



2022-2023 Municipal Pre-Budget Submission

March 3rd, 2022



THE HALIFAX CHAMBER OF COMMERCE

The Halifax Chamber of Commerce is a business advocacy organization committed to creating value and prosperity for its members. The Chamber provides the services its members need while advocating for the conditions to enhance private sector growth. Together, the 1,800+ member businesses and their over 65,000 employees act as a single voice through the Chamber to promote local business interests. The volunteer Board of Directors, Chamber staff, and Task Forces undertake initiatives by request for and on behalf of our diverse membership. To do this, we tailor programs, provide education, and create connections. We also help our members grow through programs and new strategies, and we help expand their influence with policymakers.

EXECUTIVE SUMMARY

There is no way around it: 2021 was just as tough for businesses as 2020. It was especially difficult for those working in or owning a business in the hardest-hit sectors like tourism, hospitality, and the arts. Our 2022-2023 Pre-Budget Submission focuses on the budget, housing, and support for our business sector; it also provides recommendations to improve the business environment as we enter the recovery phase. The Chamber remains hopeful that the municipality can continue to work with stakeholders and larger groups, including the Nova Scotia Business & Labour Economic Coalition (NSBLEC), to ensure the recovery and sustainability of our business community.

RECOMMENDATIONS

1. Reduce the tax increase for commercial businesses to a reasonable rate of 2% or less until such a point that real economic recovery has occurred for our business community.
2. Publicize the cost of services for commercial and residential taxpayers.
3. Review the need for net-zero taxes to reform the commercial tax system.
4. Ensure the business community is aware and accepting of the proposed Averaging Program before it is applied with HRM.
5. Actively lobby the provincial government for the elimination of the Capped Assessment Program.
6. New and existing councilors need to be educated on the immediate need for responsible development in order to find the balance between constituent concerns and city growth.
7. Focus a concentrated 2-year effort on updating land-use bylaws.
8. Accelerate the plans for areas outside the Centre Plan; Dartmouth, Bedford, and other communities need the same type of certainty.
9. Hire more staff or use readily available consultants to shorten turnaround.
10. Build a 30-day turnaround accountability for Parks and Engineering and all departments involved in development for permitting.
11. Hire Senior staff members with overriding authority to be a single point of contact for project timeline accountability.
12. Set yearly targets for approvals to eliminate the deficit and have a surplus of approved lots.
13. Develop metrics for accountability for building permits by housing type and ensure that council agrees to these metrics and sees regular reporting.

14. Collaborate with the Province to accelerate the rate of affordable housing units developed.
15. Partner with a local newspaper, contingent on agreement, to offset advertising costs for small and medium-sized businesses and to increase awareness and presence for consumers.
16. Review current outdoor municipal programs and services for potential expansion and/or the creation of new methods of socializing and activity.
17. Implement the discussed 'parking ticket waiving' program for those who can provide proof of shopping local or picking up from a local restaurant.
18. Investigate the application of the Federal 'One-For-One' Rule to reduce the regulatory burden businesses are currently facing.
19. Use the Chamber's network to keep businesses informed of potential projects and to gather feedback on future transportation plans.
20. Have a separate permit application process for accessibility projects to ensure timely and efficient approval.
21. Ensure sidewalks, bus stops, and thorough-fare roads are snow and ice-free to allow for the movement of employees and customers.
22. Ensure that municipal projects do not overly impact members of the business community, who are already feeling the impacts of COVID-19 and the accompanying restrictions.



THE BUDGET

In discussions with our members, several key themes emerged as the most important in relation to budget issues. Taxes at all levels, commercial tax reform, the cost of services, and the Capped Assessment Program all have an impact on our members' budgets, business plans, and growth in the Halifax Regional Municipality (HRM). Like in 2021, our members are still facing the financial impacts of COVID-19, and their ability to shoulder increasing tax rates is faltering. We are encouraged that the municipality is seeking to improve the taxation system for our small and medium-sized businesses (SMEs). We are concerned, though, that while the Three-year Assessment Averaging Program will decrease taxes for some, it raises taxes for others. Providing the cost of services to our commercial taxpayers has been a priority ask from our members, as has been the

elimination of the Capped Assessment Program. While efficient and sustainable spending will also be an ask of the municipality from the Chamber, we are seeking to focus on the issues that have the greatest impact on our business community.

