



OPINION

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Centre Plan: The Good, The Bad and The Ugly.

HALIFAX, NS | September 20, 2019 — As President and CEO of the Construction Association of Nova Scotia (CANS), I am asked every day for our perspective on issues of public policy, regulation and legislation. To that end, we have had many conversations as an Association about the Centre Plan. This is arguably one of the most important pieces of public policy that Halifax has undertaken in at least a century. CANS is fortunate to have a good working relationship with many of the senior staff within the City, the Mayor and Council. This often leads to reasonable compromises and well-thought-out approaches to policy. Despite these conversations, there are still many concerns within the development and construction industries about this Plan.

The Centre Plan has many positive and well-intended concepts that can positively impact development, investment, the social fabric, sustainability and the attractiveness of our City. The Plan clarifies some of the often-conflicting zoning rules — an unpredictable and tangled web for anyone looking to build here. It also provides clarity on which types of building can happen and where. The Plan provides some protections for our heritage and is intended to make our City more inclusive. These are all notionally positive.

So, where does the Centre Plan fall short?

The Plan fails in several ways to support its sweeping changes with fact, predictability or rigour. One example, the reasoning behind the Plan's 90-metre height restriction across large swaths of the City is not backed by science or evidence. It is factually inexplicable and caters only to the small percentage of the City's population that consistently protests height with no rationale, rhyme or reason.

I asked the question, if the CEO of IBM said, 'I want to bring 750 jobs to Halifax, but I need a building that is 40 stories or approximately 120 metres tall,' would they be granted an exception? The response was a resounding, 'not without special approval of Council, Community Councils, etc.' What message does this send to investors? Developers? Our young people who we are desperately trying to retain? Not to mention the economic stimulus that this Province needs to be sustainable!

Scale matters and logic must be applied. Plans like the Centre Plan must be evidence-based rather than cater to conjecture and the opinion of a vocal few. There needs to be space for reasonable discussion when an inevitable exception comes to the City that is clear in process, timelines and cost.

The Plan also offers a very thin retrospective on the historical uses of our harbour. Under the Plan, large portions of our harbour will become restricted to development by many of the traditional industries that built this City and Province in favour of tourism-focused infrastructure. While tourism undoubtedly benefits the City and Province, there needs to be room for traditional industries that have been the foundation upon which our Province and City were built. Many of which contribute to our standard of living as a result of well-paying jobs.

There are inherent contradictions in the Plan itself. Affordable housing is greatly needed. Walkable communities are very desirable. That said, to be sustainable, intersectional requirements and economies of scale need to be balanced, understood and recognized. I don't believe that this has been as well-considered in the Centre Plan as we would like to think, which could potentially hurt investment and the economy. Even worse, it could backfire and result in fewer affordable housing options.

The Halifax peninsula is land-scarce. Generally, it is more cost-effective to build higher, allowing for greater flexibility in pricing and design. Height inevitably allows for more affordable square footage housing options. When developers are asked to reduce height, while simultaneously being asked for more landscaping, major setbacks, etc. it adds to the cost of the project. These added costs challenge investors to make projects feasible and often reduces the capacity to meet affordable housing targets. More flexibility and incentives, for example, to designate existing stock and tie it to new construction, could be considered. The density options proposed under this plan could potentially lead to even more urban sprawl, which we all know creates further problems.

Economically, we are in a period of prolonged and historically low borrowing costs. This has significantly contributed to the investments we have seen over the past decade. The Centre Plan does not consider borrowing rate increases in the future. This is troubling as a review will not take place for a decade from its adoption. As we all know, the rapid pace of technology, climate change, etc. that we are witnessing is unprecedented. A decade is far too long to redress the unintended consequences of flawed plans and policy. We need a review in as few as three years along with a joint committee of industry, City staffers and residents to oversee, track and measure the impacts of the Plan. There needs to be a mandate to correct unintended outcomes and build on successful ones.

Yes, it took well over a decade to complete the plan, which only reinforces my point.

Despite strong investment in Halifax for the past several years, we must remember the two prior decades of very low investment that lead to significant out-migration and Nova Scotia's underwhelming economic performance record. The Province, as a whole, has fallen behind the Canadian economy by an average of 1% per year for decades. Many investors will point to the unfavourable investment conditions in the Province and City. So, while we all agree responsible, planned, thoughtful development is desired, we need to make Halifax and Nova Scotia a more attractive and less tedious place to invest. We all love the lifestyle, beauty, etc. But, those alone cannot sustain an economy or improve our standard of living.

Even if you disagree on a philosophical basis, the economics don't lie. We are ageing rapidly as a Province and our public sector is larger than our private sector. These are just two points that can destabilize an economy very quickly. Investment produces jobs, increases population and stimulates the economy. Our public sector is important and critical, but it is better supported by a healthy and growing private sector.

We know that Halifax is already one of the toughest places to develop in Canada – I hear it all the time from those who do business here and elsewhere. Developers from across the country have candidly told us that it is simply not worth the headache to invest here. While the City is making great positive improvements, there is much to be done to better the permitting process, reduce red tape and disincentives to investment. This Plan will add a great deal of red tape and cost. We have significant investment that continues to be delayed by out-dated processes and practices. These delays deter investment, job creation and detract from our tax base, increasing the gap between rich and poor. If we don't make investment easier, significantly reduce red tape and dramatically improve our processes, then when interest rates do rise, investment will fall off sharply. We need to be the most attractive place to invest in — we have what it takes.

For those who are quick to argue that businesses are simply profit mongers, I encourage them to understand business economics before making such strong accusations. For example, it is more profitable to increase rent on a developed portfolio of real estate than to develop new square footage. If the above statement were to drive the efforts of business, investment would plummet and rents would skyrocket. Naturally, investors want a return on their investment and yes businesses want to make a profit. Bear in mind, those profits are reinvested in the economy through corporate taxation, hiring, capital, training and charitable giving.

I fully acknowledge that many good people are working to make this City and Province a great place to work live and play. I also think that this was the original intent of the Centre Plan. I hope that Council and staff consider some of these points to safeguard against unintended consequences of short-sighted policy. It is irresponsible for either body to respond only to the vocal few and advance those views without carefully and deliberately understanding the needs of the silent majority and the investors who risk it all. They are further bound to think beyond the next election cycle and demand facts and evidence from those who have authored the Plan.

We want a legacy for our children that is balanced and well informed, not populist or the flavour of the day. Without recognizing the mistakes of the past, history is bound to repeat itself.

Signed,

Duncan Williams
President & CEO
Construction Association of Nova Scotia (CANS)

About CANS:

CANS represents more than 800 large and small companies that build, renovate and restore non-residential buildings, roads, bridges and other engineering projects. We are an industry trade association representing the interests of contractors, suppliers and service providers throughout Atlantic Canada and across the country. Construction is a \$3.8 billion a year industry in Nova Scotia and employs over 30,000 men and women from across the province. For more information about the Construction Association of Nova Scotia visit www.cans.ns.ca.