendments.

FINANCIAL IMPLICATIONS

There are no financial implications associated with this report. The HRM costs associated with the processing of this planning process can be accommodated within the approved 2021-2022 operating budget for C320 Regional and Community Policy.

RISK CONSIDERATION

There are no significant risks associated with the recommendations contained within this report. This report involves proposed RMPS amendments. Such amendments are at the discretion of Regional Council and are not subject to appeal to the N.S. Utility and Review Board. There is a low risk that the Provincial Minister of Municipal Affairs will not approve HRM's proposed Commercial Development District and assessment averaging program.

ENVIRONMENTAL IMPLICATIONS

No environmental implications were identified.

ALTERNATIVES

Regional Council may choose to:

1. Modify the proposed amendments to the RMPS, as set out in Attachments A of this report. If this alternative is chosen, specific direction regarding the requested modifications is required. Substantive amendments may require another public hearing to be held before approval is granted. A decision of Council to approve or refuse the proposed amendments is not appealable to the N.S. Utility & Review Board as per Section 262 of the *HRM Charter*.
2. Refuse the proposed amendments to the RMPS. A decision of Council to approve or refuse the proposed amendments is not appealable to the N.S. Utility & Review Board as per Section 262 of the *HRM Charter*.

ATTACHMENTS

Attachment A: Proposed amendments to the Regional Municipal Planning Strategy

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

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Attachment A – Proposed Amendments to the Regional Municipal Planning Strategy

BE IT ENACTED by the Regional Council of the Halifax Regional Municipality that the Regional Municipal Planning Strategy is hereby further amended as follows:

1. Amend Chapter 5, Economy and Finance, by inserting the preamble and policy, as shown below in bold, immediately following Policy EC-17:

New growth may impact commercial assessments through above-average increases for select properties. A Commercial Development District enables the Municipality to gradually phase in assessment increases within the district. This can provide commercial properties with greater predictability on their taxes, improving certainty and foresight into future taxes payable. This may give firms greater certainty in business planning and forecasting.

EC-17A Council may establish, by by-law, one or more commercial development districts across Halifax Regional Municipality, provided the district is serviced by wastewater and water infrastructure.

THIS IS TO CERTIFY that the by-law of which this is a true copy was duly passed at a duly called meeting of Regional Council of Halifax Regional Municipality held on the ____ day of _____, 2021.

GIVEN under the hand of the municipal clerk and under the Corporate Seal of the said Municipality this ____ day of _____, 2021.

Municipal Clerk