TAXATION

Last year, the HRM was looking for ways to support businesses through the pandemic. Property tax relief from the province and extended payment terms from the municipality were utilized to ensure our business community had options to stay afloat. While we appreciate that some of the city's revenue streams were curtailed or delayed by the pandemic, we were shocked to see the proposed tax increase of 5.2% for the coming year. Even the mayor's revised expectation of 4.6% does not give solace to the business community, many of whom are already decimated by the pandemic. We understand that this increase is driven by two factors: HalifACT and the normal setting of tax rates. Combined, they are significant.

The Council-approved 2.9% increase in the tax rate equates to over \$2,500 more on a business' tax bill,¹ which does not account for the increase the climate tax will also create. Tax increases like these can impede a business's ability to offer increased employment, employ immigrants, invest in new technology, or for some, make payroll and remain open. The Altus Group said it best when they stated, "high commercial property taxes place a greater weight on businesses to contribute to an inequitable share of municipal and education budgets. While every homeowner would appreciate paying less property tax, it is important to balance the burden paid by businesses in each city. Lower commercial property taxes help make cities more competitive and promote job growth."² Even with a drop of 1.4% for commercial rates in 2021, HRM continues to post one of the highest estimated commercial tax rates in Canada.³

The population goals of our provincial and municipal governments need to be attached to an attractive business environment, where taxes are not an impediment to opening or continuing a business. HRM is in a housing crisis, and the city is issuing building permits at a rate that will continue to widen the gap between population growth and housing availability. Increasing the rate and amount of new development with accelerated

¹ AIINS, November 26th, Update: Halifax Tax Hike

² [Canadian property tax rate benchmark report 2021 en_1.pdf](#), Page 5

³ IBID

approvals of building permits will add hundreds of millions of dollars to the tax base over time and will continue to make the HRM a place where people want to live and a place where businesses want to grow.

We know the municipality must invest in green technology, electrify our transit, and upgrade our communities to move forward. These are facts. But another fact is that many in our business community are still struggling to find employees, secure supplies, and continue operations with a less-than-normal economy. The Federal government has billions of dollars available for climate sustainability actions undertaken by businesses and municipalities. Have we exhausted these federal avenues or approached provincial representatives before placing the burden of climate action on HRM citizens and businesses, who pay over three times the amount of the residential tax rate? Have we looked at the timeline to achieve our climate goals with the new lens of COVID-19 to determine if now is the appropriate time or whether it will add a greater burden to our business community and residents?

Recommendation: Reduce the tax increase for commercial businesses to a reasonable rate of 2% or less until such a point that real economic recovery has occurred for our business community.

COST OF SERVICES

For the past several years and Pre-Budget Submissions, the Halifax Chamber of Commerce has been advocating for the municipal government to provide the commercial sector with the true cost of services provided. We believe that this information would be pivotal for the plight and affirmation of our business community, who often, if not always, pay for more municipal services than they receive.

Recommendation: Publicize the Cost of Services for commercial and residential taxpayers.

COMMERCIAL TAX REFORM

After much discussion and deliberation, it looks like commercial tax reform within the HRM will be implemented. For more than three years, the Halifax Chamber of Commerce, along with many other stakeholders, have been attending meetings with HRM's taxation/

finance staff to provide recommendations and to ensure our members' concerns are heard and understood. The Three-year Assessment Averaging Program will increase predictability in property taxes for commercial property owners and businesses and add certainty to future operating costs (related to taxation) for business owners with properties experiencing sudden spikes in assessed values.⁴ However, through discussions with municipal staff, we are concerned that the program will need to reach a net-zero loss of taxes; thus, some businesses may see an increase in their taxes. This is concerning, and we would like to ensure that the business community is aware of this necessity before the program is accepted into the rule.

