

Item No. 3

Halifax Region

June 22, 2010

Committee of the Whole

July 6, 2010

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:



Dan English, Chief Administrative Officer



Wayne Anstey, Deputy Chief Administrative Officer - Operations

DATE: June 10, 2010

SUBJECT: Capital Ideas: Leveraging Urban Investment for Regional Prosperity

ORIGIN

- June 2, 2009 motion by Councillor Uteck, seconded by Councillor Sloane that; "this matter (Streetscape Capital Projects Implementation Strategy) be referred to the pending Capital Commission Committee." In its referral, Halifax Regional Council directed HRM staff and the Capital District Steering Committee to establish a high-level decision-making structure to determine what "an environment of success" for the Capital District Streetscape program should look like, and to coordinate a long-term, sustainable capital program for achieving that success.
- The Capital District Steering Committee undertook a review of the June 2, 2009 Council motion and expanded its scope based on other outstanding issues in the Regional Centre discussed herein.

RECOMMENDATION

It is recommended that Halifax Regional Council:

- 1. Adopt in principle the attached *Capital Ideas* discussion paper.
- 2. Direct staff to:
 - (a) HRM staff will undertake discussions with potential members of the proposed *Strategic Urban Partnership* (SUP), and subsequently empanel the SUP for the purpose of creating a Terms of Reference.
 - (b) In collaboration with SUP members, create a Terms of Reference document to guide the SUP mandate (final Terms of Reference to be endorsed by HRM Council and other members).

RECOMMENDATIONS CONTINUED ON PAGE 2

- (c) Explore and develop a variety of financial and policy tools to encourage development and investment in the Regional Centre;
- (d) Define an operational model for the proposed Opportunity Sites Task Force; and
- (e) Report back to Regional Council on progress in approximately 6 months.

EXECUTIVE SUMMARY

A healthy urban core is the most powerful tool available for addressing the financial and environmental challenges facing all cities. A vital urban core creates the financial strength necessary to provide amenities and services to all communities within a city region. Simply put, strategic urban investment creates regional prosperity.

HRM is a “community of communities” in which the diversity of choice of communities, from urban to suburban to rural, from seaside to forest to farm, is one of our primary and most enviable assets. However that asset must be nurtured through the provision of community services, and that demands a thriving urban core that is given every opportunity to succeed and excel.

Today HRM’s urban core (the Regional Centre) is not positioned as a strategic economic asset by the municipal, provincial, or federal levels of government. As a result it has missed out on economic development opportunities that would have benefitted all residents. Because its population is either stagnant or in decline, because businesses are struggling, and because several major approved developments have not proceeded, the Regional Centre is at risk of “hollowing out.” If we want it to be more like downtown Boston (dense, livable and prosperous) rather than like downtown Detroit (hollowed-out, in decline) then expedient action is required.

This staff report seeks to win Regional Council’s endorsement for a proposed solution to this challenge. Council is asked to approve in principal the attached discussion paper titled, “*Capital Ideas: Leveraging Urban Investment for Regional Prosperity*” as well as a series of next steps. The discussion paper describes an approach to identifying key strategic public investments in the Regional Centre that will catalyze private investment, resulting in strong economic impacts throughout the municipality. It is an approach that brings the major Regional Centre stakeholders to one table to collectively make meaningful change. It is a collaborative, coordinated and effective solution.

This staff report begins with a synopsis of HRM’s past success using this kind of collaborative planning model. It then highlights the large body of HRM and external policies and initiatives that clearly support a collaborative approach to urban investment as a means to create region-wide benefit. It then provides some key observations that further support the proposed approach. The staff report then provides a high level summary of the contents of the attached “*Capital Ideas: Leveraging Urban Investment for Regional Prosperity*” discussion paper. And finally the staff report concludes with a series of next steps.

BACKGROUND

The intent of this recommendation report is to gain Regional Council's endorsement for the *Capital Ideas* concepts presented in the attached discussion paper. This background section of this report provides support for the *Capital Ideas* concepts by outlining the success of initiatives undertaken with a similar approach, and by highlighting the large body of supporting policy that Council has already endorsed. The discussion section of this report briefly summarizes the *Capital Ideas* concepts.

1. Building on Past Successes

Over the past three years HRM has experienced excellent success with well-coordinated urban investment projects involving collaboration of multiple stakeholders and levels of government. In reviewing these successes relative to the Capital District Streetscapes program it was recognized that they were achieved by maximizing cooperation between stakeholders and by understanding and coordinating their respective objectives. This approach also provides a unified voice for articulating priorities. Four examples of this successful approach include:

A. The Joint Public Lands Plans for the Spring Garden Road/Queen Street Area, and for the Grand Parade/Province House Area. These projects were undertaken and managed jointly by HRM and the Province of Nova Scotia under the auspices of a Memorandum of Understanding created for that purpose. Citizen-based volunteer steering committees were struck, as were technical committees comprised of municipal and provincial staff. The plans coordinated municipal, provincial and community objectives for their respective study areas, highlights of which were returning the Grand Parade to dedicated public use after decades of parking use, identifying the site for the Central Public Library, and identifying the Birks/Johnson site for future provincial office expansion.

B. Municipal/Provincial Land Swap. In 2009 a historic land swap between the Province and HRM was finalized. The swap entailed three years of cooperation and collaboration at all levels and has allowed both levels of government to achieve their objectives while delivering the best results to the community. The primary successes of the swap were to put the Central Library site into HRM ownership, put the QEHS site into Provincial ownership for hospital expansion, and preserve the western edge of South Park Street between South Street and University Avenue as public open space.

C. HRMbyDesign's Downtown Halifax Plan. In 2009 the new Downtown Halifax Plan went into effect, entirely replacing the existing planning strategy and land use bylaw. The plan represented sweeping change to the way in which downtown growth will occur, switching to design-based regulation and a 60-day approval process, and implementing the new Design Review Committee. Intense and sustained public consultation and stakeholder engagement shaped the plan, which was ultimately supported by approximately 80% of polled residents. That the Plan has won two national awards is due in large part to this inclusive, collaborative approach.

D. The Barrington heritage Conservation District. As part of the HRMbyDesign Downtown Halifax Plan, the city's first heritage conservation district was created, which included a generous package of grants and tax incentives for heritage preservation. Council has already approved nearly

\$900,000 in grants and tax incentives for three restoration projects that will precipitate \$4.5 million of private investment. With applications for nine more properties already in the queue for next year, the conservation district is succeeding beyond all expectations. The Conservation District is a vivid illustration of strategic public investment at a modest scale precipitating private sector investment at a much larger scale.

2. Linkages to Existing Policy and Initiatives

This *Capital Ideas* proposal coordinates and reinforces many of HRM's plans, strategies and initiatives that are already in place, and suggests that in implementing them HRM should collaborate with other levels of government and major urban stakeholders. Many such initiatives have a bearing on all of HRM, however nearly all of them meet and intertwine within the Regional Centre. These efforts, coupled with the initiatives of external organizations, institutions, and other levels of government create a strong need for HRM to coordinate efforts and maximize opportunities within the Regional Centre. The convergent timing of the 5-year Regional Plan review, the adoption of the HRMbyDesign Downtown Halifax Plan, and the drafting of the 2011-2016 edition of the HRM Economic Development Strategy is ideal to capitalize upon these synergies and formalize them into a coherent *Capital Ideas* approach for enhancing the urban core. Each of these other initiatives already contain direction to focus investment in the urban core as the most reliable and expeditious way to create prosperity for the entire municipality. For example:

A. The HRM Corporate Plan: Objectives toward enhancing the urban core are found throughout the 2010-2011 Corporate Plan. Some examples include: Commencing construction of the new Central Public Library; Collaboration between all three levels of government on the investment in and redevelopment of publicly owned lands in the Regional Centre; Fostering the sustainability and success of the Regional Centre through the ongoing implementation of the Regional Plan and HRMbyDesign; Introduce two more heritage conservation districts in downtown Halifax; Develop a framework for strategic decision making that engages all three levels of government and major stakeholders in ensuring the viability and success of the Regional Centre in acknowledgment of its Hub City status; Capitalize on areas of common interest between the three levels of government and major stakeholders to seek opportunities for cost sharing in the Regional Centre; Explore options to increase investment in the Capital District; Work with provincial and federal partners to consider a private sector proposal to develop a new convention centre in the downtown core, and; Launch the *Strategic Urban Partnership* to increase the level of public and private investment in the Regional Centre, with initial focus on the Capital District in order to generate sustainable economic growth for the entire Municipality, to name a few.

B. The HRM Government Relations Plan: This policy is designed to increase the effectiveness of the municipality's relations with other levels of government and community partners. Its' three aims are: Relationship and partnership building; Advancing HRM's priority issues, and; Collaborative issue resolution. The proposed *Capital Ideas* approach to coordinated investment in the Regional Centre is a practical application of this philosophy, through which HRM will be better positioned to maximize cooperation and access to available opportunities, for the benefit of the entire region.

C. The HRM Regional Plan: This is HRM's guide to regional growth and change, and HRM's adopted "Integrated Community Sustainability Plan." It contains various functional plans and strategies (including the direction to undertake HRMbyDesign) which support a more strategic

approach to investment in the urban core as a way of creating municipality-wide prosperity. The Regional Plan recognizes the economic significance of the urban core to the regional economy and provides policy support, “...in order that HRM, in cooperation with senior levels of government, citizens and stakeholders, can support and strengthen the critical economic function of the Capital District. These policies include: supporting key economic drivers, investing in public infrastructure to attract businesses and residents to the area, striving to ensure that new development complements the unique urban fabric of the Capital District, respecting heritage, cultural and natural area assets, and establishing an efficient and effective way to move people and goods within and to the Capital District.”

D. The HRM Economic Strategy: HRM’s Economic Strategy 2005-2010 identified a strong and vibrant downtown as being critical to the economic health of the region, and set the goal to: “Increase capital and operating investment and maximize leverage with other levels of government and business to create an attractive and active urban space in the Capital District.” The Strategy is currently being refreshed for the 2011-2016 period, and early indications are that the importance of leveraging our compact urban core as a key region-wide asset will be highlighted to an even higher degree than in the first edition. This enhanced reaffirmation of the importance of the urban core is tied to the Hub City concept, and further supports a collaborative approach to improved investment in, and redevelopment of, the urban core.

E. HRMbyDesign: This project addresses a Council Focus Area in two parts. The first part was the downtown Halifax plan which is already in effect. The second part is a reurbanization strategy, known as the *Neighbourhood Greenprint*, for the neighbourhoods and districts that make up the entire Regional Centre. Taken as a whole, the two parts of HRMbyDesign presents a 25 year vision of a dense, livable and prosperous urban core that will create sustainable economic benefits across the municipality.

F. The HRM Cultural Plan: This document sets the following key goals with relation to the urban core: Focus on the urban core as the region’s centre for political, economic, and cultural development and activity; Position HRM as one of Canada’s most vibrant and creative communities by using public funds to leverage private investment making it a cultural destination for skilled workers, visitors and business, and; Coordinate initiatives across multiple levels & sectors because partnerships enable collaborative efforts and actions to reinforce mutually shared goals and build community capacity with existing resources.

G. The Conference Board of Canada (CBoC): In 2006 the CBoC released a report titled; “Canada’s Hub Cities: A Driving Force of the National Economy”. The report studied the economic impact that nine Canadian cities have on their respective regional and provincial economies and concluded that when economically dominant, or “hub” cities in Canada prosper, so do smaller communities in their province or region. Despite these benefits, the CBoC found that Halifax is “under-funded.” CBoC specifically noted that government does not provide appropriate financial incentives for growth, nor makes key strategic investments in the downtown core. CboC went on to make three observations in support of HRM’s status as a national Hub City:

- *Increasing the economic prosperity in Halifax must be a provincial and regional priority.*
- *Funding should target programs that support thriving urban economies, particularly infrastructure.*
- *Halifax Regional Council must set several investment priorities for the downtown core - these include lobbying for a dedicated spending budget from the provincial and federal government, to begin tracking socio-economic cost-benefit analyses on downtown projects, and take the initiative by investing in downtown projects in order to drive economic growth.*

H. The Premier's Economic Advisory Panel: A report prepared by this group ("Addressing Nova Scotia's Fiscal Challenge," 2009) states that, "...the prospects for Nova Scotia are now inextricably linked to the success of its largest urban area" - a statement that supports the Conference Board of Canada's designation of HRM as the "Hub City" of Atlantic Canada., and the need to focus investment within the Regional Centre (the "hub of the hub") to ensure the fiscal health of the entire municipality.

I. The Environmental Goals and Sustainable Prosperity Act (EGSPA): This provincial act was passed in 2007 and sets mandatory goals with which HRM must comply, among them that, "by 2020 greenhouse gas emissions will be at least 10% below the levels that were emitted in 1990." This is reinforced by the 2009 memorandum of understanding between the Union of Nova Scotia Municipalities and the Province of Nova Scotia which states, "Municipalities will continue to take action on climate change impacts through direct actions including policy developments, land use planning initiatives [and] emission reductions..." As the province's largest population centre, the lion's share of the responsibility for helping to meet these sustainability obligations falls to HRM. It is well established that the most effective way for a municipality to reduce GHG emissions is to densify development in existing urban cores and make substantial investments in transit and active transportation infrastructure.

