

Item No. 12.1.1
Community Planning and Economic Development
Standing Committee Special Meeting
February 18, 2021

TO: Chair and Members of Community Planning and Economic Development

SUBMITTED BY:

Original Signed by 

Jacques Dubé, Chief Administrative Officer

DATE: February 8, 2021

SUBJECT: Development of 2022-27 Economic Strategy

ORIGIN

Staff-initiated staff report due to the upcoming expiry of HRM's five-year economic strategy (Halifax Economic Growth Plan [2016-21]) and the Halifax COVID-19 Economic Recovery and Response Plan.

LEGISLATIVE AUTHORITY

The Halifax Regional Municipality Charter 2008, c. 39, s. 2: The purpose of this Act is to (a) give broad authority to the Council, including broad authority to pass by-laws, and respect its right to govern the Municipality in whatever ways the Council considers appropriate within the jurisdiction given to it; (b) enhance the ability of the Council to respond to present and future issues in the Municipality; and (c) recognize the purposes of the Municipality set out in Section 7A. Under Section 71, Business and industrial development, the Municipality may:

- (a) solicit and encourage the establishment and development of new, and the establishment, development and expansion of existing institutions, industries and businesses in and around the Municipality;
- (b) publicize the advantages of the Municipality or any part of the Municipality and the surrounding areas as a location for the establishment and expansion of institutions, industries and businesses;
- (c) pay grants to a body corporate for the purpose of promoting the Municipality or any part of the Municipality and the surrounding areas as a location for institutions, industries and businesses;
- (d) prepare and disseminate information about the Municipality or any part of the Municipality and the surrounding areas for the assistance of institutions, industries and businesses intending to locate or expand in the Municipality or the surrounding area.

RECOMMENDATION ON PAGE 2

RECOMMENDATION

It is recommended that the Community Planning and Economic Development Standing Committee recommend that Regional Council authorize the Chief Administrative Officer to develop a 2022-2027 Economic Strategy in collaboration with the Halifax Partnership, in accordance with the approach set out in this staff report and the related Halifax Partnership presentation.

BACKGROUND

Economic Development in Halifax

From a policy perspective, economic development entails governments' and communities' efforts to improve the economic well-being and quality of life in their respective jurisdictions. This is often accomplished by attracting, keeping, and growing talent, investment, and jobs, and by increasing incomes and tax bases. The Halifax Regional Municipality (HRM) is a significant economic development stakeholder in the city. It manages six business and industrial parks, regulates businesses and land development, invests in major infrastructure, establishes and supports Business Improvement Districts, and collaborates with other levels of government and agencies on economic development issues. It also provides financial and in-kind support to community organizations and special events, and it fosters public and private sector innovation at the Halifax Civic Innovation Outpost at VOLTA.

HRM provides operational support to three key organizations to further its economic development objectives: Discover Halifax, which promotes Halifax as a destination for business and leisure travelers; Events East Group, which operates the Scotiabank Centre, the Halifax Convention Centre, and Ticket Atlantic; and the Halifax Partnership (the Partnership), which provides professional economic development expertise and services to HRM and oversees much of the implementation of HRM's economic strategy. As a public-private economic development organization, the Partnership leverages funding from private investors and other levels of government as well. Partnership deliverables to the municipality are outlined in a service level agreement that is reviewed and amended annually. In 2021-22, the municipality's operational grant to the Partnership is \$1,918,400 (net HST).

The Halifax Economic Growth Plan 2016-21 and The Halifax COVID-19 Economic Response and Recovery Plan

On April 5, 2016, Regional Council approved the document, *Halifax Economic Growth Plan 2016-21 (Economic Growth Plan)*, as the five-year economic strategy for Halifax. Building upon HRM's relatively strong economic growth in recent years and acknowledging the negative impacts that demographic and related economic trends could have on Halifax, the economic strategy is a growth agenda. It envisions Halifax with a population of 550,000 people and a \$30 billion economy by 2031. To achieve this end state, the *Economic Growth Plan* has four overarching five-year goals: promote and maximize growth, attract and retain talent, make Halifax a better place to live and work, and align economic development. In May 2018, Regional Council approved an [action plan](#) for years three-to-five (2018-21) of the economic strategy. It has 73 actions, 37 of which are being led by HRM and 30 by the Partnership. The remaining six are co-led by the two organizations. Most of these actions are built into existing HRM and Partnership work plans and budgets. The [last quarterly update](#) on the *Economic Growth Plan's* implementation was provided at the Community Planning and Economic Development Standing Committee meeting on May 21, 2020.

In May 2020, at Regional Council's direction, the Halifax Partnership began developing a *Halifax COVID-19 Economic Response and Recovery Plan (ERRP)*. Created in consultation with key economic development stakeholders, the plan outlines 38 actions HRM and the Partnership will undertake to weather

the urgent health crisis, prepare to restart and rebuild the economy when conditions allow, and return to Halifax’s long-term growth trend and chart a path forward for a stronger, more resilient municipality. Regional Council approved the plan on July 7, 2020. The *ERRP* replaces the *Economic Growth Plan* as the Partnership’s core reporting document to Council. An [ERRP update](#) was provided to Regional Council on September 22, 2020.

DISCUSSION

State of the Economy

Leading up to 2016, Halifax’s population was aging, youth were leaving the municipality, and growth was muted, *The Halifax Economic Growth Plan 2016-21 (Economic Growth Plan)* set out a measurable plan of action to address these challenges through four five-year strategic goals: 1) Promote & Maximize Growth, 2) Attract & Retain Talent, 3) Make Halifax a Better Place to Live & Work, and 4) Align Economic Development.

