



**Municipal Affairs
Office of the Minister**

NSFM MAY 06 2019

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MAY 01 2019

Councillor Wayne Mason
President, Nova Scotia Federation of Municipalities
Suite 1304, 1809 Barrington Street
Halifax, NS B3J 3K8

Dear Councillor Mason:

Under the provisions of the *Municipal Government Act*, the Minister of Municipal Affairs must provide to the Nova Scotia Federation of Municipalities (NSFM) 12-months' notice of any provincial legislation, regulation, or administrative actions that could have the effect of decreasing revenues or increasing the required expenditures of municipalities.

This letter is intended to provide notice of such changes for fiscal year 2020-2021 and beyond. The Department of Municipal Affairs (DMA) canvassed all other provincial departments to seek information on plans for legislative, regulatory, and policy changes in the coming fiscal year. The following is a summary of the results of that process.

DEPARTMENT OF MUNICIPAL AFFAIRS

Short-Term Accommodations:

The Department of Business formed a working group on short-term rentals to assess growth in the short-term rental market, use of digital platforms for booking private accommodations, and its effect on Nova Scotia's tourism sector. A key goal of the working group was exploring ways to support the OneNS target to double tourism revenue to \$4B by 2024. A recent tourism accommodations needs-assessment found Nova Scotia requires an additional 5,500 to 7,000 units by 2024 to achieve this \$4B target. Promotion of small-scale tourism units across the province has been identified as a key factor in accomplishing this goal.

As a result of this work, DMA have introduced amendments to the *Assessment Act*. These amendments are intended to ensure those providing small scale short-term accommodations are charged property tax at a residential rate. The definition of a bed and breakfast (B&B) in the Assessment Act (Section 47A) is replaced with a definition for a "small-scale residential tourist accommodation establishment". This definition will apply

to a primary residence, cottage, cabin, bed and breakfast, or inn, that is fully or partially rented to provide accommodation to the travelling or vacationing public.

Some aspects of eligible 'small-scale residential tourist accommodation establishments' will be set out in regulation and informed by municipal consultation. The exemption will be limited by the number of bedrooms available for rent on the assessable property. A maximum number of bedrooms has yet to be determined and will not be determined until municipal consultation is completed.

Following proclamation of this Bill, which is expected in 2020, some Nova Scotia municipalities may experience a decrease in property tax revenue if a tourist accommodation establishment previously assessed as commercial is assessed as residential based on the number of rooms. It is difficult to quantify the exact decrease in revenue for municipalities without further consultation with the Property Valuation Service Corporation (PVSC) and Nova Scotia Municipalities, however estimates have been calculated using the PVSC database and current municipal tax rates. These estimates have been provided in Appendix A. It is important to note that some of the data used to produce these estimates is collected for contextual use only, meaning further verification is required in order to confirm the actual potential revenue impact. It is also important to note that potential growth in assessment on other properties in a municipality could offset some of this decrease.

Consultation sessions across Nova Scotia are planned to take place in the coming months. Though not limited to these topics, DMA hopes to determine the following through consultation: maximum number of bedrooms an exemption should apply to, what types of lodging an exemption should apply to, and other impacts the proposed change could have on municipalities.

Equalization:

The Equalization Grant has recently been renamed the Municipal Fiscal Capacity Grant. While this has no immediate financial impact, DMA is committed to reviewing the grant's effectiveness.

DEPARTMENT OF ENVIRONMENT

Proposed Coastal Protection Act

Nova Scotia Environment is providing notice of changes which will be required in municipal building and development permit approval processes now that the coastal protection legislation (Bill 106) has passed. This legislation will provide consistent, province-wide legal protection for our coast by restricting development and related activity in areas where structures will be at risk of damage due to coastal flooding and erosion, or where it will damage sensitive coastal ecosystems.

Under this legislation, municipalities will be enabled to issue a building and/or development permit for construction within a coastal protection zone to be defined by regulation if the application is accompanied by a form signed by an independent designated professional certifying the proposed structure is compliant with the Act. This would require minor modifications to municipal administrative processes for these types of permits.