3. Key Supporting Points.

The attached *Capital Ideas* discussion paper contains detailed support for the proposed approach. The following is an abbreviated list of the key supporting points found in the paper.

- *Sustainability:* The world is changing rapidly around us, more so now than at any other time in recent memory. We cannot afford to wait to meaningfully address energy supply, greenhouse gas emissions, climate change, sea level rise, and increasing worldwide competition for dwindling resources. HRM, like every other city in the world, is facing an urgent need to densify population, employment, and investment where services and infrastructure already exist, namely within the urban core and in already-serviced growth centres. The answer to the world's environmental and fiscal challenges are found in our cities; through densifying them around existing infrastructure and by investing in them.
- *Public investment Leads Private Investment:* It is widely understood that investment by the public sector inspires investment by private sector. This is the principle driving economic stimulus funding throughout the world. The *Capital Ideas* approach will provide a unified and respected voice with which to articulate funding priorities and seek cost-sharing to make such investments.

- *Attitudes of HRM's Residents:* Redevelopment of the downtown core was in the top five capital projects noted by residents in HRM's 2010 Citizen Survey. In a recent survey commissioned by the Greater Halifax Partnership the following statement was made to a large sample of residents from across the municipality: "*HRM spends too much money on Downtown Halifax.*" In response, 66% disagreed with the statement and 21% agreed with it.
- *Best Practices in Governance:* In response to rapidly emerging economic and environmental realities Canadian cities urgently require a more progressive, creative form of urbanism in order to become more sustainable, healthy, livable and resilient. Implementing a better form of urbanism means densifying residential and commercial opportunity in the urban core and making strategic public investments to precipitate private investment. This will be the bedrock of our ability to achieve solutions to the critical challenges of climate change, ecological integrity, energy resiliency, public health, fiscal health, and global competitiveness. This new commitment to the urban core must recognize the integral value of high quality urban design, hospitality to growth and change, municipal leadership, and meaningful engagement with all levels of government, NGOs, business, and residents. We must join other Canadian cities in implementing a clear new urban model, based on mixed-use, higher-density, investment in the public realm, and complete, vibrant, walkable neighbourhoods emphasizing sustainable movement choices.

DISCUSSION

Complete details on the *Capital Ideas* concept are provided in the attached discussion paper, and are briefly summarized here:

- Urban core not well positioned: The Regional Centre includes the Halifax peninsula and Dartmouth inside the circumferential highway, and is HRM's urban core. Although only 1/200th of HRM's land area, it is home to ½ of its jobs and 1/3 of its households and the Regional Plan directs 25% of future population growth to it. Yet: the Regional Centre is not positioned or managed as a key asset by HRM, the Province of Nova Scotia or the federal government; its population is falling or stagnant, and; several major developments that have already been approved are not currently proceeding.
- Public investment is a necessary catalyst for private investment: Strategic investment of public funds within the Regional Centre will be a catalyst for private investment, can jumpstart stalled downtown development, and will result in more people living and working within the urban core. The wealth generated by a thriving urban core creates region-wide prosperity and pays for schools, libraries, community centres and other amenities that keep all of our communities strong.

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- Untapped synergies: There is a diverse and enviable convergence of public and private stakeholders in the Regional Centre, each with an interest in seeing the area reach its fullest potential for the benefit of all of HRM. This includes the three levels of government, NGOs, Crown Corporations, Business and Industry, etc..
 - The Strategic Urban Partnership: There is tremendous potential the concurrent interests of these stakeholders to reinforce one another and improve outcomes if they are coordinated. This proposed body will identify and champion strategic urban investments that capitalize on the synergistic potential of the priorities of its members. It will also provide a strong voice in seeking cost-sharing opportunities. The results of these coordinated investments will be increased private investment.
 - The 3 Tier Structure: The success of the proposed *Strategic Urban Partnership* will depend on its governance structure. In the proposed 3 tier structure, the decision-making bodies for member organizations will be Tier 1, which in HRM's case is Regional Council. Tier 2 is the proposed multi-organizational *Strategic Urban Partnership* as described above. Tier 3 is comprised of management level staff from the member organizations. The model works like this: Tier 2 collaboratively identifies the priority urban initiatives and then recommends their approval (and possibly funding) to Tier 1. Once approved, Tier 2 then directs the staff of the respective member organizations to carry out the work. In this way all work is coordinated for maximum impact.
 - The Opportunity Sites Task Force: The Regional Plan identified over 800 "opportunity sites" for infill development within the Regional Centre. Looking at just the 260 acre downtown Halifax Plan Area, there are 51 acres of vacant land that can accommodate 11 million square feet of development. Of that development capacity, 61% is in public ownership, which places a great share of the responsibility for infill development in government's hands. It is therefore recommended that HRM create an Opportunity Sites Task Force for the Regional Centre that will package publically owned vacant lands and bring them to market for development.
 - New Financial Tools: Cities throughout North America are making use of various tools to address serious economic and social issues arising from the same "hollowing out" of their cores that HRM is experiencing. It is therefore critical that HRM explore and develop new financial, legislative and policy tools that enhance public sector investment and encourage private sector development within the Regional Centre in order to create region-wide prosperity.
 - Follow Existing Policy: As the Regional Plan is HRM's guide to regional growth and change, and its adopted "Integrated Community Sustainability Plan," it is only natural that it continue to act as the guiding framework for this renewed focus on the urban core. There is a great deal of other HRM policy that is in alignment with this approach, including: HRM by Design, the Economic Strategy, the Government Relations Plan, the HRM Corporate Plan, and the Cultural Plan. External initiatives that support a focus on the urban core include: The Premier's Economic Advisory Panel, the Environmental Goals and Sustainable Prosperity Act (EGSPA), and the Conference Board of Canada's Hub City report.
 - A Call to Action: In order to address the Conference Board of Canada's admonition that "government does not provide appropriate financial incentives for growth or make key strategic investments in the downtown core," and to reverse the "hollowing out" of the Regional Centre, immediate and decisive action is required. Of equal importance to economic action is environmental action. HRM cannot wait to meaningfully address climate change and energy supply by densifying population and employment in the urban core where infrastructure and services

already exist. The *Capital Ideas* approach provides the means to meet these challenges in a coordinated, collaborative and effective manner.

Next Steps.

In the event that Regional Council approves in principle the *Capital Ideas* approach, the immediate next steps would be:

- HRM staff will undertake discussions with potential members of the proposed *Strategic Urban Partnership* (SUP), and subsequently empanel the SUP for the purpose of creating a Terms of Reference.
- In collaboration with SUP members, create a Terms of Reference document to guide the SUP mandate (final Terms of Reference to be endorsed by HRM Council and other members).
- HRM staff will explore and develop a variety of financial and policy tools to encourage development and investment in the Regional Centre.
- HRM staff will define an operational model for the proposed Opportunity Sites Task Force.
- Report back to Regional Council on progress in approximately 6 months.

BUDGET IMPLICATIONS

For the fiscal year 2010-2011 there are no budget implications as all resources will be drawn from within existing envelopes. Any budget implications for future years will be brought back to Council for approval.

FINANCIAL MANAGEMENT POLICIES/BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Project and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Project and Operating reserves, as well as any relevant legislation.

COMMUNITY ENGAGEMENT

The community engagement strategy for the *Capital Ideas* approach will occur in two phases:

- Phase 1: Discussions with potential *Strategic Urban Partnership* members with the intent of building membership and empaneling the partnership. This informal phase is already underway.
- Phase 2: Once the *Strategic Urban Partnership* is in operation it will begin to create a variety of projects that will require community consultation. Detailed community engagement strategies will be created at that time.

ALTERNATIVES

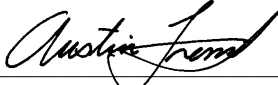
Council may choose not to approve the recommendations.


ATTACHMENTS

Report: "*Capital Ideas: Leveraging Urban Investment for Regional Prosperity.*"

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/cagenda.html> then choose the appropriate meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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Capital Ideas

Leveraging Urban Investment for Regional Prosperity

Halifax Regional Municipality
June 11, 2010

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Preface

“Innovation doesn’t come with a set of best practices.” - Carol Coletta, CEOs for Cities.

On June 2, 2009 Halifax Regional Council directed HRM staff and the interim/ad hoc Capital Commission Steering Committee to establish a high-level decision-making structure to determine what “an environment of success” for the Capital District streetscape program should look like. The Steering Committee was tasked with coordinating a long-term, sustainable capital program for the Capital District streetscapes. In subsequent discussions with Senior staff, and in response to direction found in the Regional Plan and HRM by Design, this task was expanded to include urban design and economic development opportunities for the Regional Centre. Building on the Conference Board of Canada’s 2006 “Hub City” findings, this *Capital Ideas* Discussion Paper outlines the rationale and strategy for elevating current levels of public investment in the urbanized core of HRM and coordinating these investments with the objectives of external agencies with intent of inspiring private sector investment. The primary means by which this environment of success will be achieved is the proposed “*Strategic Urban Partnership*.”

A healthy urban core is the most powerful tool available for addressing the financial and environmental challenges facing all cities. A vital urban core creates the financial strength necessary to provide amenities and services to all communities within a city region. Simply put, strategic urban investment creates regional prosperity. While HRM already has policies and programs in place designed to boost the Regional Centre, they are insufficient in scope and strength, and because funding is a perennial challenge they have been only sporadically implemented. One of the primary objectives of the *Capital Ideas* approach is to use strategic public investments as catalysts for increasing private investment. This Discussion Paper parlays the findings and recommendations of the Conference Board of Canada’s “Hub Cities” report, and a wealth of other studies and leading edge practices, into an actionable, sustainable, made-in-Halifax strategy for addressing the fundamental economic, cultural and environmental importance of the urban core.

Just as important as the economic imperative for change is the environmental imperative. A global financial crisis is unfolding in tandem with a global environmental crisis. HRM daily wrestles with issues of energy dependency, sea level rise, climate change, resource scarcity, the health of our residents, and rapidly rising infrastructure costs. Making lasting investments in our Hub City brings truly sustainable economic, social and environmental benefits to all HRM residents, and the Maritime Provinces beyond.

This Discussion Paper outlines a strategy for achieving the necessary changes in a coordinated manner. It is a change-oriented action plan for the future based upon a frank assessment of the current situation.

Respectfully submitted,

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June 11, 2010

1. The Proposition

1.1 Introduction

HRM is a “community of communities” in which the diversity of choice of communities, from urban to suburban to rural, from seaside to forest to farm, is one of our primary and most enviable assets. However that asset must be nurtured through the provision of community services, and that demands a thriving urban core that is given every opportunity to succeed and excel.

Today HRM’s urban core (the Regional Centre) is under-performing. It is not currently positioned as a strategic asset by the municipal, provincial or federal levels of government. It must compete with other areas of the municipality for new growth, infrastructure and investment and there is no general consensus about its importance to the region, province or Eastern Canada. As a result it has missed out on economic development opportunities that would have benefitted all residents. Because its population is either stagnant or in decline, because businesses are struggling, and because several major approved developments have not proceeded, the Regional Centre is at risk of “hollowing out.” If we want it to be more like downtown Boston (dense, livable and prosperous) rather than like downtown Detroit (hollowed-out, in decline) then expedient action is required.

HRM’s Regional Plan and Economic Development Strategy provide a basis for building on the assets of HRM’s Regional Centre in order to achieve sustainable economic growth and robust urban development. Additionally, the recently-adopted HRM by Design plan for downtown Halifax provides a clear vision and design principles upon which to direct the area’s future development. The Regional Centre is home to 1/3 of HRM households, 1/2 of HRM jobs, where property assessments are highest and where centralized services and other infrastructure are provided to an extent and capacity that support development and population densities that are among the highest in Atlantic Canada. The Regional Plan directs 25% of the new population growth that is anticipated to occur in HRM over the next 20 years to the Regional Centre, the HRM by Design Downtown Halifax Plan seeks 16,000 new residents and 3 million square feet of office/commercial space downtown, and the Economic Development Strategy calls for increased levels of investment in HRM’s “urban heart.”

This *Capital Ideas* Discussion Paper is a proposition to bring action to the words of existing HRM plans and policies and in so doing acknowledge the importance HRM’s urban core to the sustainability of our collective future. This proposition is centred upon the creation of a *Strategic Urban Partnership* with the mandate to identify and champion strategic urban investments that capitalize on the synergistic potential of the priorities of its members. While the Discussion Paper does contain a detailed rationale for this approach, including a description of the multi-faceted importance of the urban core and a candid discussion of the challenges it faces, the Discussion Paper’s primary intent is to generate interest in and support for innovative and necessary change.

