



spring garden
AREA BUSINESS ASSOCIATION

Submission
to the
Honourable Diana Whalen
Chair, Law Amendments Committee
from
Juanita Spencer, Executive Director
Spring Garden Area Business Association
regarding
Bill 177 - Municipal Government Act (amended) and Halifax Regional Municipality Charter (amended)
May 15, 2016

Introduction:

The Spring Garden Area Business Association (SGABA) is a member-based, non-profit organization representing the interests of the many property owners, merchants and service providers in the Spring Garden area. Working with the various levels of government and other key stakeholders, the Association strives to help make Spring Garden area a great place to live, shop, work and play.

Spring Garden is a well-known and historically significant area of Nova Scotia. It is home to thousands of residents, hundreds of businesses and a destination for tourists. It is bookended by a new world class library and the world renowned Public Gardens.

While the purpose of our Association is to effectively represent the business community, our mandate on how to achieve this is based on four pillars – marketing, safety and security, beautification and advocacy.

Within the scope of advocacy, our members have repeatedly identified high commercial taxation as a significant barrier to starting, and successfully operating, a business in the downtown core of Nova Scotia's capital city. It is for this reason that the Spring Garden Area Business Association is pleased to have an opportunity to submit this report for consideration by the Law Amendments Committee.

Background:

In 2015, the SGABA, along with several of the other Halifax Business Improvement Districts (BIDS), engaged in data collection and analysis of commercial property assessments of our respective members as well as Halifax's two retail business parks – Bayer's Lake and Dartmouth Crossing. While we had anticipated the BIDS in the core would have significantly higher assessments than those on the fringes or suburbs, the results were far more revealing than we anticipated.

+ AVERAGE ASSESSMENT PER SQUARE FOOT COMPARISON FOR

BUSINESS AREAS	AVERAGE ASSESSMENT PER SQUARE FOOT	AREA (SQUARE FOOT)
BAYERS LAKE	\$16.35	13,413,382
DARTMOUTH CROSSING	\$38.43	7,344,948
MAIN STREET DARTMOUTH	\$23.70	3,046,904
QUINPOOL ROAD	\$98.70	808,187
DOWNTOWN HALIFAX	\$273.22	3,897,896
DOWNTOWN DARTMOUTH	\$31.84	2,711,898
SPRING GARDEN ROAD	\$292.48	517,568
NORTH END	\$67.04	1,451,501

Spring Garden area businesses were the unfortunate leaders with the highest average assessment values per square foot exceeding \$292.00. With future planned streetscaping, assessments are expected to rise on average another 13 percent – 30 percent over and above regular annual increases.

Those businesses located in the business parks enjoy a significantly lower per square foot assessment value (approximately \$13 in Bayer's Lake, slightly over \$38 in Dartmouth Crossing) yet receive many of the same services as those in the core.

Spring Garden commercial infrastructure is a mix of old and new. Footprints, however, are generally small thereby limiting the size of commercial tenants. Big, multi-nationals are not easily accommodated leaving landlords to seek small independent businesses. Unfortunately, the tax structure makes it difficult, if not impossible, for most small business to open and sustain their operations. In many cases, the portion of rent used to cover taxes is significantly larger than the portion that goes to pay the landlord.

This inequity is creating an unsustainable business environment for small, independent business, the often toted "backbone of our economy". Taxes are a significant contributing factor to the hollowing out of our urban centre.

Request:

Early in 2016, the Mayor of Halifax, under direction from Halifax City Council, wrote to Minister Churchill requesting amendments to the Halifax City Charter granting greater tax autonomy. The SGABA wrote Minister Churchill supporting this request as it is widely understood Halifax currently has limited ability to address the very serious tax inequities and crushing tax burden placed on Halifax's small business community.

Bill 177, as is currently written, does not respond to the request of the city and we encourage the Law Amendments Committee to re-examine it. We are requesting the Province of Nova Scotia to bring forward legislation that directly addresses the request of Halifax City Council:

(1) Request that the Provincial Government, in order to increase predictability for taxpayers, consider making changes to the legislation governing the assessment process for commercial properties so that:

- a) The annual valuation is averaged over a three year period or,*
- b) The commercial assessment roll is updated every three to four years, as is the current policy in Saskatchewan and Ontario.*

(2) And to request amendments to the Halifax Regional Municipal Charter that would provide Council with greater legislative authority in setting taxes and charges respecting the general tax rate and area rates for both residential and commercial properties, including:

- a) The authority for Council to determine and set rates and charges that are different for: I. different areas of the Municipality, II. different categories and size of businesses, and III. different classes of building and size of structures, and*
- b) The authority for Council to determine and set: I. a rate or charge for frontage on a street, II. a uniform charge or amount of tax that is payable per property or per dwelling*

unit, III. a maximum and minimum charge or amount of tax that is payable, and IV. a surtax or graduated rates.

Under the current legislative structure, municipal governments, who are charged with setting rates and collecting taxes, are removed from the assessment process and limited in their ability to create tax policy that supports their growth plans.

The Mayor and Halifax Council have requested greater tax autonomy to rectify this inequity and the Spring Garden Area Business Association wholly supports this. It is only by granting this authority and bringing commercial tax policy to one level of government that we will be able to develop the necessary tools to support the business community. Division of responsibilities creates blurred lines of accountability and a lack of transparency for taxpayers.

We applaud the Province for trying to address these concerns in Bill 177, however, we encourage government to give further consideration to the request from Halifax Council.