

# 2014 Development Charges Study: Proposed Changes to Conversions and Demolitions Policies

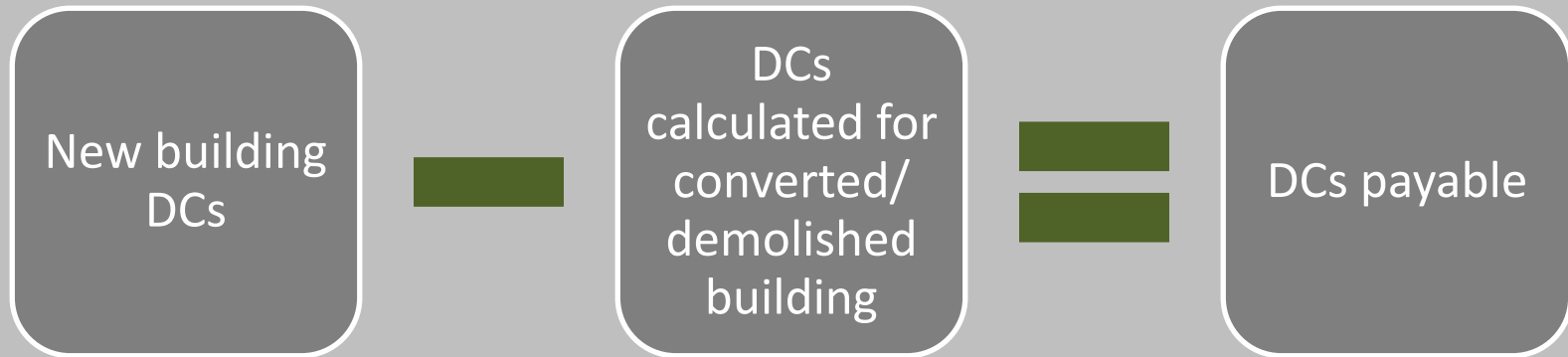
*Strategic Priorities and Policy Committee*  
*October 21, 2013*



**London**  
CANADA

# Background

- Most Ontario municipalities provide reductions for DCs payable based on the DC value of former buildings on the site that were demolished or converted.