1.2 Creation of the “Strategic Urban Partnership”

HRM’s Regional Centre presents a diverse and enviable convergence of public and private stakeholders each with an interest in seeing the area reach its fullest potential. As is discussed in detail later in this Discussion Paper, there is tremendous potential for these concurrent interests to buttress one another thereby yielding

improved outcomes that reinforce one another. However there currently does not exist an adequate forum for these multiple stakeholders to share, discuss and plan their initiatives to capitalize on their synergies. The provision of such a forum is the mandate of the *Strategic Urban Partnership* proposed in the Discussion Paper.

Membership should include senior decision-making representatives from the three levels of government, NGOs with a stake in the urban core, and the urban business and development community. For example members could include representation from: the Province of Nova Scotia; the Atlantic Canada Opportunities Agency; the Waterfront Development Corporation; the Department of National Defence; the Port of Halifax; the Greater Halifax Partnership; Nova Scotia Business, Inc.; the Halifax Chamber of Commerce; the Capital District Health Authority, the universities within the Regional Centre; the Capital District Business Improvement Districts; and senior management representation from HRM to name a few.

This partnership would also have a credible, coherent and coordinated voice for articulating the objectives of urban investment and growth. This will prove highly effective in establishing municipal budget priorities and in seeking external funding and cost-sharing opportunities for urban investment initiatives – a voice that does not currently exist. The Strategic Urban Partnership will also articulate priorities to Halifax Regional Council and to the host organizations of its members. The organizational structure required to administer this body, as well as its relationships to other bodies, is detailed in the next section of the Discussion Paper.

1.3 Creation of the 3 Tier Structure

The call for a renewed focus on downtown investment transcends departmental and organizational responsibility. For it to be successful all stakeholders must be brought together and their initiatives coordinated for maximum impact. Looking at the combination of resources required to deliver services in the Regional Centre, the numbers of stakeholder involved, and the complexity of some of the issues, the creation of a decision-making framework with clear roles and responsibilities is indicated.

Tier 1: Decision-making Authorities

Within HRM the responsibility to assign municipal funds and approve policy is clearly Regional Council's, so HRM's presence in Tier 1 will be Council. Similarly, the senior decision-making body for each of the Strategic Urban Partnership's member organizations will be present in Tier 1.

Tier 2: The Strategic Urban Partnership

This body provides the forum for the many interests who have a stake in the overall success of the Regional Center (and thereby the overall success of the region) to discuss and develop strategies for the urban core. The membership of this group is discussed in Section 1.2 above. The function of this group is to provide strategic advice and recommendations to Tier 1. This body will receive technical support from Tier 3.

Tier 3: Staff of Member Organizations

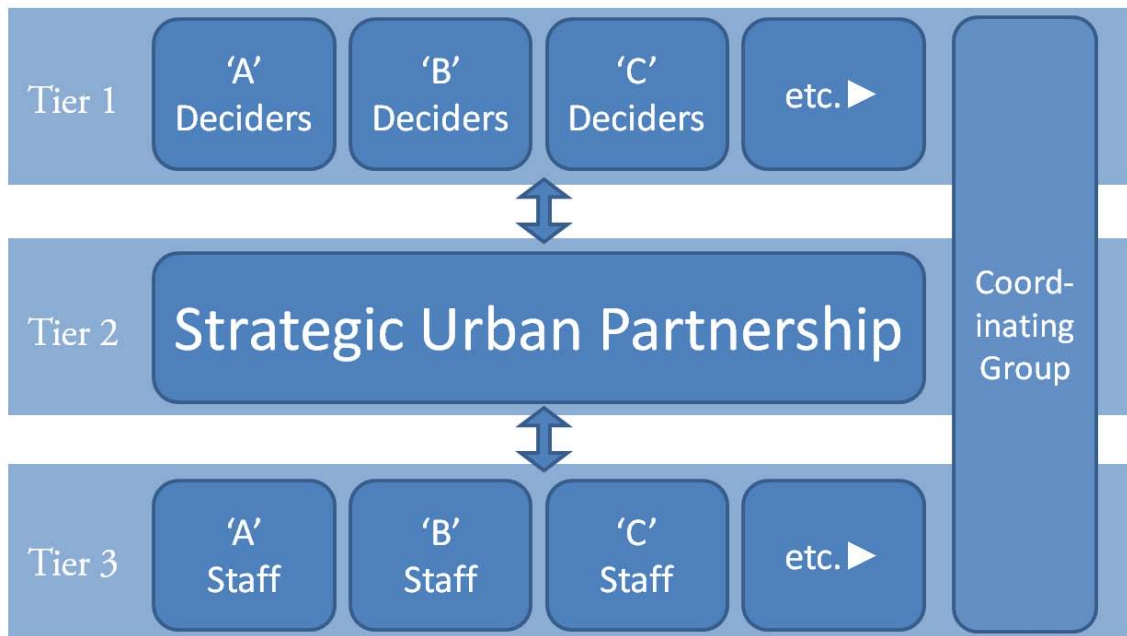
For HRM this group will be comprised of HRM management staff from a variety of HRM departments including Community Development, Transportation and Public Works, Infrastructure and Asset Management, Finance, and representation from the Executive and Senior Management Teams. Similarly, operational staff from the member organizations will be present in Tier 3. The function of this group is to provide relevant

technical support and information to the Strategic Urban Partnership (Tier 2), and also to carry out the directives identified by the Strategic Urban Partnership (Tier 2) and approved by Tier 1.

A New Coordinating Function

Spanning all three tiers there needs to be a servicing and co-ordinating function to manage strategic planning and project/issue coordination. This group maintains a coordinating function across all groups, ensures appropriate consideration is given to all issues and stakeholders, writes recommendation reports to Council on behalf of TIER 2, and facilitates the quest for external funding opportunities. Strong urban design, planning and stakeholder outreach and facilitation will be key competencies of those performing this function. It is proposed that HRM is best positioned to carry out this coordinating role. Because there currently is not capacity within HRM under current the current departmental organization to perform this function, staff and budgetary resources would need to be identified.

The following diagram represents roles, responsibility and membership for the three tier structure:



1.4 Creation of the “Opportunity Sites Task Force”

Real estate development and urban growth are fundamental components of the economic development equation, and as previously discussed, public investment is a necessary catalyst for private development. However the benefits go far beyond economic development. Infill development within HRM’s urbanized core carries the following significant benefits:

- Strong economic sense due direct and indirect economic activity in the form of construction jobs, material purchase, long term employment, etc.
- Strong fiscal sense for HRM as all necessary infrastructure is already in place and in use so municipal servicing costs are marginal, and real estate development creates taxable value thereby increasing municipal revenue.

- Strong sustainability sense as every square foot of urban development is a square foot that need not be built in the wilderness or on farmland, and transit and transportation requirements are much reduced thereby reducing greenhouse gas emissions and energy consumption.
- Strong city image-building sense as dense urban environments are vibrant, bustling, and prosperous, and send the right signals to people and companies making locational choices. Vacant land in downtown cores send a strong negative message.

Within HRM by Design's 250 acre Downtown Halifax Plan area, the plan identified 51 acres (20%) of vacant developable land. This figure is extremely high for a central business district that is the economic engine for the province in a city that is also the provincial capital. These 51 acres represent capacity for approximately 11 million square feet of mixed residential, commercial and office development, easily accommodating the Downtown Plan's growth goal of 3 million sf of office/commercial space and 16,000 new residents. 61% of this unrealized development capacity resides on lands that are in public ownership by the three levels of government, thereby placing a significant share of the responsibility for economic development and urban growth at the feet of government. (Also noteworthy is that within the 8,000 acre Regional Centre the Regional Plan identified nearly 800 "opportunity sites" for infill development which amount to a combined 180 acres, 27 acres of which are in HRM ownership.) For this reason the new Downtown Halifax Secondary Municipal Planning Strategy contains the following policy:

"Policy 49: ...HRM shall work in cooperation with other levels of government to encourage the strategic redevelopment of public lands and investment in public amenities and support the implementation of this Plan..."

It is therefore recommended that HRM create an Opportunity Sites Task Force for the Capital District and Regional Centre areas, whose function will be aligned with the 3-tier structure proposed in this Discussion Paper. This task force will inventory vacant publically-owned land, determine appropriate mix of uses, assemble and rezone parcels as necessary, facilitate cooperation with adjacent landowners, and package the lands for regulatory approval and subsequent development. It is further suggested that a similar approach to land disposal be examined by the other two levels of government. Beyond the benefit of bring investment and redevelopment to downtown, this approach also provides strong public sector leadership for the private sector to follow. There is ample precedent for such an approach with a particularly successful example being the City of North Vancouver. Created in 1998 to bring city-owned lands to market, by 2003 the task force was responsible for 114 housing units, had 266 more under construction, and had the potential for 1,200 more units. (Source: CMHC, 2010)

1.5 Creation of New Financial, Policy and Legislative Tools

Cities throughout North America are making use of various tools to address serious socio-economic issues arising from the same "hollowing" out of their urban centres that HRM is experiencing. While the economic sustainability and success of the Regional Centre can be improved through the ongoing implementation of the Regional Plan and HRM by Design, it will also be important to explore and develop new financial, legislative and policy tools that encourage private sector development and investment.

The Urban Core of HRM is distinct from almost any other part of Atlantic Canada. It is a strong, growing area with significant pockets of density and amenities. It has the potential to attract newcomers and investment from across Canada and elsewhere. Many investors considering a move to Halifax will compare its downtown to the downtowns in larger, more cosmopolitan cities. This is true even when the investment they are considering is not located directly in Halifax's downtown core. At the same time, the growing value of land is causing rapid changes in the core, making homes less affordable and taxes relatively higher. And much of the public infrastructure in the urban area is growing old and in need of an update. More so than other cities, Halifax tends to rely on its physical environment (ocean, harbour) and heritage (Citadel Hill, historic structures) rather than public investment. The challenge for HRM rests in three key areas:

First, the municipality needs to sharpen its focus on investment in public infrastructure. Key pieces of public infrastructure may be missing, outdated or inadequate. This is especially (but not only) true in the urban core. New and more sophisticated tools (eg financial or social return on investment to the Region, improvement reserves, Tax Increment Financing, urban development agreements) can be used to evaluate the possibilities. In addition, there is a need to become more creative in the way projects are assembled and packaged. A good example of this would be the new Central Library project recently approved by Council. Land sales of just over \$20m will be used to leverage a new library, help re-develop an area of downtown and produce \$1.5m in additional revenues per year. As funds from taxes will always be limited, there is a tremendous need to become more sophisticated in evaluating and packaging projects.

Secondly, the municipality and the other levels of government may be missing out on unique opportunities to encourage private and outside investment. Ultimately, the municipality and the senior levels of government cannot fund every idea and concept. Rather, ways must be found to reduce barriers and encourage investment where it makes sense. Changes in the tax system (whether it be property, income or capital tax changes) or targeted incentives may help more private investment forward. For instance, the Barrington Street Heritage Incentive is designed to help redevelop historic buildings. The small amount of public investment provided helps offset the higher costs of developing historic buildings, so that private re-investment starts to make good economic sense. In the long run the higher tax revenues may offset most if not all of that investment.

Lastly, the changing nature of the Urban Core and other parts of HRM are producing specific challenges for different sectors of the economy. Rising land costs and the need for density are producing tremendous social and economic pressure. These range from high student rents to high taxes for long-term residents and businesses. For instance, the present commercial tax system may include a systematic bias against small, owner-operated businesses forcing them to relocate or close. Or, the Provincial Assessment Cap may be making it more difficult for newer Canadians to acquire homes. In some cases, changes are part of the nature of a growing downtown. However, the municipality needs to ensure that it has treated all citizens and businesses appropriately and that it guides the changes that are occurring. Unintended biases or inadequacies in the system should be addressed such that they are not responsible for lost opportunities or failures for the Region.

1.6 Follow the Regional Plan, HRM by Design, and the Economic Strategy

The Regional Plan

As the Regional Plan is both HRM's guide to regional growth and change, and its adopted "Integrated Community Sustainability Plan," it is only natural that the Regional Plan continues to act as the guiding framework for this renewed focus on the urban core. The Regional Plan contains various functional plans and strategies which support a more strategic approach to investment in the Capital District, which is described in the Economic Strategy as HRM's "urban heart." The Regional Plan recognizes the economic significance of the Capital District to the regional economy and provides policy support,

"...in order that HRM, in cooperation with senior levels of government, citizens and stakeholders, can support and strengthen the critical economic function of the Capital District. These policies include: supporting key economic drivers, investing in public infrastructure to attract businesses and residents to the area, striving to ensure that new development complements the unique urban fabric of the Capital District, respecting heritage, cultural and natural area assets, and establishing an efficient and effective way to move people and goods within and to the Capital District." (Regional Plan, page 81.)

Of specific relevance is "Chapter 5 – Economy" of the Regional Plan. Chapter 5.1 is devoted entirely to ensuring a successful Capital District and surrounding area through such policies as:

EC-1: Establishment of the Capital District as the principal economic, social and cultural centerpiece of the region.

EC-3: Regional Centre Urban Design Study (HRM by Design) to foster well designed buildings and streetscapes.