Recommendation: *Review the need for net-zero taxes to reform the commercial tax system.*

Recommendation: *Ensure the business community is aware and accepting of the proposed Averaging Program as is before it is applied with HRM.*

CAPPED ASSESSMENT PROGRAM

We have asked the province to remove the Capped Assessment Program to increase the municipality's revenue stream. The CAP distorts the property tax system—shifting more of the tax burden on first-time homeowners and renters, reducing the potential amount of municipal revenue, and impacting housing affordability. The more the residential tax ratio increases, the greater it impacts our members. It is noted that “if residential properties were taxed at market value, the city could lower the residential tax rate.”⁵ We hope that this reduction will also be reflected in the commercial tax rate to ensure businesses are treated fairly. We would still like to see protection tools in place for those with lower or fixed incomes who would be greatly impacted by the dissolution of the CAP.

Recommendation: *Actively lobby the provincial government for the elimination of the Capped Assessment Program.*

⁴ <https://www.halifax.ca/home-property/property-taxes/commercial-tax-policy/commercial-assessment-averaging-program>

⁵ <https://oag-ns.ca/sites/default/files/publications/2021CovidrelieffullWeb.pdf>



HOUSING

As you know, the Halifax Chamber has long been an ally and tireless promoter of this great city. We are seeing unprecedented population and business growth as the world has come to see HRM and Nova Scotia as incredible places to work, live, and raise a family. In fact, never has our region had the visibility it gained during COVID-19 as a safe place to live and work. All sectors—from government, to health care, to manufacturing and high tech—continue to aggressively promote this region as a place to come work and play. But as we grow, businesses need people, and these people need places to live. This is not a new phenomenon: the data has shown us for years that we would face a housing shortage if something wasn't done to accelerate development, and this has now resulted in a housing gap of approximately 15,000 housing units. The housing shortage manifested itself during COVID-19 as an affordable housing issue, but in the larger context of economic recovery and future economic growth, affordable housing is only one component of the housing crisis now facing the HRM. Everything on the housing continuum, from emergency shelters to market homes, needs to be reviewed to ensure our city is a safe and affordable place to live and work.

INFRASTRUCTURE

Our population is on the rise, with the potential to reach half a million people by 2027.⁶ If we think we have a housing crisis now, imagine what it will look like in five years if we don't plan for the uptick in necessary housing. As mentioned in numerous submissions to the municipality, the Chamber believes that increasing the supply of housing will ultimately take an overhaul of our permitting system, as well as a change in mindset for development locations across HRM.

Packages A and B of the Centre Plan were multiyear processes that focused on the city core. While they were greeted with generally good reviews from the community, they have potentially caused an overall delay in development across the board—particularly outside of the downtown core. Outdated land-use bylaws remain on the books and continue to drive decision-making that is not supported by the current reality. Expediting permits would increase the number of developments built and hopefully increase the likelihood of affordable units within apartments and condominium buildings. With a vacancy rate hovering around 0%,⁷ we are in dire need of more housing options—not only for affordable housing but also for housing that is affordable—to ensure our new graduates and immigrants can remain here in the HRM if they wish to do so. The Chamber was glad to see the inclusion of permit applications and confirmations in the open data portal.

Our members, especially those in the development community, are tired of reiterating the same concerns. Faster permit approvals, less red tape attached to the permit process, and better communication between council, municipal staff, and developers will increase our housing supply and help to ensure Nova Scotians can live in the same place they work.

Recommendation: *New and existing councilors need to be educated on the immediate need for responsible development to find the balance between constituent concerns and city growth.*

⁶ <https://www.cbc.ca/news/canada/nova-scotia/halifax-population-half-million-five-years-1.6290176>

⁷ <https://www.cbc.ca/news/canada/nova-scotia/nova-scotia-housing-task-force-halifax-development-1.6315601>

Recommendation: Focus a concentrated, 2-year effort on updating land-use bylaws.

Recommendation: Accelerate the plans for areas outside the Centre Plan; Dartmouth, Bedford, and other communities need the same type of certainty.

Recommendation: Hire more staff or use readily available consultants to shorten turnaround.

Recommendation: Build a 30-day turnaround accountability for Parks and Engineering and all departments involved in development for permitting.

