

Jun 14, 2024

Chair and Members - Strategic Priorities and Policy Committee
c/o SPPC Clerk - Heather Woosley
sppc@london.ca

Re: Master Accommodation Plan - Centralized City Hall Facility

I am the Principal of City Planning Solutions and also the former Managing Director of Planning for the City of London. I have a deep passion for the City of London and am keenly interested in seeing Downtown London succeed. I have also had extensive experience working on urban issues and city building initiatives through my work as Senior Research Associate at the Human Environments Analysis Lab at Western University, Distinguished Research Practitioner at Western's Centre for Urban Policy and Local Governance and serving in senior committee roles at the Council for Canadian Urbanism, Regional Planning Commissioners of Ontario and Ontario Professional Planners Institute.

It is through this lens and with this interest in mind, that I have agreed to work with Farhi Holdings Corporation (FHC) on an unsolicited proposal for a city-owned, centralized City Hall facility on the Market Block in the centre of Downtown London.

We have had the opportunity to review the report on the June 18th SPPC agenda entitled "Master Accommodation Plan - Redevelopment of City Hall Campus". We agree that the City Hall site presents an excellent location for residential development - one that will be very desirable to the development community. We also understand the intention of consolidating administrative functions in a centralized City Hall facility to avoid expensive leasing costs, create strategic adjacencies of complimentary functions and improve customer service interfaces.

However, we believe that there is a better location for a City-owned centralized City Hall facility that will bring greater strategic advantages, address many City of London problems and further many of Council's plans and strategies. We believe that these are benefits that cannot be similarly achieved by expanding on the existing City Hall campus.

Our Request

As explained further in this letter, we submit to the Strategic Priorities and Policy Committee that it is premature to move forward with a procurement process to expand the existing City Hall facility onto the adjacent municipal lands at this time. As such, we are requesting that Municipal Council defer the competitive procurement process for expanding on the existing City Hall campus as is recommended in the SPPC report. This will allow for the “City Hall Market Block” unsolicited proposal currently lodged with the City to progress through the formal unsolicited proposal process.

To be clear, we are not asking for an endorsement of the City Hall Market Block proposal in any way at this time. But rather asking that any plans for expansion onto the City Hall campus be deferred until such time as the unsolicited proposal can be assessed through the proper unsolicited proposals process.

We note that public reports to date on the Master Accommodation Plan have identified three options for establishing a centralized City Hall facility:

- (1) Maintain status quo
- (2) Expand on the City Hall site
- (3) Build a new building on a greenfield site.

A fourth option has not been considered in past public reports, whereby a centralized City Hall facility would be established within an **existing vacant building** in the centre of Downtown London.