Responsibility for competent, accurate and objective certification will rest with the member of the designated profession, with forms and a standard for assessing risk of flooding and erosion risks to be provided by Nova Scotia Environment. Municipalities will be responsible for determining whether the proposed site is within the zone (and therefore whether the Act applies) and if so, whether a valid certificate recommending an exception is attached or submitted before a permit application receives an approval. Specifics of which professional groups will qualify to provide the certification, specific standards and forms to be used and other administrative details will be set out in regulations. The delineation of the coastal protection zone is comprised of both horizontal and vertical setbacks from the high-water mark. The delineation of the zone, and the specifics of restrictions, various exceptions and standards that apply within it will also be set out in regulation.

Nova Scotia Environment looks forward to working with municipalities in determining how best to implement these important new measures.

Nova Scotia Environment will be consulting with municipalities on the regulations.

DEPARTMENT OF COMMUNITIES, CULTURE AND HERITAGE

Library Funding

Over the course of the last several years, Communities, Culture and Heritage has worked with the Nova Scotia library community to develop a new funding formula for libraries. As part of a new funding formula, the Province has proposed investing an additional \$2,000,000 in libraries, increasing its investment from \$14,400,000 to \$16,400,000 annually. It should be noted that as libraries also receive funding from municipalities, any changes to the formula could result in funding pressure on municipalities. Final recommendations, which will include input from municipalities, are still being developed and government has not made a final decision on changes at this point. However, there is potential for these changes to affect the 2020-2021 fiscal year. Any funding impacts will be shared once they are identified. If you would like more information on this issue, please feel free to contact Rhonda Walker, Executive Director, Archives, Museums and Libraries at Rhonda.Walker@novascotia.ca.

DEPARTMENT OF JUSTICE

Additional Officer Program

The review of the Additional Officer Program has been completed by the external consultants. The program is integral to the policing environment in Nova Scotia, and as such the department conducted additional analysis to further support the findings of the review. The review's mandate was to ensure that the program is efficient and effective, and evolving to address the needs of the Nova Scotians as the nature of crime is changing in our province. A decision on the status of the program will be communicated early in the Spring.

Legalization of Cannabis

We would like to thank our partners in policing as well as all municipalities across the province for the successful roll out on October 17th, 2018. The federal decision to legalize cannabis has been a significant policy shift and the effort continues as we work to include edibles and extracts no later than October 17th, 2019. There remain many unknowns, including the full implementation costs and potential savings, for all levels of government. We remain committed to continuing discussions and are interested in gathering specific details about the municipal costs related to cannabis legalization, as well as areas where municipalities expect to see cost savings.

Given the ongoing work and unknowns that lay ahead, we cannot identify specific implications at this time but will commit to do so if and when they are identified.

The Accessibility Act

The Accessibility Act sets out that the Governor-in-Council may make regulations prescribing municipalities, universities and organizations as public-sector bodies. Within one (1) year of being prescribed as a public sector body, municipalities will be required to develop an accessibility plan and establish an accessibility advisory committee. The Accessibility Directorate continues to work closely with municipalities via a provincial/municipal accessibility working group which includes representatives from the Accessibility Directorate, DMA, NSFM and the Association of Municipal Administrators. Members of this working group have endorsed October 1, 2019 as the recommended date for municipalities to be prescribed as public sector bodies under the Accessibility Act. Municipalities will be advised of this date in Spring 2019.

The working group also endorsed the Town of Wolfville to pilot the development of a municipal accessibility plan. Over the past year, the Accessibility Directorate has been

working closely with the Town of Wolfville to help them develop their plan. Lessons learned from this pilot project are being compiled in a Municipal Handbook, which will be a step-by-step guide for municipalities to help them meet their obligations under the Accessibility Act. The Municipal Handbook will be distributed to all municipalities, including villages, once they are prescribed under the Act.

If any of the above content is unclear or should you have any questions regarding the provided information, please do not hesitate to contact the department for clarification. I will also reiterate my previous offer to meet with you to discuss, in general, how the 12-month notice letter can better meet municipalities' needs.

