



November 7, 2016

Good Morning. My name is Paul MacKinnon, the Executive Director of the Downtown Halifax Business Commission, representing 1,600 businesses in the urban core of Nova Scotia's capital city.

As we all know Halifax, as our capital city, is a very significant economic engine for our province. It is certainly not the only one, but I believe it is a safe statement that without Halifax functioning well, the province would not be functioning well. The same can be said for the downtown area of HRM. It is the heart of the city and the heart needs to beat strongly.

Over the past number of years we have seen new life in our Downtown. Large infrastructure investments from all three orders of government into the library and convention centre, our post-secondary institutions, and most recently streetscape improvements, are all contributing to this direction. The private sector is responding to this with their own investments. But there a couple of significant red flags. A 2012-13 study of 17 cities across Canada was conducted by the Canadian Urban institute, comparing Canadian downtowns on various key metrics. Halifax fell short on two major ones: The first was the percentage of office space located in downtown. While cities like Toronto, Calgary, Vancouver, and even London, all had the majority of their office space located downtown, Halifax sits at about 43% - this was the lowest of the 17 cities. Halifax is in the midst, as every city is, of trying to improve their transit system. But whereas Calgary's challenge is transporting 73% of their office workforce into the downtown on a daily basis, Halifax has the challenge of, even if they crack that, figuring out how to best service the 57% of the office workforce who works somewhere other than downtown. From the city's tax base perspective, what it means is that Halifax actually draws less of its commercial tax base from the downtown than most other cities. Currently it sits at 8%, when a more normal amount would be 10-15%.

The city has a Regional Plan and an Economic Strategy that call for clustered commercial growth in its downtown. In a knowledge economy, clustering of this sort is essential. Yet, it has a tax system that encourages businesses to locate in ar-

areas where assessments are lower, due to the building form. Not only does HRM get less tax revenue from those areas, but they are actually more expensive to service, due to the nature of the building and road form. Downtown is a very efficient area to service.

We can't do anything about assessments. Buildings that are multi storey and located downtown have high assessments because they're worth a lot of money. There are probably things we could do to tackle assessment issues, and we would encourage you to pursue that, beyond what's in this bill. But in the meantime, the only tool within the existing tax system HRM has to help encourage business location in the downtown and in its commercial corridors – as called for in the Regional Plan and Economic Strategy – are differentiated tax rates.

We believe Bill 52 allows HRM to look at a suite of zones and tax rates in a thoughtful way, that would not impact residential taxes, but which would encourage business activity, at least a little bit, to follow the plans they have set. The end result will actually be a stronger tax base overall, with a more vibrant urban core and main streets.

With the passage of this bill, we, along with the other Business Improvement Districts, are committed to working with the Mayor and Council, as well as city staff and the Halifax Partnership, to adopt a new tax rate system which will achieve these goals. On behalf of my members, I would like to thank you for responding to the city's request to open up the Halifax Charter to allow this. Now it is up to the city to use this power to create a new tax system which will strengthen the city's, and ultimately, the province's, financial future.

Thank you.

Respectfully submitted,

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