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Item No. 13.1
Halifax Regional Council
September 11, 2018
October 2, 2018

TO: Mayor Savage and Members of Halifax Regional Council
Original Signed by Director

SUBMITTED BY: _____
Kelly Denty, Acting Director, Planning & Development
Original Signed

Catherine Mullally, A/Chief Administrative Officer

DATE: June 20, 2018

SUBJECT: Commercial Policy Considerations for Development Proposals

INFORMATION REPORT

ORIGIN

On March 28, 2017 Regional Council passed the following motion:

That Halifax Regional Council request a staff report regarding retail and commercial policy considerations for development projects that propose a significant quantity of new commercial development be included when preparing staff reports for possible amendments to HRM's Municipal Planning Strategies. These considerations should also include discussion on the option of a requirement for developers to provide a commercial space demand study or other tools to inform decision making for these types of applications, and be brought back to Council for consideration.

LEGISLATIVE AUTHORITY

Excerpt from the *Halifax Regional Municipality Charter*:

229 (1) A municipal planning strategy may include statements of policy with respect to any or all of the following:

- (a) the goals and objectives of the Municipality for its future;
- (b) the physical, economic and social environment of the Municipality;
- (g) studies to be carried out prior to undertaking specified developments or developments in specified areas.

BACKGROUND

New large-scale commercial developments can have a significant impact on the growth and development of the region. Regional Council's motion concerning commercial policy considerations raised important questions about the Municipality's role in evaluating larger scale commercial development proposals. The following sections review the Municipality's existing commercial development policy context and past instances when commercial space demand studies have been carried out within the Municipality.

Commercial Development Policy Context

The Municipality has adopted a number of goals, objectives and policies concerning commercial development within the Regional Plan, Secondary Municipal Planning Strategies (SMPSs) and other strategic documents.

Regional Plan

The Regional Plan provides broad guidance concerning commercial development that should be considered when proposed new development requests amendments to existing planning policy. Specifically, the Regional Plan states that "*when new secondary planning strategies or amendments to existing secondary planning strategies are brought forward for approval, HRM shall consider whether the proposed objectives and policies are consistent with or further achieve the objectives and policies of this Plan.*"

The Regional Plan contains many objectives that could have bearing on new larger scale commercial developments, including:

- Direct growth so as to balance property rights and lifestyle opportunities with responsible fiscal and environmental management;
- Focus new growth in centres where supporting services and infrastructure are already available;
- Target at least 75% of new housing units to be located in the Regional Centre and urban communities with at least 25% of new housing units within the Regional Centre over the life of this Plan;
- Design communities that are attractive, healthy places to live and have access to the goods, services and facilities needed by residents and support complete neighbourhoods;
- Promote land settlement patterns and urban design approaches that support fiscally and environmentally sustainable transportation modes;
- Build a vibrant and attractive Regional Centre that attracts private investment and more residents;
- Preserve and enhance the viability of cultural and heritage resources in HRM and develop policies, programs and regulations to protect and enhance them;
- Promote cultural and heritage considerations in HRM's broader planning and municipal decision-making processes;
- Promote a business climate that drives and sustains growth by improving competitiveness and by leveraging our strengths;
- Create a welcoming community where the world's talent can find great opportunities, engaged employers and resources for career advancement;
- Ensure that there are sufficient lands available along the harbour and in business parks to provide economic opportunities;
- Create financial and regulatory incentives to stimulate desired growth (in the Regional Centre); and
- Manage growth to make the best use of existing water, wastewater and storm infrastructure and avoid unnecessary or premature expenditures.

Secondary Municipal Planning Strategies(SMPSs)

HRM's various SMPSs provide more detailed direction on commercial development within their respective plan areas. Most importantly, SMPSs identify and define each plan area's commercial centres and general commercial development opportunities. Some SMPSs identify specific types of commercial areas such as highway-oriented commercial areas, traditional main streets, business parks, and neighbourhood commercial nodes. For example:

- The Sackville Drive Secondary Planning Strategy defines Sackville's core commercial district and sets out various objectives and policies for improving the streetscape and guiding the development of the commercial corridor.
- The Cole Harbour/Westphal SMPS applies the Community Commercial Designation to Cole Harbour Road to recognize and encourage commercial and mixed-use developments in that area.