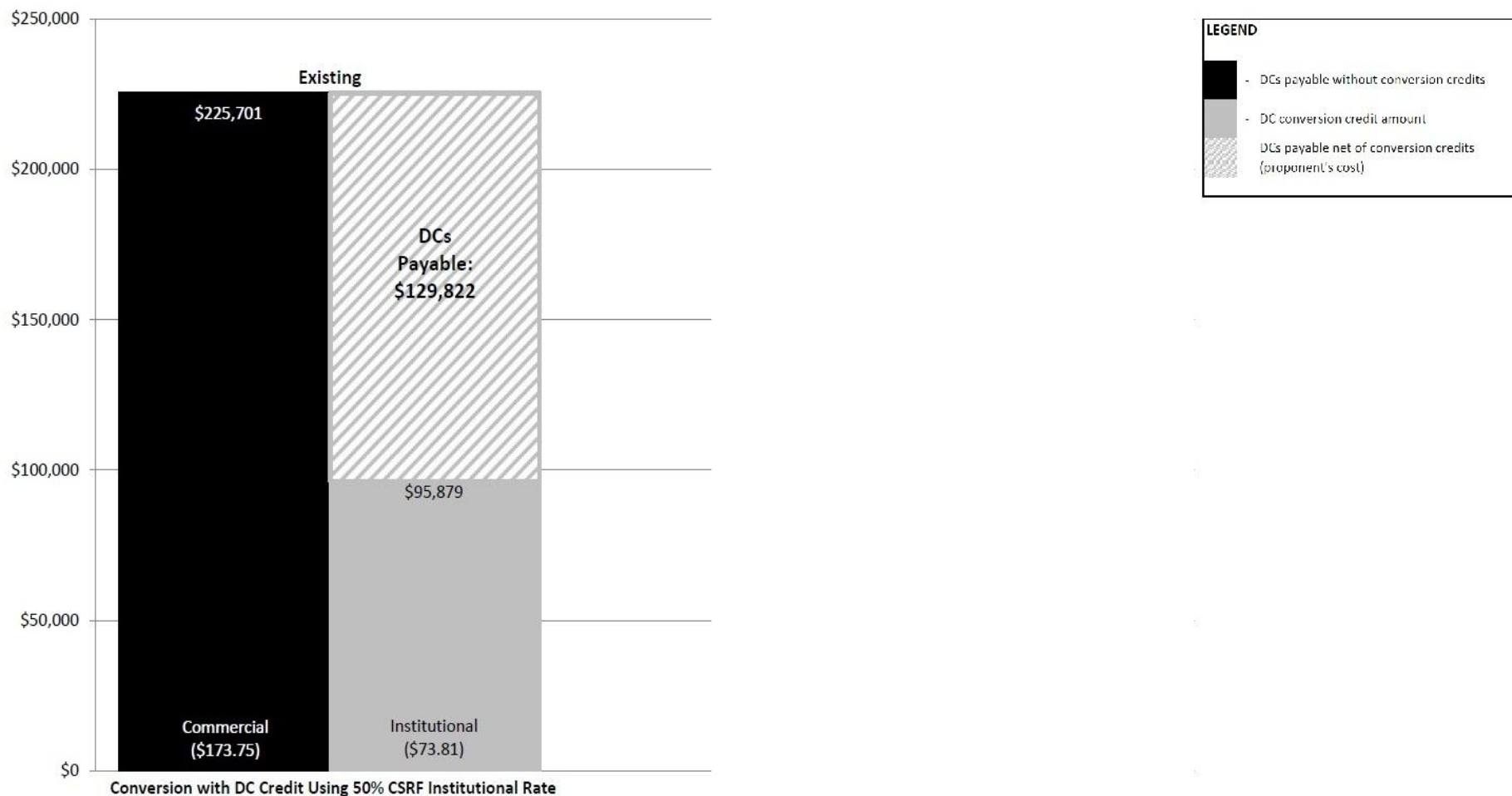


# Background

- Current City of London DC By-law provides credits against development charges payable for buildings previously demolished or converted to other uses; but generally...
  - No credit available for industrial buildings due to former exemption; and,
  - 50% of the City Services Reserve Fund Rate not available for credit on conversion of Institutional buildings due to current discount.
- On average over the last 5 years, less than 1 industrial building conversion/year and less than 1 institutional building conversion/year
- On average over the last 5 years, 1 industrial demolition permit/year and 2 institutional demolition permits/year