EC-18: The Capital District Public Infrastructure Functional Plan to precipitate private investment in the core by first undertaking public investment.

These policies and others that support them have received varying levels of attention since the Regional Plan was adopted in 2006. This Discussion Paper is in part a call to coordinate and prioritize HRM's already-adopted policies designed to enhance the core for the benefit of all residents.

The Regional Plan's first 5-year review will commence within one year. This review provides a sterling opportunity to harmonize internal and external initiatives under the banner of "Hub City" and to entrench such *Capital Ideas* as the Strategic Urban Partnership and Opportunity Sites Task Force.

Internal Initiatives: The Regional Plan mandates that a number of Functional Plans be undertaken on matters that have a direct impact upon the Regional Centre. Many of these have just been completed or are underway. These are major studies that address growth and urban design, parking, transportation, parks and open space systems, the protection of heritage buildings and districts, planning for Halifax Harbour, and environmental sustainability. Aside from the Functional Plans, there is a constantly evolving list of Council-priority projects and community-based initiatives that must all be weighed against one another for prioritization and funding.

External Initiatives: There are other institutions of significant importance to the economic health of HRM that are examining how they will grow within the Regional Centre. St. Mary's University has recently completed a campus master plan and Dalhousie University is in the final stages of its campus plan process. The Capital Health Authority is also preparing a master plan that looks at its future requirements for facilities. The Halifax Port Authority has a master plan for a mixed use art and entertainment district for its lands in South End Halifax that is currently being implemented, most recently with the construction of a new environmentally sustainable farmer's market. The Department of National Defence, Parks Canada and CN Rail similarly have strategic plans in place or underway. There are also a number of provincial initiatives with which HRM must better coordinate, for example the *Environmental Goals and Sustainable Prosperity Act* of 2007, the Atlantic Gateway initiative, and the ongoing efforts of Nova Scotia Business Inc. to position downtown Halifax as destination of choice for corporate headquarters and employers of every scale.

HRM by Design

In 2009 Halifax Regional Council adopted a new Downtown Halifax Secondary Municipal Planning Strategy that embodies the vision that residents have for their downtown. Key components of this vision are:

- More people living and working downtown (16,000 new residents plus 3 million square feet of new office/commercial space).
- A positive business and development climate (improved financial, regulatory and policy environment).
- A beautiful, vibrant and walkable downtown (design excellence in architecture and public spaces).

These three objectives have been used in the creation of the "Strategic Urban Toolkit" included as Appendix 2 of this Discussion Paper. The toolkit provides criteria by which the implementation of the vision can be measured, and will be a powerful tool to be used by the Strategic Urban Partnership recommended in this Discussion Paper.

Economic Development Strategy

HRM's *Economic Development Strategy 2005-2010* also identified a strong and vibrant downtown as being critical to the economic health of the region. The Strategy is currently being rewritten for the 2010-2015 period, and early indications are that the importance of Regional Centre and Capital District will be highlighted to an even higher degree than in the first edition. This enhanced reaffirmation of the importance of the urban core is tied to the Hub City concept, and further supports improved investment in, and redevelopment of, the urban core.

Many of HRM's plans, strategies and initiatives have a bearing on all of HRM, however nearly all of them meet and intertwine within the Regional Centre and Capital District. These efforts, coupled with the initiatives of external organizations, institutions, and other levels of government create a strong need for HRM to coordinate efforts and maximize opportunities within the Regional Centre. The convergent timing of the 5-year Regional Plan review, the adoption of the HRM by Design Downtown Halifax Plan, and the drafting of the next edition of the HRM Economic Development Strategy is ideal to capitalize upon these synergies and formalize them into a coherent *Capital Ideas* approach for enhancing the urban core.

2. The Rationale

2.1 **A National Urban Mandate**

Canada can take great pride in having built many of the world's most livable cities, with the Halifax region among them. However in response to rapidly emerging economic and environmental realities Canadian cities urgently require a more progressive, creative form of urbanism in order to become more sustainable, healthy, livable and resilient. Implementing a better form of urbanism means densifying residential and commercial opportunity in the urban core and making strategic public investments to precipitate private investment. This will be the bedrock of our ability to achieve solutions to the critical challenges of climate change, ecological integrity, energy resiliency, public health, fiscal health, and global competitiveness. This new commitment to the urban core must recognize the integral value of high quality urban design, hospitality to growth and change, municipal leadership, and meaningful engagement with all levels of government, NGOs, business and residents. We must join other Canadian cities in implementing a clear new urban model, based on mixed-use, higher-density, investment in the public realm, and complete, vibrant, walkable neighbourhoods emphasizing sustainable movement choices.

The most recent indication of the pressing challenges facing HRM's urban area was Corporate Knights Magazine's straightforward reporting that in the context of other Canadian cities, *"HRM has too little urban density, too much suburban sprawl, and not enough public space."* While there has been ongoing baseline maintenance investment in the core, the last major capital improvement project downtown was undertaken 14 years ago in 1996 in relation to the G-7 Summit. Indeed much of the public infrastructure in the Capital District is over 40 years old and near the end of its useful life. That we are on the eve of building a new Central Public Library in close proximity to a proposed new World Trade and Convention Centre provides an excellent example of the kind of downtown investment that is required: Strategic action now can help ensure that a major streetscape improvement plan will knit together these two unparalleled initiatives, further enhancing their economic impact and positioning HRM's urban core as destination of choice for residents, business and visitors.

2.2 **Building on the "Hub City" Concept**

It is an indisputable fact that the Halifax region is the economic engine that drives much of the Nova Scotia economy. However, recent analysis shows that HRM plays an even more significant role in the Atlantic regional and therefore, the national economy. In July, 2006 the Conference Board of Canada (CBoC) released a report titled; *"Canada's Hub Cities: A Driving Force of the National Economy"*. The report studied the economic impact that nine Canadian cities have on their respective provincial and regional economies and concluded that when economically dominant, or "hub" cities in Canada prosper, so do smaller communities in their province or region.

The concept of a hub city is different from that of an economic engine. Whereas an economic engine is a driver of economic growth for a particular region, province or country, a hub city is one that is critically *needed* for a region, province or country to be successful. Many industries and economic assets like those found in HRM's

Capital District require a certain density, scale of population and economic activity to be successful. An example is the Halifax Stanfield International Airport, which requires a certain scale of operations in order to support direct flights to Europe and multiple points into the USA. Another example is the Port of Halifax which operates on a similar basis.

In much the same way the Airport and Port require a certain critical mass to fulfill their respective economic hub city roles, Halifax's Capital District works to provide a focal point for interaction, economic opportunity and urban experience that helps attract new talent, businesses and visitors while providing the region with a means to retain what we now have. An understanding of this critical role as a key hub city asset is the basis for developing an investment strategy aimed at positioning the municipality to benefit from this role.

The Conference Board report found that allotting strategic funding to all Canada's hub cities based on their needs would produce a nationwide "boost" for them and for smaller communities alike. The report stated:

"Hub cities should be targeted for strategic investment in order to produce a truly nationwide economic impact across Canada. This investment approach would produce "win-win" gains for big cities and smaller communities alike."

In effect, investment in hub cities yields benefits to outlying areas at a faster rate than if the investment was made directly in those outlying areas.

Among the nine Canadian cities that were identified as economic hubs, only HRM was found to be economically dominant beyond the limits of its own province to an extent that it is a hub city for all of Atlantic Canada. Therefore, economic growth in HRM will not only benefit the remainder of the municipality and province, but will also drive growth across New Brunswick, Newfoundland and Prince Edward Island.

Despite these benefits, the CBoC has found that Halifax is "under-funded". CBoC specifically noted that government does not provide appropriate financial incentives for growth, nor makes key strategic investments in the downtown core. On CBoC's annual report card, HRM was given a disappointing grade of "C" for Economy (12th in Canada) and for Innovation (13th in Canada). Given the importance of HRM, the CBoC made the following policy conclusions and recommendations:

- *Increasing the economic prosperity in Halifax must be a provincial and regional priority.*
- *Funding should target programs that support thriving urban economies, particularly infrastructure.*
- *Halifax Regional Council must set several investment priorities for the downtown core - these include lobbying for a dedicated spending budget from the provincial and federal government, to begin tracking socio-economic cost-benefit analyses on downtown projects, and take the initiative by investing in downtown projects in order to drive economic growth.*

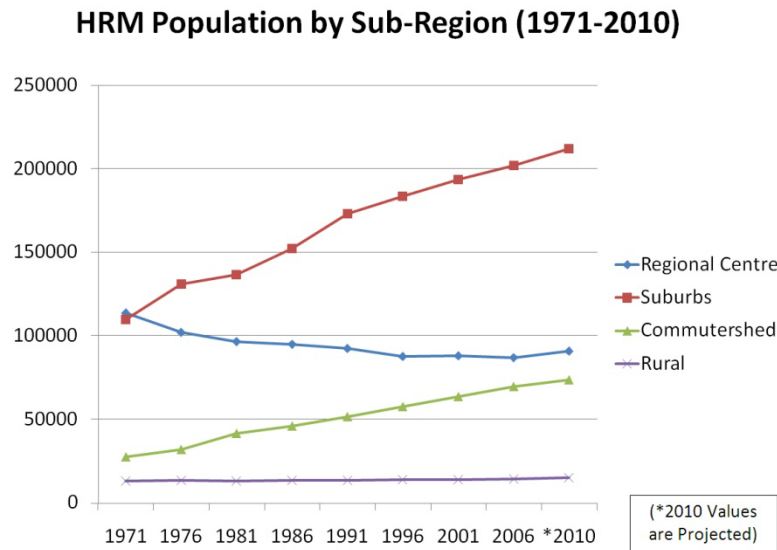
2.3 HRM's Hub: The Regional Centre and Capital District

In 2006 the 1.5 million acre Halifax Regional Municipality adopted the Regional Municipal Planning Strategy (Regional Plan), which identified a hierarchical network of "centres," and established clear growth and service boundaries for each. The Regional Plan further directed that these centres be inter-connected by robust public transit and active transportation links. The Regional Centre (the urbanized core) was identified as the primary

centre in this centre-based approach to managing and directing growth, and the Capital District was highlighted as the economic and cultural heart of the Regional Centre, and indeed of the entire municipality.

The Regional Centre

The Regional Centre is a geographic area of approximately 8,000 acres that includes the Halifax peninsula and the portion of Dartmouth falling inside the circumferential highway. It is the economic, cultural and social hub of the municipality and the Maritimes beyond. Despite its primacy being acknowledged in policy, the population of the Regional Centre has fallen dramatically in the past forty years, losing ever more of its share to the outlying areas.



Source: Statistics Canada

The Regional centre accounts for only 1/200th of HRM's land area, but is home to 1/3 of its households, and more than 1/2 of its jobs. Despite this concentration of jobs and residents, HRM's Regional Centre has among the lowest density of any urban core in the nation at just 1,500 people/sqkm. This density compares poorly with Mississauga's 2,100 ppl/sqkm (a suburban bedroom community), Toronto's 3,900 ppl/sqkm and Vancouver's 5,300 ppl/sqkm. The HRM by Design project was a promising first step toward increasing the core's density to sustainable levels, but much work remains to be done. A dramatic indicator of the densification possible and necessary within the 250 acre Downtown Halifax Plan Area is that there are fully 51 acres (20%) that are vacant developable land. This 51 acres represents the new Plan's capacity for 11 million square feet of future growth. The HRM by Design Downtown Plan contains policy aimed at encouraging government to work together to bring these lands to market to infill the unsightly surface parking lots and enhance density and vibrancy. Taking prompt action on these policies, and expanding them to include the entire Regional Centre is discussed in the "Opportunity Sites Task Force" section of this Discussion Paper.

Unfortunately, even as we have increasingly come to acknowledge the importance of the Regional Centre from economic and sustainability perspectives, major capital investment within in it has dropped off in recent years. In fact the last major capital improvement project in the downtown was undertaken 14 years ago in 1996 in relation to the G-7 summit to which downtown Halifax was host. We must undertake a candid and critical

assessment of whether we have been making investments in the Regional Centre that reflect its clear importance to all of HRM, and indeed the Atlantic Provinces, and that honours the Regional Plan's admonition that, "*A strong Regional Centre is critical to success.*" (Regional Plan, Section 5.1.4)



HRM's Regional Centre and Capital District

The Capital District

The Capital District is a subset of the Regional Centre consisting of the commercial core areas of downtown Dartmouth and Halifax, including the following five Business Improvement Districts (BIDs):

- Downtown Halifax Business Commission
- Spring Garden Area Business Association
- Quinpool Road Mainstreet District Association
- Gottingen Street Business Association
- Downtown Dartmouth Business Commission

The Regional Plan recognizes the Capital District "*for its role as the centre of commerce, business, government, health care, post secondary education, culture and entertainment.*" As previously stated, over 1/2 of HRM employment is located within the Regional Centre. Expressed another way, almost 70% of employment in HRM is within 5 km of City Hall within high-wage economic sectors associated with health sciences, universities; public administration, the navy/dockyards; and the finance/insurance/real estate (FIRE) sector offices in the Central Business District (CBD). The Capital District contains some of the highest concentrations of business, institutions and offices in the region and supports the highest population density along with some of the highest property assessments within the region.