From the launch of the *Economic Growth Plan* until the onset of the COVID-19 pandemic, Halifax experienced consistent record-breaking population growth. If the trends over that time period had continued out to 2031, the ambitious goal of growing Halifax’s population to 550,000 would have been achieved. Over the past five years, Halifax not only reduced its loss of youth to the rest of Canada but also helped make Nova Scotia a net importer of young people for the first time since 1985. From 2016 through 2019, Halifax consistently experienced positive GDP growth. Due to the pandemic, however, Halifax’s GDP experienced a significant contraction in 2020. The Conference Board of Canada projects a strong rebound in 2021, followed by a return to more stable positive growth in 2022 and beyond. Even absent the pandemic-induced contraction, the GDP growth trends from 2016 through 2019 were not enough to propel Halifax to a GDP of \$30 billion by 2031.

THEN	NOW
0.2 % 2015 Population Growth	2.3 % 2019 Population Growth
1,500 Youth Leaving 2015 Population Growth	200+ Youth Arriving 2015 Population Growth
2,018 Immigrants Net International Migration 2015	6,509 Immigrants Net International Migration 2019
800 New Jobs Added in 2015	6,500 New Jobs Added in 2019
6.3 % Unemployment Rate 2015	5.8 % Unemployment Rate 2015
3.3 % Apartment Vacancy 2019	1.0 % Apartment Vacancy 2019
\$1,048 Average 2BR Rent 2015	\$1,202 Average 2BR Rent 2019
3,526 Housing Units Under Construction 2015	5,260 Housing Units Under Construction 2015
Source: Compiled by the Halifax Partnership	

Halifax’s economic and population growth has been positive in recent years. However, the basic demographic challenge identified in the 2016-21 Growth Plan remains relevant; we are still on track to have a population with a much larger share of older people who consume more expensive services like health care and generate less tax revenues than younger cohorts. Furthermore, rapid growth has brought new challenges: overcrowded schools, scarce housing, oversubscribed childcare and family doctor waitlists,

and living costs quickly outpacing wage growth. New geopolitical challenges and uncertainties have emerged on the world stage.

2021-27 Economic Strategy Framework, Project Stages, and Governance

The Economic Growth Plan provides a sound foundation and framework on which to build the next strategy. The 2021-2027 strategy will be an evolution of the Economic Growth Plan and some actions included in the Halifax COVID-19 Economic Response and Recovery Plan.

The 2021-2027 strategy must address some of the challenges mentioned above and ensure that our growth is sustainable, affordable, and includes all Halifax residents regardless of income or background. Collaboration and engagement with diverse voices across communities, business, and government is essential.

It is proposed that the following groups and organizations have the following roles:

- Regional Council and the Community Planning and Economic Development Standing Committee (CPED) will approve the approach to develop the strategy, the strategy's framework, and the final strategy itself;
- The Halifax Partnership Board of Directors will provide oversight, endorse the strategy's approach, framework, and final direction before they are presented to Council;
- An Ad Hoc Advisory Committee that includes members of the Partnership's Board of Directors and others will oversee the strategy's development, generate new ideas, refine the vision and identify goals, and bring community leadership to the process;
- A Working Group of Halifax Partnership and HRM Government Relations and External Affairs staff will have a "hands-on" role in developing the strategy. It will manage the project, develop detailed project plans and scoping, and undertake stakeholder engagement and communications. HRM Government Relations and External Affairs will engage HRM subject matter experts and ensure alignment with HRM's strategic priorities and business plans.

The strategy will include significant research and analysis including: a review of the Economic Growth Plan and other complementary plans (e.g. HalifACT, ANS Economic Road to Prosperity, Tourism Master Plan, etc.); monitoring of national and global economic trends; and analysis of the municipality's economic development strengths, weaknesses, opportunities, and threats.

Engagement and consultation may take the form of: surveys; in-depth conversations with industry experts and key stakeholders; Partnership hosting of CEO Councils and Mayor's Economic Roundtables; six to eight sessions focused on identifying actions to advance inclusive economic growth; and, an online presence (e.g. Shape Your City Halifax) to communicate information and gather input.

A draft 2022-2027 economic strategy will be presented to Council in early 2022 for approval, with implementation proposed to begin in April 2022.

The approach outlined above was endorsed by the Partnership's Board of Directors on January 27, 2021.

NEXT STEPS

An *ERRP* update will be provided to an upcoming meeting of the Community Planning and Economic Development Standing Committee. Regional Council will also be updated on an ongoing basis regarding the economic strategy's development.

FINANCIAL IMPLICATIONS

HRM is providing the Partnership \$135,000 plus net HST, for a total of \$140,800, from the 2021-2022 budget to develop the next economic strategy. These funds are identified in Government Relations and External Affairs base budget (Cost Centre E400).

RISK CONSIDERATION

There are no significant risks associated with the recommendations in this Report. The risks considered rate Low.

COMMUNITY ENGAGEMENT

Economic development stakeholders and HRM business units were engaged in the development of the Halifax Economic Growth Plan 2016-2021 and the Halifax COVID-19 Economic Response and Recovery Plan. The Halifax Partnership Board of Directors approved the proposed approach outlined in this staff report. There was no broader community engagement in the development of this report.

ENVIRONMENTAL IMPLICATIONS

As was the case with the *Economic Growth Plan*, environmental sustainability will be a key consideration of the 2022-2027 economic strategy.

ALTERNATIVES

1. CPED may choose to recommend that a new economic strategy not be developed.

ATTACHMENTS

None.

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.

Report Prepared by: Jake Whalen, Senior Advisor, Economic Policy and Development, 902.490.2349