# Institutional Conversion Example

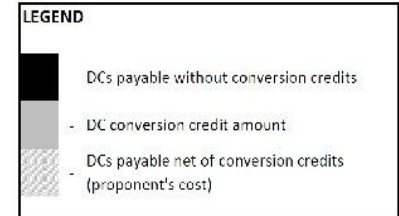
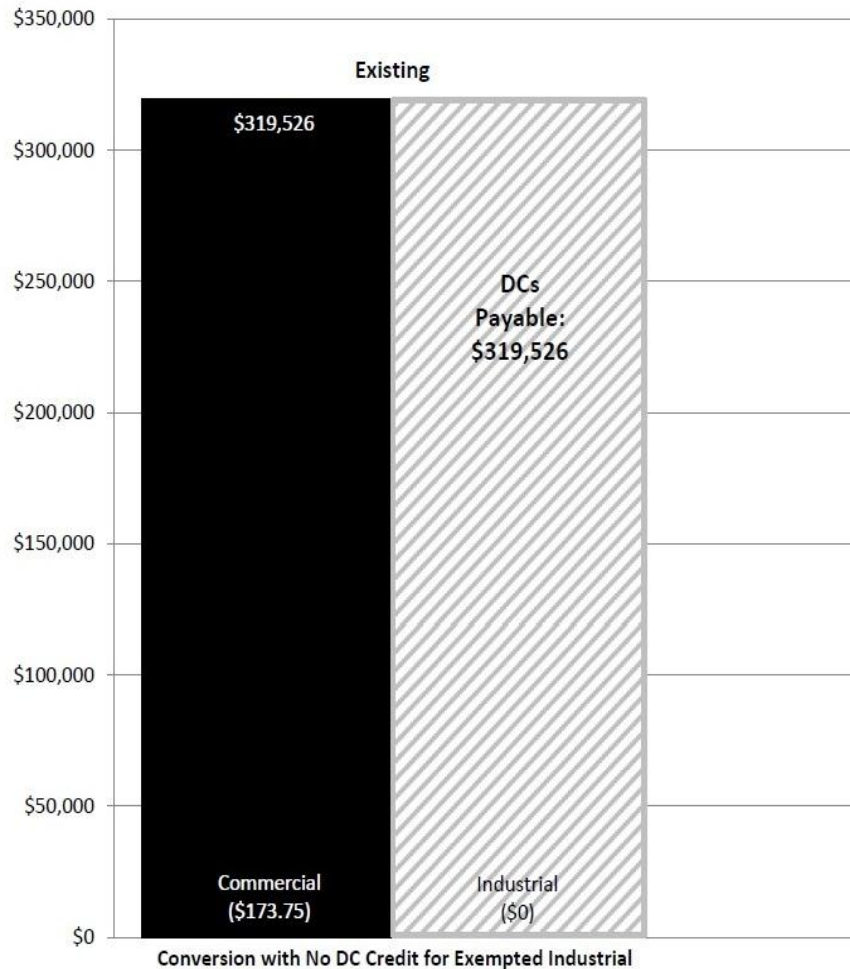
Comparison of Existing and Potential DC Conversion Policies:  
Institutional (1299 m<sup>2</sup> building)<sup>1</sup>



<sup>1</sup> Note: excludes the 322 m<sup>2</sup> of additional new space for simplification of comparison

# Industrial Conversion Example

Comparison of Existing and Potential DC Conversion Policies:  
Industrial (1839 m<sup>2</sup> Building)