Nonetheless the boards of directors of each of the BIDS have been expressing a growing concern with what is seen to be a lack of meaningful investment within the Capital District, including but not limited to streetscape improvements - an observation consistent with the findings of the Conference Board of Canada's Hub City report discussed previously.

How “Hub City” Relates to the Regional Centre and Capital District

As highlighted previously the Halifax region is the economic engine that drives much of the Nova Scotia economy, and according to the Conference Board of Canada it is also the economic hub of Atlantic Canada. So what are some of the things HRM needs to focus on that will fuel this economic engine? As our urban showroom to the world, is the Capital District really all that it should be? This discussion should begin a renewed interest in investing in HRM’s Capital District.

A strong, vibrant Capital District tells our citizens and visitors that Halifax is a city where exciting things are happening. A city people want to take pride in. Investing in our Capital District shows our young people, our business community, our homeowners and our visitors that we believe in our city’s future. This confidence instils the confidence of others, resulting in new levels of investment within HRM as a whole.

We must actively advocate for reinvestment in our downtown. HRM’s success, from Enfield to Chebucto Road and from Hubbards to Ecum Secum, is connected to the economic strength of our downtown core. Tax dollars from growth and investment in the Capital District and Regional Centre will be spent on services and infrastructure across all of HRM. Even if you never set foot on Barrington Street, money spent there and its economic growth will help you. It is therefore critical to identify ways to accelerate growth and investment in our urban core

And just as the success of downtown drives the success of our city, Halifax’s growth will help the rest of the Atlantic region. Because of our mix of economic sectors, our transportation and financial services, our universities and highly educated workforce, our stable mix of public and private employers who often times are working together, like how DND is intertwined with the defence and aerospace sector, we are the economic heart for our entire region.

That doesn’t mean we grow at the expense of other cities in Atlantic Canada. In fact, prosperity for Halifax means better times for Sydney, for Moncton, for St. John’s and Charlottetown, and all the areas in between. Similarly, the Capital District’s prosperity does not occur at the expense of other communities in our region. Rather, a prosperous Capital District means a prosperous HRM. Because growth expands outward, it starts in the centre with a strong downtown. A strong downtown makes for a stronger urban area. A stronger urban area makes for a stronger suburban area and stronger rural areas. As Carol Coletta (of CEOs for Cities) said while in Halifax recently, “...the centre city radiates its energy outward to the entire region.”

2.5 Strong Urban Centres Attract and Retain Talent and Population

As economies of developed countries like Canada transition from goods-based to knowledge-based, productivity and economic growth will become increasingly dependent on the availability of a skilled and knowledgeable labour force. This is occurring at a time of rapid growth in the number of retiring baby-boomers leaving the work force and a reduction in the numbers of graduates and young professionals entering the workforce. The air is escaping from the balloon faster than it can be refilled. In order to ensure economic sustainability into the foreseeable future, municipalities will be required to compete with other locations in what has become termed “the war for talent.” Strong and vibrant urban centres offer the economic opportunities, urban amenities, and a

high quality of life that are sought after by an increasingly mobile labour force. But it takes work on the part of a city to become strong and vibrant, and only those cities that excel at providing dynamic urban centres will be winners in the war for talent.

“Forget terrorism and weapons of mass destruction. The next global war will be fought over human capital.”

- David Heenan, Flight Capital, 2005.

Urban Centres as Magnets for Young Professionals

HRM is fortunate to have an annual influx of new university students and recent graduates which, in addition to adding vitality to areas like the Regional Centre and Capital District, provide direct stimulus to the local economy through spending. More importantly, students are potential long term residents of the community provided there are jobs, amenities and other opportunities available to them when they graduate and are seeking to enter the work force. In January 2007 the Greater Halifax Partnership engaged Next Generation Consulting (NGC) Ltd. to identify Greater Halifax’s strengths and liabilities with respect to the attraction and retention of the next generation (Attracting and Retaining Talent to Halifax, Next Generation Consulting, 2007). NGC surveyed nearly 700 young professionals to learn why they choose to live or not live in HRM’s urban area, and developed a Halifax “handprint” based on seven indexes that matter to young professionals when determining a place to live. The handprint uses a 1-10 scale, where one is low, four is the U.S. and Canadian average and ten is highest, the Halifax average score was a very promising five.



Next Generation Consulting concluded that HRM has great quality of life attributes that it can build on in order to attract, retain, and engage the next generation. These assets include proximity to the water, a strong college and university system that imports talent to the region, and a dynamic arts scene. However, the region must do more to build on these assets. One means of doing this is to view the Capital District as a valuable asset to be leveraged as a tool for attracting talent. The NGC survey asked young professionals what they would like to see for Halifax to make it a magnet for young, talented people. Although economic/job opportunity scored the highest response at 54%, quality of life assets were also considered by respondents to be significant factors in attracting and retaining young talent. These assets included:

- More arts, culture and entertainment offerings (9%);
- More affordable housing/cost of living (14%);
- Improved transportation and focus on the environment (9%);
- Enhanced community/social capital (7%); and
- Innovative community/business leadership (6%).

Bolstering the NGC survey is a recent survey on attitudes of HRM residents about growth undertaken for HRM and the GHP by Bristol Communications (*Challenging the Myths that Exist Around HRM's Attitudes Towards Growth and Development*, Bristol Communications, 2008). That survey found a strong correlation between age groups and the frequency of visits to the central business district. On average, 51 percent of respondents aged 18 to 34 are in the downtown daily compared to just 22 percent of respondents aged 55 or more. Further supporting the assertion that an “investment in downtown is an investment in talent” is the recent work done by CEOs for Cities as presented by Carol Coletta on her recent visit to HRM. That organization’s work found that across North America 33% of all 25-34 year olds want to be located in a thriving downtown areas (up from 12% in the 1990s), and that 55% of the “creative class” described by Richard Florida want to be located in thriving downtowns.

Urban Centres as Magnets for Immigration and Repatriation

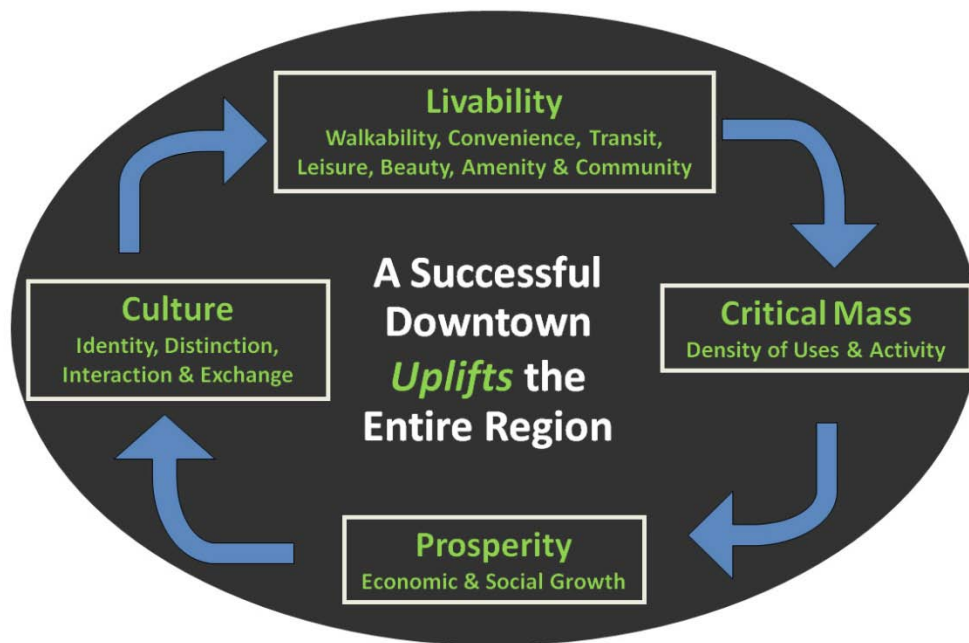
Increasing population growth through attraction and retention of immigrant newcomers and repatriation of former residents who have moved away to locations such as Central and Western Canada is another aspect of the war for talent. Similar to attraction and retention of young professionals, cities are in a very competitive environment in developing ways to lure talented labour and entrepreneurs into their areas in order to support population and economic growth. Another of HRM’s assets relates to its ability to draw and retain newcomers at a higher rate than many other areas of the Atlantic region. Between 1999 and 2008, the Halifax area drew nearly 15,000 of the Province’s total of 19,250 new immigrants or about 77%. A large percentage of these newcomers are drawn to the central urban area around the downtown. Many populations come from densely populated areas of the world and feel more comfortable in urban settings where they and their families are in close proximity to schools, transit, medical services and diverse populations.

Central urban areas like the downtown represent the “first impression” for anyone considering taking up employment or residence in a new location. The Halifax region, and particularly the Regional Centre, is well-positioned to serve as a magnet for attracting newcomers and individuals who have left our region and plan to return. However, more needs to be done to provide these individuals with the amenities like a range of affordable housing options, available employment opportunities, retail, education, medical and other services as well as cultural and entertainment opportunities. HRM needs to position the Regional Centre as its key “hub city” asset and invest in it strategically. This will attract and retain educated and talented people who will help our economy grow and prosper into the future, creating benefits for the entire municipality and the Maritime Provinces.

The Importance of Creating a Liveable City

A public investment strategy that serves to interconnect areas within the Regional Centre with improved active transportation and transit linkages and provides a more vibrant and prosperous urban core with diverse residential, cultural and recreational opportunities is an important component of any strategy intended to attract and retain people and businesses making locational choices. A major point of such a strategy other than economic development is the creation of a liveable city in which people and businesses want to be. This can be viewed as an upward spiral, in which:

- Livability is improved by investing in transit, amenities like parks, leisure and walkability.
- By making our city more liveable we attract a critical mass of people living and working and doing business in the urban core.
- This critical mass in-turn creates economic prosperity and well-being.
- This prosperity can then be directed toward investment in cultural initiatives (such as libraries, recreation centres and parks).
- The investment in culture further improves livability, and the upward spiral continues, on and on.



2.6 Public Investment is a Necessary Catalyst for Private Investment

It is widely understood that investment by the public sector inspires investment by the private sector. A commonplace example is Transit Oriented Development (TOD). When a city builds a new transit terminal, the permanence of such a structure is a strong indication to the private sector that the city is serious about investing in and supporting that area. The private sector responds with new development of commercial, office and retail uses, thereby transforming what may have been a moribund district into a bustling neighbourhood. The causal

relationship between public investment and private investment has been a core economic development strategy going at least as far back as the Works Progress Administration (WPA) that was part of President Roosevelt's "New Deal" in the 1930s. The WPA undertook massive public spending at a time when the government could least afford it, but the program ultimately helped draw the country out of the Great Depression and created some of the finest and most admirable public works projects in North America. It is the same causal relationship that drives our current federal stimulus program. It is important to note that catalytic public spending can occur at any level of government, including on small municipal scales.

This logic was applied to recent Council decisions for public investment in HRM – investment which also had the benefit of aligning with the priorities of other levels of government. A staff information report sent to Regional Council's December 8, 2009 session provided a summary of the estimated economic impacts of various projects on HRM's Infrastructure List receiving funding under the Build Canada and Federal Stimulus programs. The list of projects assessed ranged in scale from large-scale regional facilities such as the Central Library and Mainland Common projects to smaller infrastructure projects such as sidewalk installation in Sheet Harbour. The economic impact analysis, conducted on HRM's behalf by Canmac Economics Ltd. (Economic Impact Assessment of Infrastructure Projects in the HRM, 2009) estimated:

- Direct impacts, which include the jobs and income generated by each project;
- Indirect impacts, which include the production, employment and income changes occurring in other businesses/industries in the community that supply inputs to the project industry;
- Induced impacts, which include the effects of spending by the households in the local economy as the result of direct and indirect effects from each project; and
- Fiscal and legacy impacts, which include incremental tax revenues to senior levels of government generated by sales and income taxes from the projects as well as long term legacy benefits to HRM and its communities.

The analysis concluded that a total estimated public investment of \$116.3 Million for these projects would result in 1,308 FTE's in employment, \$ 52. 8 Million in household spending and a \$127.2 Million boost in gross domestic product. Comparatively, the total GDP generated by the construction of these projects exceeds the total value of construction by some \$10.8 Million. This difference is referred to as an indirect economic benefit to the provincial and local economies in the form of growth occurring at a time of economic downturn.

Additionally, governments are able to generate revenues through taxes generated from wages earned and on supplies purchased during construction of these projects. Using the Provincial Input/Output model, Canmac estimated these fiscal benefits, taking into account subsidies and rebates and found these fiscal benefits to be significant. During the construction phase alone, the Federal Government would generate \$7.3 million in total taxes while the Province would generate \$7.4 million in total taxes.