Sincerely,

A handwritten signature in blue ink, appearing to read "Chuck Porter". The signature is stylized with a large, looping initial "C" and "P".

Chuck Porter
Minister

Attachment

Appendix A

Estimated Cumulative Potential Reduction in Property Tax Revenue, Converting Commercial to Residential (Nova Scotia, 2018)

# of Bedrooms	4	5	6
Provincial Total	\$ 276,089	\$ 345,756	\$ 403,383
AMHERST	\$ -	\$ -	\$ -
ANNAPOLIS ROYAL	\$ 699	\$ 699	\$ 699
ANTIGONISH	\$ -	\$ 129	\$ 129
BERWICK	\$ -	\$ -	\$ -
BRIDGEWATER	\$ -	\$ -	\$ -
CLARK'S HARBOR	\$ -	\$ -	\$ -
DIGBY	\$ -	\$ -	\$ 4,700
KENTVILLE	\$ -	\$ -	\$ -
LOCKEPORT	\$ -	\$ -	\$ -
LUNENBURG	\$ 5,270	\$ 8,949	\$ 8,949
MAHONE BAY	\$ -	\$ 284	\$ 1,297
MIDDLETON	\$ -	\$ -	\$ -
MULGRAVE	\$ -	\$ -	\$ -
NEW GLASGOW	\$ -	\$ -	\$ -
OXFORD	\$ -	\$ -	\$ -
PICTOU	\$ 4,960	\$ 4,960	\$ 8,618
PORT HAWKESBURY	\$ -	\$ -	\$ -
SHELBURNE	\$ 4,393	\$ 7,653	\$ 7,653
STELLARTON	\$ -	\$ -	\$ -
STEWIACKE	\$ -	\$ -	\$ -
TRENTON	\$ -	\$ -	\$ -
TRURO	\$ -	\$ -	\$ -
WESTVILLE	\$ -	\$ -	\$ -
WINDSOR	\$ -	\$ -	\$ -
WOLFVILLE	\$ -	\$ 30,051	\$ 30,051
YARMOUTH	\$ -	\$ -	\$ 7,776

ANNAPOLIS	\$ 4,047	\$ 4,047	\$ 5,214
ANTIGONISH	\$ 3,639	\$ 3,639	\$ 3,639
ARGYLE	\$ 2,140	\$ 2,140	\$ 2,140
BARRINGTON	\$ 2,956	\$ 2,956	\$ 2,956
CHESTER	\$ 5,370	\$ 5,370	\$ 5,370
CLARE	\$ 6,420	\$ 6,420	\$ 9,964
COLCHESTER	\$ 8,197	\$ 8,197	\$ 8,197
CUMBERLAND	\$ 22,390	\$ 25,149	\$ 25,149
DIGBY	\$ 3,100	\$ 3,345	\$ 5,185
GUYSBOROUGH	\$ 14,994	\$ 14,994	\$ 18,506
EAST HANTS	\$ 1,744	\$ 1,744	\$ 4,075
WEST HANTS	\$ 1,016	\$ 2,590	\$ 2,590
INVERNESS	\$ 91,743	\$ 99,352	\$ 105,655
KINGS	\$ 1,017	\$ 3,069	\$ 3,810
LUNENBURG	\$ 27,700	\$ 27,700	\$ 30,911
PICTOU	\$ 6,849	\$ 11,552	\$ 15,203
RICHMOND	\$ 2,608	\$ 4,718	\$ 5,746
SHELBURNE	\$ 1,013	\$ 1,013	\$ 1,013
ST. MARY'S	\$ -	\$ -	\$ -
VICTORIA	\$ 22,160	\$ 23,455	\$ 28,551
YARMOUTH	\$ -	\$ -	\$ -
CITY OF SYDNEY	\$ -	\$ -	\$ -
HALIFAX URBAN CORE	\$ 1,585	\$ 12,126	\$ 20,180
QUEENS COUNTY	\$ 30,079	\$ 29,456	\$ 29,456

Note: the assessment data relating to “number of rooms”, is unverified and will require additional data collection to produce accurate estimates. This analysis does not contemplate any positive economic spin-offs such as potential increases in property values resulting from this change.