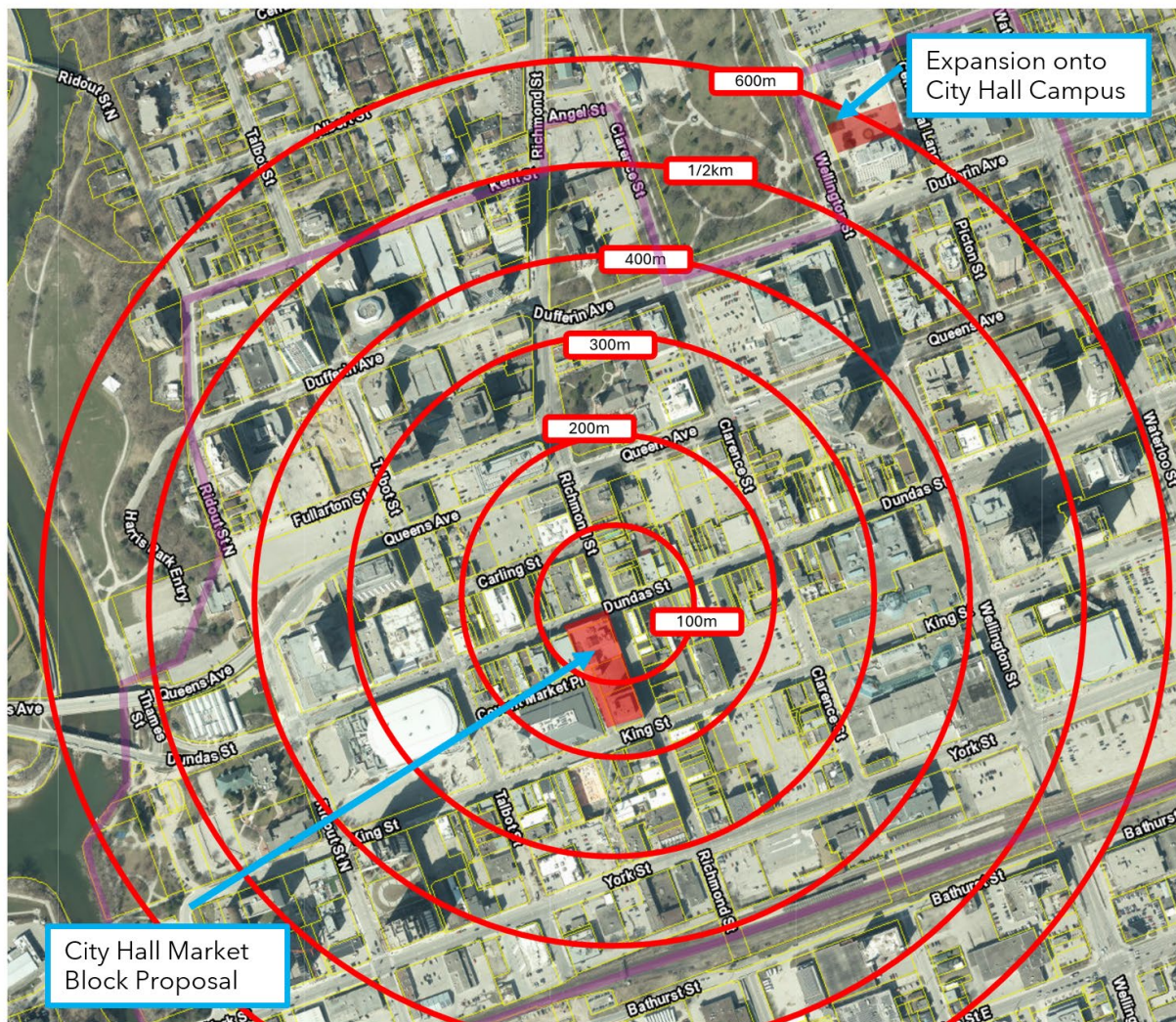
The “City Hall Market Block” Proposal

This fourth option is now available to municipal Council through an unsolicited proposal that was submitted and accepted through the City’s established unsolicited proposal process - referred to as the “City Hall Market Block” proposal. FHC is making the Market Tower, former Royal Bank building and the connecting space between them available to the City for the purpose of establishing a centralized City Hall facility on the Market Block in the heart of Downtown London.