Canmac also examined and provided commentary on legacy impacts associated with these HRM infrastructure projects. Legacy refers to the contribution the projects make to the longer term social and economic goals of HRM and are sometimes referred to by economists as externalities. These are generally expressed in qualitative terms, particularly for public infrastructure. In summary:

- The library will be a major addition to HRM's Cultural sector and knowledge infrastructure and will enable a function and programs that are of value to the community currently being undertaken in an outdated facility to continue providing benefit to residents and visitors over the long term.
- The Mainland Common facility will provide a world-class venue to attract and host larger events than was previously possible. Additional sporting events serve to generate economic activity, provide opportunities to showcase local talent and promote active, healthy lifestyles. The facility would also serve as a training facility for elite athletes while providing residents with a much improved facility to meet their recreational needs, contributing to the health and well-being of the population. This represents benefits that may not otherwise be derived by existing facilities.
- As a group the remaining projects, whether they be a new fire station (enhanced life safety), additions to the trails system (active, healthy lifestyles), improvements to the potential of business parks (economic development), trunk sewer upgrades (sustainable urban growth) or various projects intended to bring building and other fixed assets up to standard, all contribute to HRM as a whole and have lasting positive impacts.

Investments made in public assets and infrastructure within the Regional Centre can result in benefits that greatly exceed the sum of their individual construction values similar to the impacts of projects assessed under the Canmac study. Because the Regional Centre boasts a high concentration of business activity and social interaction, and property assessments tend to be higher, public investments made in this area of HRM will result in higher returns and legacy benefits than would be derived from investments made in other locations. In other words, nowhere is the “bang for the buck” for HRM's public investment greater than within the urbanized core.

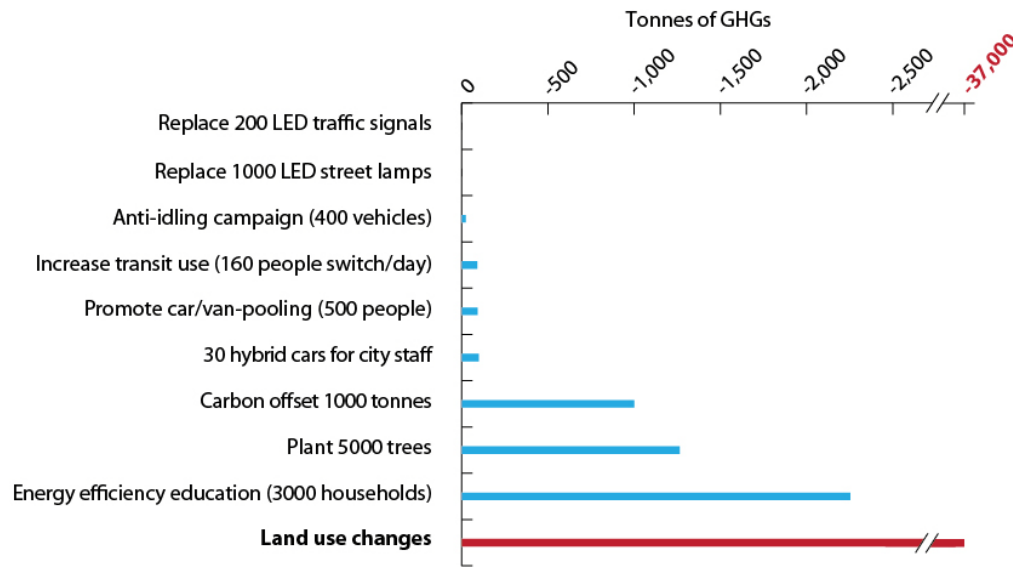
2.7 Sustainability: the Need to Densify HRM's Urban Core

The world is changing rapidly around us, more so now than at any other time in recent memory. We cannot afford to wait to meaningfully address energy supply, greenhouse gas emissions, climate change, sea level rise, and increasing worldwide competition for dwindling resources. HRM, like every other city in the world, is facing an urgent need to densify population, employment, and investment where services and infrastructure already exist, namely within the urban core and in already-serviced growth centres. In Nova Scotia there is also a provincial legislative context that cannot be overlooked. In 2007 the *Environmental Goals and Sustainable Prosperity Act* (EGSPA) was passed. Among a host of mandatory goals set by the Act that will impact municipal decision-making is that, “by 2020 greenhouse gas emissions will be at least 10 percent below the levels that were emitted in 1990.” Further, in November 2009 the Province of Nova Scotia and the Union of Nova Scotia Municipalities signed the “*Memorandum of Understanding on Climate Change*” which directly links municipal oversight of planning and development matters to the new EGSPA legislation, and states:

“Municipalities will continue to take action on climate change impacts through direct actions including policy development, land use planning initiatives, emission reductions, the development and implementation of Integrated Community Sustainability Plans, and through the initiatives of the UNSM Sustainability Office.”

It is well established that the most effective way for a municipality to reduce GHG emissions is to limit low-density car-based suburban development and focus on densification and investment in transit (see graph below).

Typical GHG Reductions per Action for a Community of 10,000 People



Source: ICLEI and Urban Land Institute (2009).

And finally, in the four years since the Regional Plan's adoption public attitudes regarding sustainability have evolved dramatically, and as an organization HRM has yet to take the full measure of this new reality. The public engagement component of the 5-year Regional Plan review scheduled to commence next year will likely result in a strong mandate to shift growth and municipal investment to the core, and to have that shift reflected in amended Fiscal and Regional Plan policy.

2.8 Competing Priorities and a Lack of Coordination

Competing Priorities

An examination of HRM's urban core found that there was substantial investment in public spaces, streetscapes, utility undergrounding, parks and purchase of strategic lands between 1978 and 1995. Since that time there has been baseline investment in repair and maintenance of existing facilities, however new investment in support of the core has slowed dramatically. Two exceptions are the Harbour Solutions project, a regional user-pay funded project which as one of its benefits will have a substantial impact on the health and aesthetics of the harbour front, and the new Central public Library.

In the last five years, there has been a great deal of work in planning and regulation for the Regional Centre, and in particular the Capital District. A number of public projects have been identified and ratified by Council. However most of these projects have not been successful in gaining full funding support from Council nor have they been viewed as priorities for funding by the other levels of government. Because public investment is a catalyst for private investment the net effect is that many potential investors, both public and private, have taken their money and projects elsewhere.

Current HRM policy documents (Regional Plan, Cultural Plan, Economic Development Strategy, HRM by Design, the Cultural Plan, etc.) articulate a strong vision of the Capital District and identify many infrastructure opportunities, however, to date these have not been rationalized or prioritized into any sort of implementation plan with a strong notion of where public investment would best be served. Without adequate funding there has been a tendency to reactively try and find downtown projects which fit available funds rather than being proactively strategic about how and where to make public investment. Consequently individual project supporters compete with one another resulting in a lack of support from Council as a whole, and from the other levels of Government.

There is a strong case found in the experience of other cities that have, and have not, undertaken to maintain a strong urban core. Cities who have invested to strengthen their centres have seen benefits to the whole municipality and region. Those cities that have let their centres become weak also see the surrounding communities weakened. Some to the point of collapse. Without a course correction HRM is at risk of starting down that path.

Lack of Coordination

A review of public and private projects and initiatives in the Regional Centre over the last ten years (see Appendix 4) demonstrates the following;

- There is an enviable convergence of public and private infrastructure in the Regional Centre which bodes well for a successful downtown.
- There is a good deal of planned but not committed investment and future opportunity for private and public investment in the Regional Centre.
- Most of the projects in the past 10 years have been stand alone and not linked to supporting initiatives. Therefore the full potential of the original investment may have not been realized.
- Although the existing aging public infrastructure in the downtown has been maintained, there has been little investment in new public infrastructure by HRM in the Capital District in the last 15 years.
- There are clusters of current or upcoming public and private investment which offer the opportunity for coordination and further strategic investment which could result in substantial benefit to the Regional Centre and municipality. These include the Central Public Library, the proposed new World Trade and Convention Centre, and a variety of streetscape projects.
- The upcoming proposed projects require prioritization, coordination and rationalization if public investment is to be effective.

2.9 Insufficient Internal Project Funding

In addition to their very tangible benefits, public investment in infrastructure and facilities, and private investment in commercial construction are important indicators of a community's confidence in its future. In HRM's case, the levels of investment needed to support the Regional Centre's potential as HRM's economic hub are very low in comparison to levels of investment made in comparable Canadian cities and provincial capitals. In an environment where city-regions are becoming increasingly competitive in order to attract and retain highly mobile talent and business, and as we enter the "war for talent" as baby boomers retire, our low

levels of investment are very short-sighted. This has not gone unnoticed. The Halifax Chamber of Commerce issues an annual scorecard on the progress of implementation for HRM's Economic Strategy. The scorecard assesses the performance of HRM and its economic development partners against five other Canadian benchmark cities. Among the 30 or so outcome measures used to assess the performance of Strategy implementation is a comparison of public and private investment levels.

Public Investment:

The Economic Strategy sets this goal for public investment: *"To increase public investment per person to the point where it meets or exceeds the average of the Scorecard cities."* The annual scorecard then utilizes the value of non-residential building permits per resident to determine levels of public investment. HRM has continually lagged behind the other benchmark cities on this measure for the past four years resulting in single or double red lights in each of the scorecard years. In 2008, the average level of public investment for benchmark cities was \$402.91. For HRM it was only 55% of the average at \$222.06. This value is in sharp contrast to 2006, when HRM was at \$318.68. Alarming, the gap between the target level and the actual level is widening instead of closing.

Private Investment

The Economic Strategy sets this goal for private investment: *"To have private investment levels above the national average by 2010."* The scorecard uses the value of commercial and industrial building permits per resident as a way to measure comparative levels of private investment. HRM also lags behind other cities in this category. In 2008, the average level of private investment for benchmark cities was \$651.19. For HRM it was 26% below the average at \$483.05. This value is in sharp contrast to 2006, when HRM was at \$612.85. Again, the gap between the target level and the actual level is widening instead of closing.

One of the primary objectives of an overall investment strategy for the Regional Centre is to use public investment as a catalyst for increasing private investment. A good example of where this occurred recently is the Barrington Street Heritage Conservation District, where the announcement by HRM of an incentive program was quickly followed by direct private investment in building along the street. Programs yielding such results are required on a broader scale, throughout the Regional Centre and in particular in the Capital District. Ongoing monitoring of public and private investment levels, benchmarking to other cities and the acknowledgement that private sector investment is also a significant part of any return on investment strategy, should be included as part of any implementation plan for an overall investment strategy for the Regional Centre and Capital District.

2.10 Insufficient External Project Funding

HRM's modest success in winning federal and provincial grants for urban development and infrastructure investment is primarily attributable to two factors: the lack of a unified voice to articulate municipal priorities; and a lack of alignment of municipal projects with federal and provincial priorities. These two factors must be addressed, particularly in the Regional Centre and Capital District where a strategic approach to investment would derive greater benefits to the municipality as a whole. A 2009 research paper undertaken by the Dalhousie School of Public Administration (*The Benefits of Reinvestment in Halifax's Downtowns – Final Report*, December, 2009) yields the following sobering observations:

Lack of unified voice

Of primary importance in the quest for external funding is that the municipality be able to clearly articulate its priorities with a single, confident voice. This is best summed up in the Dalhousie research paper referenced above:

“In a formal discussion with [the Province of Nova Scotia] one of the major discussion points was Halifax City Council’s inability to speak with one voice. It was suggested that Halifax Regional Council does not know collectively what it wants for the HRM and therefore, timely decision making is not a strong asset of this council. It is because of this inability to speak with one voice that Ottawa does not respond positively to Halifax grant applications. Until Council collectively agrees on what is best for the HRM, Halifax will not become a priority for federal funding. This sentiment was echoed by ACOA staff during a formal discussion one month later.”

Alignment of municipal projects with federal and provincial priorities

In the Dalhousie research paper referenced above, ACOA staff reported that:

“...one of the most pertinent decision-making issues with regard to grant awards is that municipal governments must better align their interests with the federal priorities of that fiscal year. Making strong claims regarding fairness, and comparisons to other municipalities is not advantageous when attempting to obtain funding. Rather, discussing competitiveness, social benefits, community impact, cultural relevance and adherence to a clearly articulated strategy would better align HRM with the criteria needed to gain funding from ACOA.”

Considering that a potential “partner” may have interests such as a desire to generate economic benefits, make profits, reduce traffic congestion, encourage affordable housing, reduce crime, etc., and that these may be similar or complementary to HRM’s interests, it is clear that we must move from the present project-based approach to projects bundled under a cogent urban strategy.

There has been some indication that the Province of Nova Scotia may be beginning to embrace the importance of the urban core. A report prepared by the Premier’s Economic Advisory Panel (“Addressing Nova Scotia’s Fiscal Challenge,” 2009) states that, “...the prospects for Nova Scotia are now inextricably linked to the success of its largest urban area” - a statement that supports the Conference Board of Canada’s designation of HRM as the “Hub City” of Atlantic Canada. The report also discusses how key investments in public transit could allow a typical family to give up one car and save approximately \$5000 annually, or 10% of their net income. This notion, in conjunction with increasing urban residential density, has broad environmental, health and financial impacts such as: reduced air pollution and emissions, fewer traffic injuries, reduced traffic congestion, and decreased demand for investment in roads, bridges and parking.