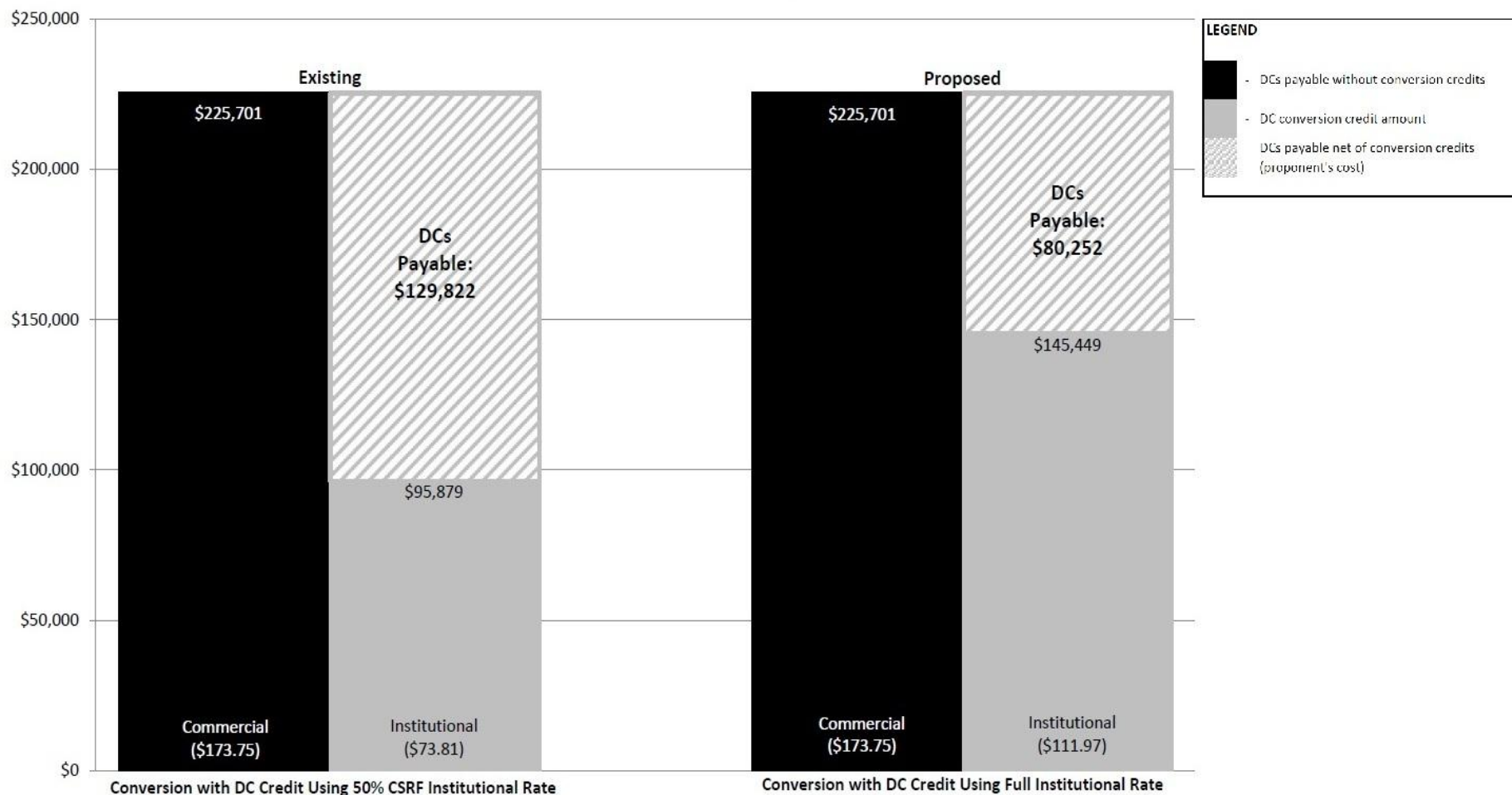


# Recommendation

The City Treasurer **BE DIRECTED** to include provisions in the 2014 Development Charges By-law to provide an amount of conversion credit or demolition credit against DC charges otherwise payable on buildings being converted or demolished for the full DC rate, rather than the “discounted” or “subsidized” DC rate currently used to calculate the credit.