Other Strategic Documents

The Municipality has endorsed several strategic documents intended to guide the growth and development of the region. While these are not adopted as official land use planning documents, they provide context and direction on policy decisions concerning commercial development. These documents include:

- *Halifax's Economic Growth Plan 2016-21*, which sets out strategic goals intended to build upon the region's competitive advantages to accelerate population and economic growth;
- *HRM Business Parks Development Functional Plan (2009)*, which guides the Municipality's role and strategic direction in developing Municipal business parks;
- *Integrated Mobility Plan (2017)*, which sets out goals for integrated transportation and land use planning across the Municipality, including a focus on building complete communities; and
- Community Visioning Documents, which outline goals and strategies for the development of several HRM communities.

Commercial Space Demand Studies

Commercial space demand studies are used to assess the market's existing and projected demand for commercial spaces. Such studies often focus on a certain type of commercial space, such as office or retail uses. Developers will sometimes conduct such studies to help them decide if there is sufficient market interest to proceed with a commercial development project. The Municipality, in contrast, has historically requested or conducted commercial space demand studies to assess broader regional needs and impacts.

The following paragraphs provide two examples of commercial space demand studies required or conducted by the Municipality.

Shopping Centre Development Act

In 1979, the Province enacted the *Shopping Centre Development Act*, which required approval for the development of shopping centres over 50,000 square feet in floor area by either the N.S. Municipal Board (now the Utility and Review Board) or a council where a municipal planning strategy was in effect. The Act required the consideration of "*the need for or desirability of additional retail space in the area in which the shopping centre is proposed*" and "*the effect of the additional retail space on the existing or proposed retail outlets in the general area*". In addition, the Act required applicants to conduct surveys and studies deemed necessary to evaluate the application. The Act exempted projects within the development boundary specified in the Halifax – Dartmouth Metropolitan Regional Development Plan and was repealed in 2001.

Although not explicitly stated in the legislation, staff understand that the intent of the *Shopping Centre Development Act* was to assess whether existing commercial centres could remain viable with the development of a new shopping centre. This was often of interest in municipalities where significant public and private sector investments had been made in traditional main streets and business districts, particularly where there were heritage buildings present.

In accordance with this legislation, in the late 1990s the former Halifax County Council approved an application for an expansion to the Sobeys shopping centre adjacent to the Hwy. 103 – Hammonds Plains Road interchange in Upper Tantallon. At the time, the developer submitted a market study prepared by a consultant in support of the application.

Market Survey of Downtown Halifax

In 2008, a *Market Survey of Downtown Halifax (Demand, Capacity, Baseline Indicators)* was prepared by Turner Drake & Partners Ltd. The study forecasted growth of various uses (residential, retail, office, institutional, hotel and parking) within the downtown over a 25-year period under three growth scenarios

and compared that to the capacity for growth given land constraints, existing building inventory, and projected economic indicators.

The study had been prepared for the Urban Design Task Force which had been mandated to oversee the preparation of the Downtown Halifax Municipal Planning Strategy and Land Use By-law (Halifax by Design). Concern had been expressed that the height and massing provisions of the Plan were too restrictive to accommodate future growth needed for the Capital District to become the economic and cultural centre of the Region – an objective of the 2006 Regional Plan. The study determined that the HRMbyDesign Plan allowed for an appropriate build-out capacity with respect to the projected demand in the downtown area of Halifax.

DISCUSSION

Through the Regional Plan and SMPs, the Municipality plays an integral role in shaping the amount, type and location of commercial developments in the region. The following sections discuss policy considerations and the role of studies in informing decisions on large-scale commercial development proposals.