Recommendation: Hire senior staff members with overriding authority to be a single point of contact for project timeline accountability.

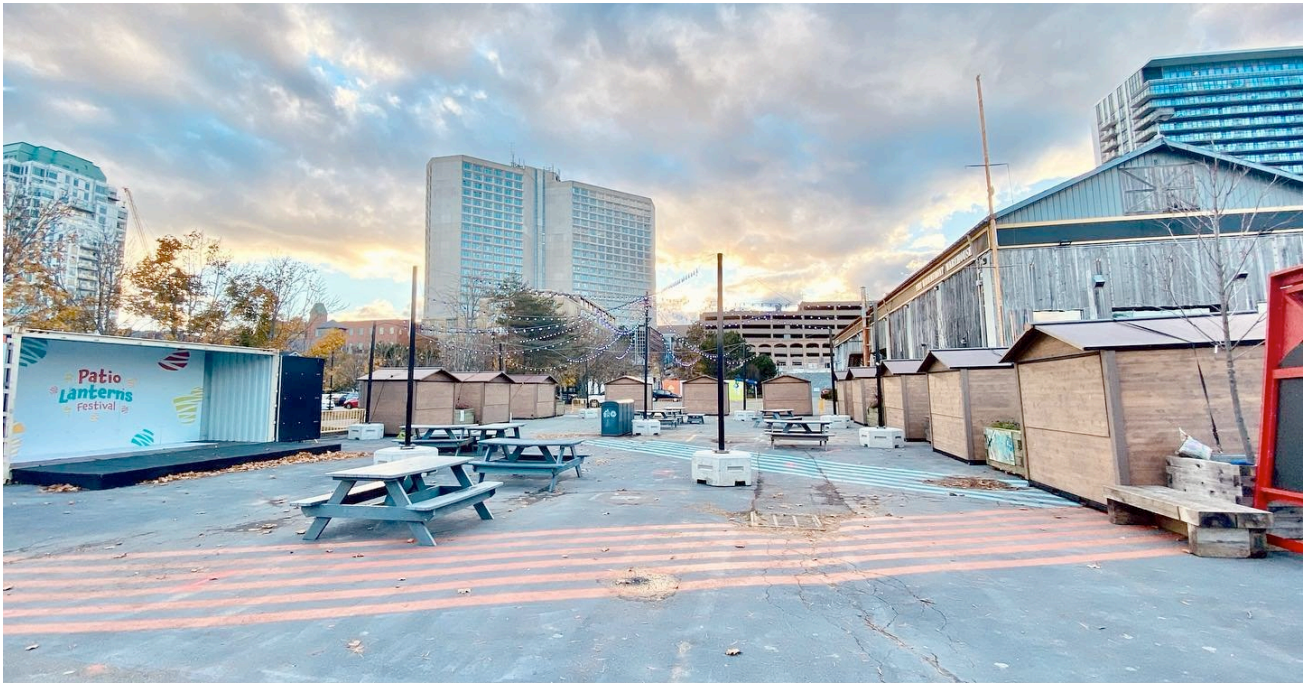
Recommendation: Set yearly targets for approvals to eliminate the deficit and have a surplus of approved lots.

Recommendation: Develop metrics for accountability for building permits by housing type, and ensure that council agrees to these metrics and sees regular reporting.

AFFORDABLE HOUSING

The pandemic has brought the affordable housing situation in HRM to the forefront. As the pandemic persists, it has become even more apparent that affordable housing is part of a much bigger housing supply issue in the HRM. Over the past several months, the Halifax Chamber has met with members from the development community, not-for-profits, city officials, the provincial housing commission, and other concerned groups in the community. The HRM is a growing, prosperous municipality, but we have a severe housing shortage that will take years to correct, and action must be taken now to address the situation if we are to maintain our reputation as a place people want to come live, work, and raise their families. We also want businesses to move here, secure in the knowledge that they can find the workforce they need and that there will be a place for them to live. While the Chamber is aware that the mandate for affordable housing lies with the province, we would hope the municipality would support the projects, ideas, and goals of the provincial housing committee. It is in the interest of all residents in our province to provide support for the ideas that will increase our housing supply to match our population's expectations.