Competing cities in Canada that have been successful in engaging other levels of government and the private sector on strategic investment initiatives have adopted strategies which clearly identify and align their priorities. A shift in ACOA’s priorities toward urban development, accompanied by signs that the Province may be beginning to lean the same way, signals a positive opportunity for HRM to gain financing for urban development and infrastructure projects. But despite this HRM has been unsuccessful in obtaining federal grants, primarily as a result of the two factors described above. Compounding these factors is that HRM has not

been tracking quantifiable measures to demonstrate the need for financing, and that downtown Halifax has a higher (and therefore uncompetitive) urban commercial tax rate than many other cities across Canada.

2.11 The Regional Centre at a Disadvantage

The primary concentration of HRM's economic activity (and therefore the province's economic activity) is within the Regional Centre. The resulting high assessments are then subject to a higher urban commercial tax rate than other areas of HRM. This situation effectively punishes urban investment at the very moment that it should be rewarded. Also making a critical impact on attracting growth to the core is the contrasting development approval processes between the core and other areas. For many years major project approvals downtown were subject to a potentially lengthy, costly and uncertain Development Agreement process, while many projects in outlying areas were, and still are, approved via a nearly perfunctory as-of-right process costing little money or time. While HRM by Design has gone a long way toward simplifying downtown Halifax approvals, much work has yet to be done to increase the Regional Centre's ability to attract growth. As things stand now, similar to the tax rate, this inequity in development approvals effectively dissuades urban investment. High land values, high commercial taxes, inequitable planning processes, and a variety of other factors are therefore contributing to an alarming decline of HRM's commercial hub. This decline is well-documented in various studies, including two recent studies that have been undertaken on behalf of HRM:

Business Parks Functional Plan

In 2009 HRM commissioned Colliers International to prepare this study, which found that most of the demand for new office space is in areas outside the central business district of HRM. Recent growth in office space within suburban areas has been part of a North American trend that saw employment locations shift to suburban areas. These areas tended to be closer to available labour, had lower land costs and property taxes, and where amenities such as free parking, recreational facilities and less restrictive requirements on building design and approvals made it increasingly conducive, developers responded by constructing new offices outside of centralized downtown locations. Unless HRM makes change now, most new office development in the future will locate to the campus-style environments at West Bedford Business Campus, Bedford Commons, City of Lakes and The Ridge (Dartmouth Crossing). This trend has served to undermine recent plans by the provincial government to position downtown Halifax as a major centre for new office development, contributing both to HRM's lack of success in seeking provincial and federal funding, and an ongoing and highly unsustainable "hollowing-out" of the core. It should be noted that this suburban office development trend is now facing rapid reversal throughout North America due to the powerful combination of the economic downturn and environmental expediency - a reversal that HRM has yet to embrace. Remembering Corporate Knights Magazine's admonition that, "*HRM has too much suburban sprawl and not enough urban density*," HRM has an enormous opportunity to lead the Atlantic Provinces in reversing this trend.

Downtown Development Demand and Capacity Study

In 2008 HRM commissioned Turner Drake & Associates to prepare baseline supply and demand estimates and to project future supply and demand for building space in the area included under HRM by Design's Downtown Plan. The consultant concluded that; "*if present trends persist, Downtown Halifax will continue to decline as a business centre. It is metamorphosing into a place to 'stay and play'. Hotel and residential development*

will increasingly dominate activity in the area.” It must be noted that the assessments and tax rates for residential developments are much lower than those of commercial, but in contrast residential demand for municipal services is much higher. So changing downtown to a “stay and play” location delivers HRM the one-two fiscal punch of less income with greater demand for services. The fundamental question raised by the Turner Drake and Colliers analyses relates to whether or not it is HRM’s desire to see the Capital District “decline as a business centre” and morph into a “place to stay and play.” Inaction on this question will relegate the urban core, and therefore all of HRM and potentially the province, to further decline.

The local business, real estate and development community has claimed that HRM’s higher urban commercial tax rate has the effect of restricting economic development and growth. Urban taxes are higher than rural taxes, which in turn encourages the development of peripheral areas and discourages the development of the downtown core. In addition to the lower tax rate, HRM is also providing direct subsidies to suburban and rural development in areas like Bayers Lake and Dartmouth Crossing. HRM’s planning and development approach continues to encourage peripheral growth over that in the core. If the Capital District and Regional Centre are to be put on equal footing with other areas in the municipality each of these factors will have to be addressed at a very fundamental level.

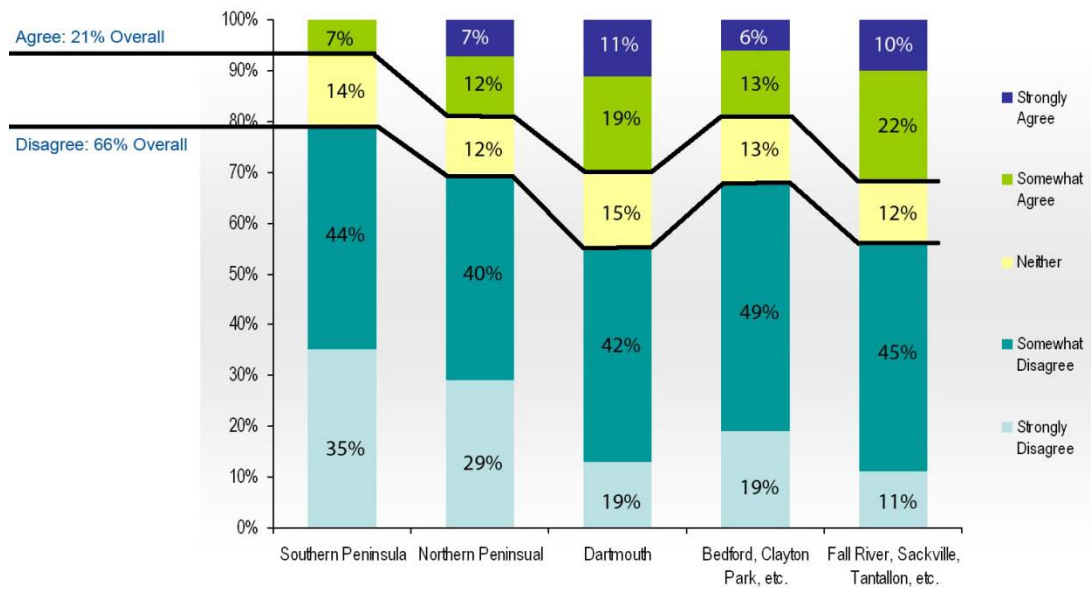
The rationale for improved investment in the Regional Centre and Capital District is straightforward: The economic and cultural benefits of investments made there radiate outward to the entire municipality and beyond, whereas public investment made in other areas tends to benefit only that area and not the entire region.

2.12 Community Dissatisfaction with Condition of Downtown

Much of the public realm infrastructure in the Capital District and Regional Centre is over 40 years old. Those areas which have been upgraded are between 20 and 35 years old. No other areas in the municipality see as high a level of use from citizens and from visitors as do the downtowns, so consequently they wear out more quickly. Yet as one of the key indicators of the quality of the overall community they *must* be kept to a higher standard. Many of the improvements in the downtown have reached the end of their useful life and have begun the downhill slide to being derelict. The truth is that our downtown is *tired*.

Recent surveys and discussions with the business community and the public have shown that citizens understand, support and even demand the need to maintain and improve the urban core. There is broad understanding of the core’s economic importance, and its importance in conveying pride of place in where citizens live. Vacant lots, tired infrastructure, and half completed or value-priced cosmetic improvements do not present the face of HRM that residents wish to convey for themselves, to their guests, and to the world. The recently undertaken HRM Citizens Survey showed that “redevelopment of the downtown core” was in the community’s top-five preferred capital projects. This result is supported by a 2008 public opinion survey commissioned by the Greater Halifax Partnership which showed a great willingness to increase public spending in the urbanized core, as the following graphic depicts.

HRM Spends Too Much Money On Downtown Halifax



3. Conclusions

3.1 A Call to Action

The confluence of factors described in this Discussion Paper has resulted in an unstable situation in need of the prompt action the 3-tier structure described herein can provide. The various “calls to action” highlighted in this document are recapped here:

- There have been no major capital improvement projects downtown since 1996 hence the Business Improvement Districts are dissatisfied with HRM’s commitment to the core.
- The optics of shifting downtown streetscaping funds to suburban projects have been negative.
- The community at large is expressing increasing interest in expanded downtown investment.
- The sustainability argument for investment of public funds in the urbanized core rather than in low-density car-based suburban development is compelling.
- With regard to the 2005-2010 Economic Development Strategy the gap between target levels and actual levels of public and private investment in the urbanized core is widening rather than closing.
- The new Economic Strategy for 2011-2016 currently being drafted places a strong emphasis on leveraging our compact downtown core as a key economic asset.
- There is a disincentive to invest in the urban core due to its commercial taxes and higher land values, and due to a more complex development approval process than in other areas.
- Disappointing grades of “C” from the Conference Board of Canada for Economy (12th in Canada) and for Innovation (13th in Canada).
- Capital District initiatives are currently under-funded, unprioritized and uncoordinated.
- The Regional Centre’s share of the municipality’s population continues to fall, with the population of the peninsula dropping 34% between 1961 and 2006 (from 92,511 to 60,626).
- The threat of downtown’s concentration of office space migrating to peripheral areas and leaving the core a place to “stay and play” looms large.
- Much work remains to be done before we can claim success as a talent or immigration magnet.

3.2 Next Steps

HRM’s senior staff and the Capital District Steering Committee will collectively define an Action Plan for the adoption and implementation of HRM’s *Capital Ideas* approach. Major milestones that may be considered include:

- Undertake discussions with potential members of the proposed Strategic Urban Partnership (SUP), and subsequently empanel the SUP.
- In collaboration with SUP members, create a Terms of Reference document to guide the SUP mandate.
- Explore and develop a variety of financial and policy tools to encourage development and investment in the Regional Centre.
- Define an operational model for the proposed Opportunity Sites Task Force.

Capital Ideas – June 11, 2010



Appendix 2 – The Strategic Urban Toolkit

Strategic Urban Goals →		More People Living & Working Downtown			A Positive Business & Development Climate			A Beautiful, Vibrant & Walkable Downtown		
Tools ↓	Indicators →	New Retail/Commercial Leases	New Office Space	New Res'l Units w/ variety of size and affordability	Uptake of Incentive Programs	Length of Project Approval Process	New Buildings/Projects/Leases	Streetscape/Public Realm Improvements	Architectural Excellence, Building & Storefront Upkeep	Infrastructure Investment: Transit & Active Transportation, etc.
Public / Private Partnership										
1.	Matching heritage facade grants	●	○	○	●	○	●	●	●	●
2.	Local Improvement Charges							●		●
3.	Local Area Rates							●		●
4.	Downtown Capital Cost Contributions †			●				●		●
5.	Return on Investment Model for municipal investment †						●	●		●
6.	Hotel Marketing Levy							●	○	●
7.	FCM/NGO Partnerships †			●				●	○	●
Planning & Regulatory										
8.	Regional Plan		○	○	○	○	○	○	○	○
9.	HRM/Design Dwntrwn Hfx Plan & Design Rev. Cmte.	●	●	●	●	●	●	●	●	●
10.	Density Bonusing Program (Downtown Halifax)		○	○	●		●	●	●	●
11.	Halifax and Dartmouth MPS & Bylaws	○	○	○		○	○			
Municipal Resources										
12.	Heritage improvement tax credits	●	●	●	●		●		●	
13.	New Tax Incentives (eg. Tax Holiday) †	●	●	●	●		●		●	
14.	Public Improvement Reserve Accounts †							●	○	●
15.	Urban Development Agreements †	○	○	○	●		●		○	
16.	Urban Enterprise Zone †	○	○	○	●		●	●	○	●
17.	Infill Task Force †	○	○	○	●		●		○	
Provincial Resources										
18.	Provincial Grants				○		●	●	○	●
19.	Cost Sharing						●	●		●
20.	Legislative Amendments	○	○	○	●	●	●	●	●	○
Federal Resources										
21.	ACOA	○	○	○	●		●	●	●	●
22.	Build Canada Fund						●	●		●
23.	Gas Tax †			○				●		●

●=Definite Impact ○=Possible Impact

† Indicates tool is not currently in use in /HRM

Appendix 3 – Economic Development: Intergovernmental Success Stories

Economic Development Case Studies: Intergovernmental Success Stories

HRM, and the City of Halifax before it, was involved in several successful tripartite economic development ventures with the provincial and federal levels of government. It is in the spirit of these past partnerships that this White Paper proposes the Intergovernmental Strategic Planning Group (TIER 2). However rather than having the three levels come together on an ad hoc or opportunity driven basis, the White Paper proposes a standing committee that meets regularly to generate opportunities and to coordinate diverse objectives. To support this intergovernmental approach, the following case studies have been assembled:

1. The Central Public Library, 2010
2. The Centennial Pool Solar Energy Retrofit, 2009
3. Halifax Metro Centre (1970s) and the World Trade & Convention Centre (1980s)
4. Halifax Seaport Farmers Market, 2008
5. The Alderney 5 Geothermal Energy Project
6. The Downtown Dartmouth Facade Improvement Program
7. Vancouver's "88 Blocks - Art on Main" Initiative

1. The Central Public Library

The Government of Canada will consider the Halifax Central Library project in the Halifax Regional Municipality (HRM) as a priority for infrastructure funding consideration. Canada is setting aside up to one-third of total eligible costs, to a maximum federal contribution of \$18.3 million. Nova Scotia will provide \$13 million and the HRM will contribute \$23.7 million toward the project, which has a total estimated cost of \$55 million.