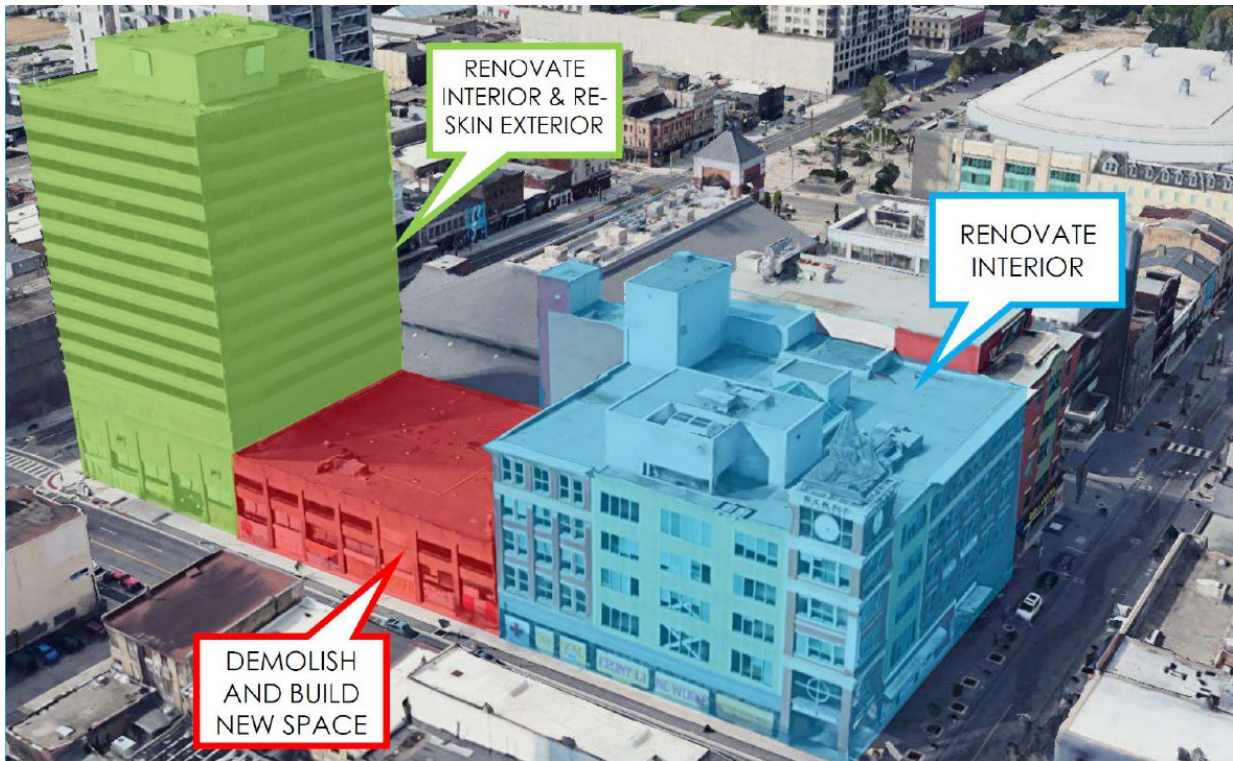
As shown on the below graphic, siting a centralized City Hall facility at this location would represent an important municipal investment in the centre of Downtown London - a strong signal to the business community that Council is continuing its efforts to revitalize our Core. It would bring ~1,000 municipal employees, members of the business community and the public to the centre of Downtown London, at Dundas and Richmond Streets. These “feet on the street” bring many strategic public benefits that are described in more detail below - such as improving safety and security, supporting and stimulating small business development, breathing new economic life into Dundas Place and the Covent Garden Market and setting the stage for revitalization in the heart of our Downtown.

In contrast, expansion of the existing City Hall onto its adjacent lands would remove a significant amount of municipal office tenancy from the core area of the Downtown and move those City employees a location that is over 1/2km away from Dundas and Richmond Streets. Centralizing City Hall at this location would not bring the same range of strategic benefits for revitalizing our Downtown core.