Recommendation: *Collaborate with the province to accelerate the development rate of affordable housing units.*



BUSINESS SUPPORT

For many, business has resumed. Unfortunately for some, especially those in the tourism and hospitality sector, the impacts of COVID-19 are far from over. These businesses, and truly all businesses, continue to need support from the government and Nova Scotians. The Halifax Chamber, through the Nova Scotia Business & Labour Economic Coalition, is heartened to see the city reaching out through Discover Halifax and the Halifax Partnership to determine what the city can do to tangibly assist the business community and for their recommendations for programs, services, and funding options that can assist them through to the endemic. The municipality has been a supportive partner over the past two years, and we hope that this partnership can continue to provide thoughtful and innovative support for our business community.

DOWNTOWN SUPPORT

The Halifax Chamber and our members were pleased with the municipality's efforts to support our business community over the past two years. The elimination of parking fees, the implementation of light shows that encouraged visitation to our downtowns, and the removal of patio fees helped alleviate some of the pressures created from the COVID-19 restrictions. As the pandemic continues, the business community will continue to need

support from all levels of government; each wave of the virus has impacted consumer confidence and willingness to venture to local restaurants and shops.

The Chamber would like to see new and innovative ways of supporting our business community. Recently, the City of Barrie, Ontario, partnered with a local newspaper to highlight small businesses. The edition reflected the changes and challenges of the past year, shining a light on the innovation and resilience of the business community: “The City is making a financial contribution to the special edition that will offset ad costs, so local businesses can market directly to consumers in a cost-effective way.”⁸ The Chamber would recommend similar efforts with local and provincial-wide newspapers, in conjunction with a provincial confidence campaign we hope to see shortly.

Recommendation: Partner with a local newspaper, contingent on agreement, to offset advertising costs for small and medium-sized businesses and to increase awareness and presence for consumers.

In the summer of 2020, the City of Toronto announced the ActiveTO program to provide more outdoor space for walking, running, and cycling. The program created quiet streets, expanded bike lanes, and readapted usually busy streets for active transportation.⁹ We know the Halifax Regional Municipality has been working diligently to enhance our biking system in the core and provide new activities in common spaces, like the public gardens. We would like to see novel ideas for new outdoor activities and better use of our outdoor spaces, like the Halifax Commons. Providing outdoor summer programs for adults (similar to those offered for youth and children) will encourage people to be outdoors and help establish new methods of safe socializing. In previous submissions, we have mentioned how having business booths at outdoor activities could provide a boost for our business community, and we still believe this to be the case.

Recommendation: Review current outdoor municipal programs and services for potential expansion and/or the creation of new methods of socializing and activity.

⁸<https://www.barrie.ca/City%20Hall/MediaRoom/Pages/Detail.aspx?MediaRelease=951>

⁹ <https://www.toronto.ca/news/city-of-toronto-launches-activeto-plan-ahead-of-covid-19-restart-and-recovery/>

During our NSBLEC calls, there have been significant conversations around the implementation of ‘parking ticket waiving’ for those who have shopped locally. This program is currently in place in Barrie, Ontario, where “residents who receive a parking ticket from the city can have the ticket canceled if they provide proof of purchase from a Barrie restaurant in an amount equal to or greater than the set fine, within five days after receiving the ticket.”¹⁰ Like the removal of parking fees, the Chamber believes this would be a positive program, enhancing residents’ ability to locate parking and patron a business.

Recommendation: *Implement the discussed ‘parking ticket waiving’ program for those who can provide proof of shopping local or picking up from a local restaurant.*

RED TAPE & REGULATIONS

“Regulations,” “red tape,” “roadblocks,” and “unnecessary steps” are just a few of the phrases we hear at the Chamber that impact a business’ ability to run its daily operations effectively and efficiently. As one example, By-laws can play a large role in operational delays and can cost business’ money and time—through frustrating hours spent on the phone, understanding the rules, and driving to and from the municipal department location. While we know there has been a commitment from the municipality to reduce these roadblocks, there is still work to be done.