Commercial Policy Considerations

Staff advise that several factors should be reviewed when considering proposals to allow new large-scale commercial development proposals. While each proposal is unique, common policy considerations include:

- Existing Policy Context: As discussed in the Background section of this report, the Municipality has many existing policies related to commercial development within the Regional Plan and SMPs. Development proposals should be reviewed against these policies to understand their significance within the existing policy context. Key questions of context include whether a proposed commercial development would expand an existing commercial hub, or establish a new commercial centre.
- Mix of land uses: Existing planning policies generally encourage local commercial uses within new residential neighbourhoods to enable people to access shops and services close to home. In contrast, standalone commercial developments may warrant further scrutiny as such developments depend on drawing workers and shoppers from other neighbourhoods.
- Transportation: As highlighted by the *Integrated Mobility Plan*, commercial developments can establish important centres of employment and services. As a result, impacts on road, transit, pedestrian and cycling transportation networks should be considered, including impacts on the Municipality's modal split targets.
- Need: In reviewing proposals it is important to consider the need for additional commercial space. Is the proposal responding to an existing or projected need or are there sufficient development opportunities within existing commercial areas?
- Impacts on downtown and established commercial areas: The Regional Plan and SMPs support the Region's downtowns and other established commercial centres. Given these objectives, it is important to consider whether a new commercial development complements or competes with established commercial centres.

For clarity, staff note that commercial policy reviews typically do not examine a proponent's specific business case. For example, while a planning review may consider whether a certain site is a good location for a new big box store, the planning review does not consider whether or not the business venture is well managed or likely to be profitable.

Commercial Space Demand Studies

Studies can be useful tools to assist in evaluating the impact of proposed policies and regulations against Municipal objectives. Such studies should generally be undertaken at a broad policy level when new planning documents or amendments to existing plans are being proposed. Such studies are generally not needed for discretionary planning applications, which are typically smaller in scale and are already guided by existing commercial policies. While proponents may conduct studies to build a business case for their proposed development, the role of the Municipality is to understand regional impacts and the effect of policy decisions. The Market Survey of Downtown Halifax, cited in the Background section, is a good example of a study used to test the impact of proposed policies and regulations.

Studies are not necessary for all planning policy amendments, especially where the proposed amendments would be consistent with existing policy. For example, if policy amendments were proposed to allow for additional commercial or retail space within the Downtown Halifax or Downtown Dartmouth plan areas, the proposal would be consistent with the Regional Plan objective to “*build a vibrant and attractive Regional Centre that attracts private investment*”. In that case, a demand study may not be necessary. Similarly, MPS amendments to allow for a new mixed-use neighbourhood may not warrant a commercial space demand study. Commercial spaces within such developments are intended to serve local residents, consistent with Regional Plan and Integrated Mobility Plan policy which encourages developing complete communities.

Process and Policy Implications

Staff advise that the need for commercial space demand studies should be considered on a case-by-case basis when initiating SMPS amendment applications and projects. Council has broad discretion on SMPS amendment planning processes and the Regional Plan and SMPSs already contain relevant objectives and policies that can be used to guide decisions about the need and scope of any studies. Therefore, staff advise that no new Regional Plan or SMPS policies are needed to require commercial space demand studies as part of planning initiatives. The potential need for commercial space demand studies can continue to be assessed on a case-by-case basis when SMPS amendment projects are initiated by Regional Council. As part of the next Regional Plan review, staff will also consider including specific policy direction respecting such studies to further clarify when commercial space demand studies should be required.

Conclusion

Whether focused on office or retail, new large-scale commercial developments can have a significant impact on the region’s development. In some cases, commercial space demand studies may be needed to assess a proposal’s impact on travel patterns, existing commercial centres, and other relevant Municipal objectives. Existing objectives and policies established under the Regional Plan and SMPSs provide guidance for when a study should be considered as part of SMPS amendment applications or projects. Therefore, staff advise that no new policies are needed to require commercial space demand studies. At the discretion of Council, staff will continue to assess the need for commercial space demand studies on a case-by-case basis when SMPS amendment projects are initiated. Staff will also consider including specific policy direction concerning such studies as part of the next Regional Plan review.

FINANCIAL IMPLICATIONS

There are no financial implications associated with this report. If commercial space demand studies are required as part of SMPS amendment applications, the cost of such studies would be the responsibility of the applicant. Should commercial space demand studies be needed as part of a municipal-led planning project, the costs and financial implications of the study will be reviewed and provided to Council as part of the related project plan and financial approvals.

COMMUNITY ENGAGEMENT

Community engagement was not undertaken in addressing the questions raised in the Council motion.

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

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