The proposed 109,000-square-foot facility will include a larger book collection, additional meeting and study rooms, a 250-seat auditorium, and technology areas for computers.

The proposed Library project at a estimated cost of \$55 million, will be a major municipal and provincial asset and a signature landmark facility for HRM. Projected to open by 2013, this facility will provide a short term stimulus to the local, provincial and regional economy through the creation of employment during the design and construction phases.

In the longer term, the new Halifax Central Library will provide cultural infrastructure to enhance the region's economic competitiveness and provide a significant attraction and destination for visitors to Atlantic Canada

and HRM. It will be a regional resource, an active place of discovery and reflect the unique history and cultures of communities throughout the municipality. The Library will provide much needed cultural and community gathering space and will be an iconic green building and a draw for residents and visitors to HRM.

HRM's Central library will be a catalyst for rejuvenating its downtown district, contributing many economic spin-offs to local downtown businesses. The new Library is a prominent feature of proposed development plans for lands in the downtown business district, and will help support additional commercial and residential development projects which strengthen the tax base of HRM and enhance the regional economy of Atlantic Canada.

Central libraries provide economic benefits, particularly in times of recession, by providing supports for small business and enhancing literacy and workforce participation rates.

From <http://www.halifax.ca/facilities/documents/03-BackgroundunderNSHRMLibraryPTBaseFINAL-EN.pdf> and <http://www.halifax.ca/facilities/documents/LibraryFlyer2forPhil2009.pdf>

2. The Centennial Pool Solar Energy Retrofit

A \$3.5 million renewal and upgrade of the Centennial Pool in Halifax, undertaken with \$1 million in federal Recreational Infrastructure Canada (RInC) funding, is enhancing the energy efficiency of this city landmark and extending its life by another 20 years. Once completed, this renewed facility will be better able to host provincial swimming events, provide a top-quality training facility for high-performance athletes, and it will continue to be a destination for leisure swimming enjoyed by city residents.

The project will provide benefits in four areas: clean energy, accessibility, clean air and clean water. Work is slated for completion in Fall 2010.

Funding breakdown:

Federal:	\$1 million
Provincial:	\$1 million
Municipal:	\$1 million
EcoTrust Energy Upgrades:	\$567,500
Total:	\$3.5 million

From <http://mediaroom.acoa-apeca.gc.ca/e/medialpress/press.shtml?4626> and electronic brochure DOWNTOWN

3. Metro Centre and World Trade & Convention Centre

The current Metro Centre (MC) and World Trade and Convention Centre (WTCC) were part of a two-phase downtown redevelopment project undertaken during the mid 1970's to early 1980's. The first phase entailed construction of the Metro Centre in the mid 1970's. The second stage entailed construction of the convention centre and office tower in the early 1980's.

The merits of developing a centralized convention/sports complex were discussed during the early 1970's by the City of Halifax, Province, Federal government and various private interests. There was general consensus at the time on the desirability of such a facility and that it would contribute significantly to commercial activity within the downtown, the greater metropolitan area and the province as a whole. During that time, the federal government was interested in seeing convention centres provide a focus for commercial development in locations across Canada. It was prepared only to participate financially in the development of a convention centre. Therefore, the Province and City assumed full responsibility for the Metro Centre phase.

The site location of the complex was a contentious issue which was resolved in 1975. The Province preferred a downtown location but the City was initially reluctant, preferring the suburbs. The present downtown site was chosen after both parties agreed to proceed with construction of the Metro Centre while continuing to negotiate with the federal government on construction of the convention centre. Financing differed for the two phases, and for a third element comprising a Trade Centre office building:

Metro Centre: The Province covered the lion's share of the capital costs for the Metro Centre. The City was required to contribute \$ 3 million (\$2.55 million in cash and the remainder in land). The City was also required to accept the operating deficit.

Convention Centre: The federal government agreed to contribute capital funding up to the lesser of 25%, an amount equal to the provincial share, or \$2.75 million. The City contributed \$1.5 Million towards the capital cost, and also committed to pay the first \$250,000 of operating deficit.

Trade Centre (Office Tower): The City of Halifax was not required to make either capital or operating contributions to the Trade Centre office tower. In fact HRM receives the municipal taxes from this component roughly equivalent to the current operating deficit of about \$600,000. The office tower is a major source of revenue for TCL who manages it (over \$2.3 Million in 2009).

The current WTCC and HRM-owned MC are managed by Trade Centre Limited, which is a provincial Crown corporation. The process currently underway to develop a new convention centre facility within a private-public arrangement provides a timely opportunity to review the current governance and operations model and establish a more formalized structure around operations and governance that aligns with provincial and municipal interests related to economic development, urban infrastructure investment and major events, tourism and cultural planning and programming.

4. Halifax Seaport Farmers Market

The Halifax Farmers' Market, established in 1750, is the oldest running farmers' market in North America. At its present location in Keith's Brewery, it provides the residents of the community an opportunity to purchase fresh local products each Saturday morning. In addition it serves as a location for its customers to socialize, a place where the arts community can perform and a venue where cultural communities can provide a variety of foods and expressions of their culture.

Building upon this tradition of over 250 years the Halifax Farmers' Market is constructing a new Seaport Farmers' Market with a planned occupancy for June 2010. This new market, located at Pier 20, will be a state of the art building serving as a community meeting place for the city of Halifax and indeed for the whole province.

Financing for the Seaport Farmers' Market came from the members of the City Market of Halifax Co-operative, the Nova Scotia Departments of Agriculture and Energy, Halifax Regional Municipality, the federal Atlantic Canada Opportunities Agency (ACOA) , and the Farmers' Market Investment Cooperative. Credit is being provided by the Canadian Farm Credit Corporation.

From February 09 to September 09, four initiatives branded as "Community Connectors" began a process to see how the market could connect to the community and vice versa. Each Connector had an area to develop and explore which included the Arts, Culture, Environment and Health. In all cases they were researching how the new facility would be seen as a community resource and how food could be a connector for the betterment of community's health and well being.

During the project a number of meetings took place with a variety of agencies, individuals, government departments and business leaders; providing an opportunity for many connections to be made and opening doors for many more to be developed.

From www.halifaxfarmersmarket.com and

http://halifaxfarmersmarket.com/images/seaport_market/halifax%20farmers%20market%20community%20connectors%20report.pdf

5. The Alderney 5 Geothermal Energy Project

The Alderney 5 Energy Project is a \$3.6 million energy-efficiency retrofit of five municipal buildings on the Dartmouth waterfront. Construction was funded through a partnership between the Halifax Regional Municipality (HRM), the Provincial government and the Federal government's Technology Early Action Measures (TEAM) program.

It is expected the Alderney 5 Energy Project will save \$350,000 per year in energy costs, avoid \$800,000 in future replacement costs and significantly reduce maintenance with the new heating and cooling systems. Alderney 5 has a highly innovative, world class cooling technology, demonstrating a new borehole heat exchanger with a 300% more efficient design enabling seasonal geothermal cold energy storage. The harvesting and storage of 100% renewable cold energy without using heat pumps is revolutionary.

The project has acted as a catalyst for future district energy developments on the Dartmouth waterfront. Excess renewable energy capacity will be sold to adjacent private properties. An interpretive centre and tourist attraction is also part of the project.

From <http://www.halifax.ca/facilities/Alderney5.html>

6. Downtown Dartmouth Facade Improvement Program

Downtown Dartmouth's Façade Improvement Incentive Program is an initiative of the Downtown Dartmouth Business Commission (DDBC), with the support of the federal Atlantic Canada Opportunities Agency (ACOA), the provincial Office of Economic Development (OED) and Halifax Regional Municipality (HRM).

Owners of properties on Portland Street between Alderney Drive (at Alderney Landing) and Alderney Drive (Marine House) were invited to participate in a program to promote the upgrading of building facades. Early in the process, three Portland Street property owners between 'five corners' and Alderney Drive asked if they would be eligible for the program and were subsequently included in the study area. The main focus for the study was the ten downtown block area of Portland Street.

The groundwork for a funding partnership was laid by HRM which invested in rebuilding the street and sidewalk. This triggered ACOA funding to prepare a facade improvement study with recommendations. The Province then awarded a couple of small grants which, combined with the BID's own revenue stream, provided a fund of about \$75,000 to be apportioned to eligible property owners for facade improvements. Eight owners have applied, of which two have already upgraded their facades.

Phase One was completed in March 2006 with Ekistics Planning & Design producing a preliminary project outline and façade recommendations. The Second Phase of the Facade Improvement Program includes a detailed summary of design specifics along with application and reimbursement information.

The façade improvement project is intended to:

- Make downtown Portland Street a more inviting and interesting place to walk and shop
- Help building owners attract and retain tenants
- Build civic pride among the local business community
- Contribute to the quality of life of residents, workers and visitors
- Promote the marketability of the downtown Dartmouth business district

The program can provide a reimbursement of up to \$3,000.00 per approved site, contingent upon matching dollars from the applicant, towards the costs of eligible renovations. A corner building with two street-facing facades also directly adjacent to the sidewalk could be eligible for a total of \$4,000.00 per same civic address.

Commercial buildings that are built right up to the sidewalk and located in the designated business improvement zone are eligible for program funding.

From <http://www.downtowndartmouth.ca/images/pdf/DartmouthBrochure.pdf> and

<http://www.downtowndartmouth.ca/images/Gallery%206%20Recent%20News/Facade/Portland%20Street.pdf> and

<http://www.downtowndartmouth.ca/default.asp?mn=1.9.89>

7. Vancouver's "88 Blocks - Art on Main" Initiative

88 Blocks - Art on Main, an investment in Vancouver's transportation infrastructure to enhance one of the City's oldest and busiest transit corridors. The \$6 million Main Street Transit and Pedestrian Priority Project will improve service reliability, reduce travel times and bus delays, shorten pedestrian crossing times, and improve pedestrian and cyclist safety. The public art is just one of many measures in a broad package of improvements. The City of Vancouver has a strong and vibrant public art program that incorporates contemporary public art into civic and private developments.

This project is one of six integrated components of the Greater Vancouver Sustainable Region Showcase, which is co-funded by Transport Canada, the City of Vancouver and TransLink through the Urban Transportation Showcase Program, an initiative to improve transportation in Canadian cities while reducing greenhouse gas emissions.

TransLink has a multi-tiered governance structure that includes a Board of Directors, the Mayors' Council on Regional Transportation and the Regional Transportation Commissioner. A Screening Panel, established annually, is responsible for nominating candidates for appointment to the Board. The Board has the responsibility and the mandate to make decisions in the interest of TransLink within the limits established by the Act. The provincial government has the responsibility for the legislation that establishes TransLink and its governance system. It participates in setting a long-term provincial vision for transportation on the south coast and contributes funding for major projects.

Vancouver's Main Street is a major arterial road that connects a mix of land uses to the region's core. It carries a high volume of transit users, with 30,000 bus passengers daily. However, traffic congestion causes many buses to run behind schedule and increases passenger delay. To improve service reliability, reduce travel times and make the street more pedestrian-friendly, the Main Street Transit and Pedestrian Priority Project will redesign the street to reduce bus delay, shorten pedestrian crossing times, improve pedestrian safety, and enhance the vitality of the streetscape.

The Main Street project will cost around \$6 M, and the Urban Transportation Showcase Program contribution is \$1.5 M. Transport Canada is contributing \$8.8 M to the entire Vancouver Showcase.

The public art is just one of many measures in a broad package of enhancements to improve services for commuters on Main Street. Other enhancement efforts include: improved bus shelters with new lighting, real-time transit schedules on electronic signage at high-volume stops, an increased number of bike racks and street furniture along Main, and street design improvements including landscaping, sidewalk extensions and better delineation of crosswalks.

As a package, the urban redesign, new transit technology, and a fleet of new buses will all contribute to an enhanced and more efficient transit system making Main Street more welcoming for pedestrians and transit patrons. This in turn will serve the ultimate goal of reducing greenhouse gas emissions.

Excerpts from <http://www.tc.gc.ca/eng/mediaroom/releases-nat-2009-09-h019e-5198.htm>