The Chamber fully agrees that it is “important for HRM’s Regulatory Modernization work to align where possible with economic recovery and economic planning efforts including identifying regulatory change actions as part of the 2022-2027 Economic Growth Plan.”¹¹ We hope that Phase III of the Joint Project for Regulatory Modernization can follow through with the goal of reviewing HRM and provincial regulation (especially overlapping regulations) for red tape impacts and the creation of a pilot red tape reduction review.¹²

¹⁰ <https://www.barrie.ca/Doing%20Business/Business-Development/Pages/support-for-business.aspx>

¹¹ <https://cdn.halifax.ca/sites/default/files/documents/city-hall/regional-council/210720rci06.pdf>, page 4

¹² IBID, page 5

Last year, we suggested using the One-For-One rule used by the federal government. The One-For-One Rule ensures that when a new regulation is created, equal administrative regulation is removed to offset the burden on businesses. Thus, “requiring regulators to remove a regulation each time they introduce a new regulation that imposes a new administrative burden on business.”¹³

Recommendation: *Investigate the application of the Federal ‘One-For-One’ Rule to reduce the regulatory burden businesses are currently facing.*

TRANSPORTATION

With the increase of construction in the city, the increase in our population, and a transformation towards active transportation, it is important that we look to enhance our ability to move safely and efficiently on our sidewalks, to and from work, and while browsing our local businesses. The Chamber awaits the release of the results from the Transportation and Logistics Working Group discussion with 26 businesses across HRM and the Halifax Partnership in May 2021. We are eager to see what projects were determined to improve the way people and goods are moved through our city.¹⁴ Given our large reach of businesses and business owners, we would be pleased to use our distribution capabilities to either gather feedback on the options put forth or to keep our members informed of potential changes, construction locations, and support programs.

Recommendation: *Use the Chamber’s network to keep businesses informed of the potential projects and to gather feedback on future transportation plans.*

¹³ <https://www.canada.ca/en/government/system/laws/developing-improving-federal-regulations/requirements-developing-managing-reviewing-regulations/one-for-one-rule.html>

¹⁴ https://cdn.halifax.ca/sites/default/files/documents/city-hall/regional-council/211005rc1511_0.pdf

ACCESSIBILITY

By 2030, all businesses in Halifax will need to be accessible to meet provincial legislation. This will not only involve the installation of ramps, changing floor plans, and upgrading elevator systems but will also create a need for new, accessible operating systems, inclusive teamwork, and new ways for staff to accomplish their goals. This will be challenging and will require a business to access capital, submit permits to the Municipality, and use “spare” time. We want to ensure that our members’ requests for permits for accessibility projects are reviewed efficiently and in a timely manner.

Recommendation: *Have a separate permit application process for accessibility projects to ensure timely and efficient approval.*

Ensuring our city is accessible for everyone, both residents and tourists, is essential for our growth and economic development. One of the most common themes we hear from businesses around accessibility is the lack of snow clearing on sidewalks, bus stops, and throughout the city that impacts employees’ ability to get to work and customers’ ability to shop.

Recommendation: *Ensure sidewalks, bus stops, and thorough-fare roads are snow and ice-free to allow for the movement of employees and customers.*

CONSTRUCTION MITIGATION

The Chamber has always been supportive of projects which enhance our municipality. We know change can not only improve the aesthetic of a street but can also create economic growth for businesses on that street. We are concerned, however, that the municipality has not focused on the impact of construction, in addition to the impact of COVID-19, will have on businesses.

Recommendation: Ensure that municipal projects do not overly impact members of the business community, who are already feeling the impacts of COVID-19 and the accompanying restrictions.

IN-CLOSING

Our business community needs a government that is supportive of businesses, provides a transparent and open environment, and plans for everyone who chooses to call the HRM their home. By applying the recommendations provided in this document, the Halifax Chamber of Commerce believes that not only can the business-government relationship grow, so too can the number of businesses that are created, opened, and run by our local community. We hope that you take into consideration our recommendations and please let us know if you have any questions or comments.

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