# Institutional Conversion Example

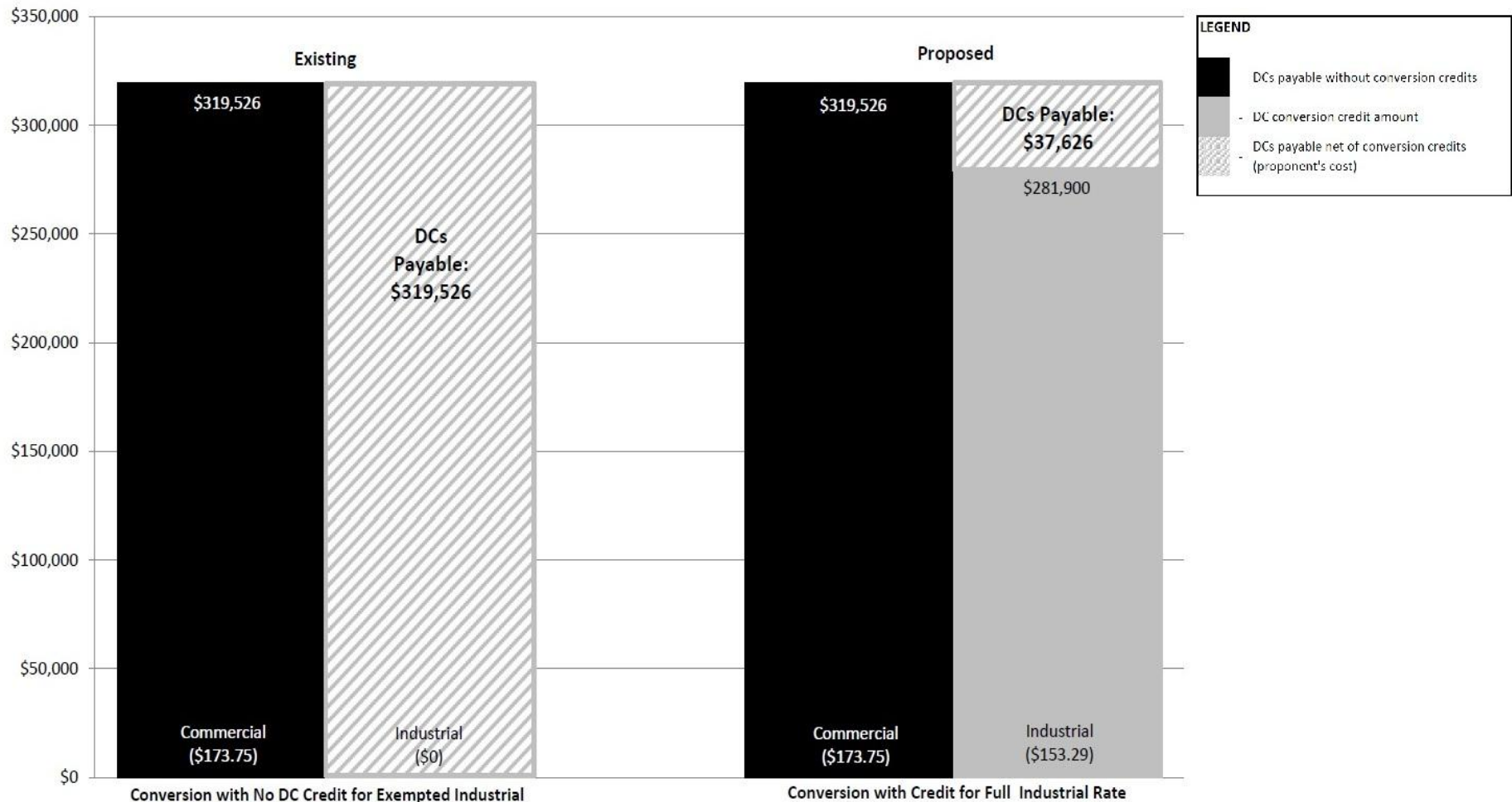
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# Rationale and Impacts of Recommendation

## ■ Rationale

- **Fairness:** Growth costs have already been paid by a source of funding; it should not matter who paid the costs
- **Consistency:** All re-development avoids “paying twice” for DCs no matter what the former use of the converted or demolished building
- **Simplicity:** Straight-forward calculation of credits without conditions based on former use

## ■ Impacts

- No financial contributions required by the City from adopting the new policy
- Lower net DCs payable for re-development proponent
- Improves incentive to redevelop existing sites
  - Caution : Need to continue to apply Zoning By-law to ensure appropriate uses and to avoid conversions for the sake of avoiding DC costs

# Other Municipalities: Findings

- Surveyed 14 municipalities to compare the proposed recommendations in the report with policies in other jurisdictions (Table 1 and 2 in report)
  
- Conversions Policies
  - 13 of 14 have conversion credit policies, most do not place limits on conversions
    - Kingston: Building must have been occupied within 5 years of conversion
    - Oakville: No conversion credits for exempted buildings (same as current London policy)
  - Windsor: If GFA not changing with conversion, no DCs required (DCs paid for new space added only)

# Other Municipalities: Findings

## ■ Demolition Policies

- All surveyed municipalities have demolition credit policies
- 10 of 14 limit the amount of time that demolition credits are available; generally 4-5 years (much shorter than London's 20 year window for the Downtown and 10 years for remainder of the city)
- Hamilton, Milton, Oakville and Ottawa do not provide demolition credits for buildings that are exempted by the DC by-law (London's current policy)

# Summary

- Effective with the 2014 DC By-law, re-development proponents of former industrial and institutional buildings will benefit from increased DC credits
- The proposed recommendations are justified on the basis of :  
fairness, consistency and simplicity in dealing with conversions and demolitions (vs. the current policy)
- The policy change does not require a financial contribution by the City taxpayer