Distance From Dundas & Richmond - The Centre of Downtown London



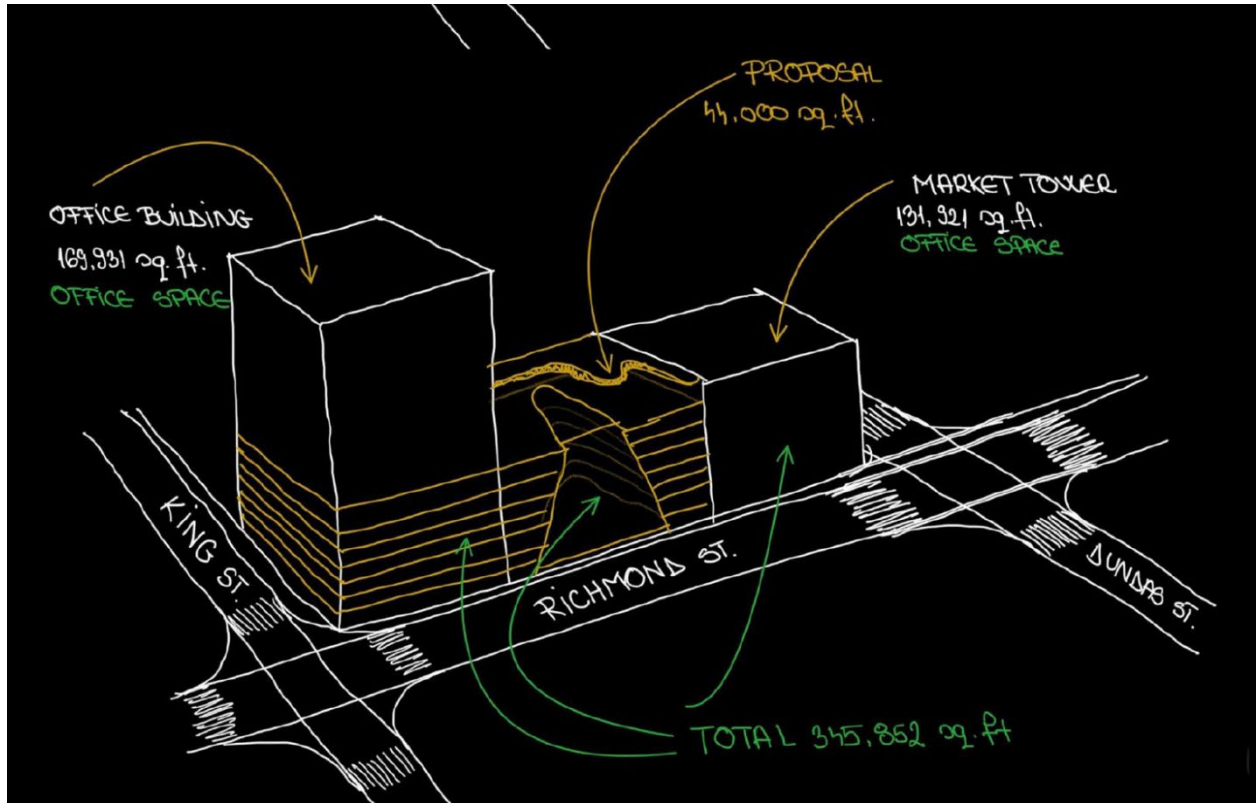
At its foundation, the City Hall Market Block proposal makes the Market Tower, former Royal Bank building and the connecting space between them (the Annex) available to the City so that they may establish a centralized City Hall facility at this location. This would be a real estate transaction, whereby the City would purchase three vacant buildings on the Market Block that together constitute 337,000 sq.ft. of office space at **fair market value** (determined by an independent real estate appraisal approved by the City).



However, the proposal does not end there. The acquisition of these buildings creates a series of opportunities that, together, could be truly transformational for Downtown London.

The City Hall Market Block proposal outlines a plan illustrating the opportunity afforded by a **City-owned**, centralized City Hall facility on the Market Block situated in the heart of Downtown London. This facility would be created by connecting a significantly upgraded Market Tower and the former Royal Bank building with a newly constructed four-storey building erected between them, forming a continuous and seamless office space.

This renovation and new construction would be aimed at creating a new City Hall that meets the needs identified in the City's Master Accommodation Plan, providing: (1) attractive and flexible office space that includes the latest in technological infrastructure; (2) an array of employee amenities that support working away from home; (3) large floor plates for strategic administrative adjacencies; (4) a new Council Chambers and multiple flexible meeting rooms; (5) a seamless connection between all spaces and (6) the architectural prominence and historical connection of a building suitable for of the local seat of government.



While the City Hall Market Block proposal envisions the opportunities that could be realized by the City if they are to acquire these three buildings, it is NOT proposed that FHC undertake any of this renovation or construction work for the City. FHC has offered to demolish the existing Annex space (currently connecting the former Royal Bank and Market Tower buildings) at no cost to the City, if so-desired. Beyond that, FHC's role would be limited to selling these buildings to the municipality and providing special financing if desired by the municipality.

We have engaged an architectural firm - 360 Smart Design - to develop conceptual floor plans and renderings that illustrate this vision and the opportunities that the City could pursue if they were to acquire these buildings. These renderings are provided, in full, in our unsolicited proposal that has been submitted to, and accepted by, the City.



To facilitate the envisioned City Hall facility on the Market Block, the proposal includes the following:

1. FHC will make **all three vacant Market Block buildings available for City acquisition**, so that the facility and lands will be entirely owned by the municipality.
2. **The sales price of these three buildings will be established at FAIR MARKET VALUE**, to be determined by a City-accepted real estate appraisal.
3. Unique financing is being offered through this proposal to the City, with **60% of the purchase price payable in the form of DC credits**, to be paid only when FHC develops housing at other locations in the City of London.
4. **Of the 40% remaining** of the purchase price, **80% can be paid by the City in 2 years at 0% interest**.
5. **FHC will demolish the Annex building at no cost to the City**, should the City wish to remove it in favor of a new connecting space as envisioned.

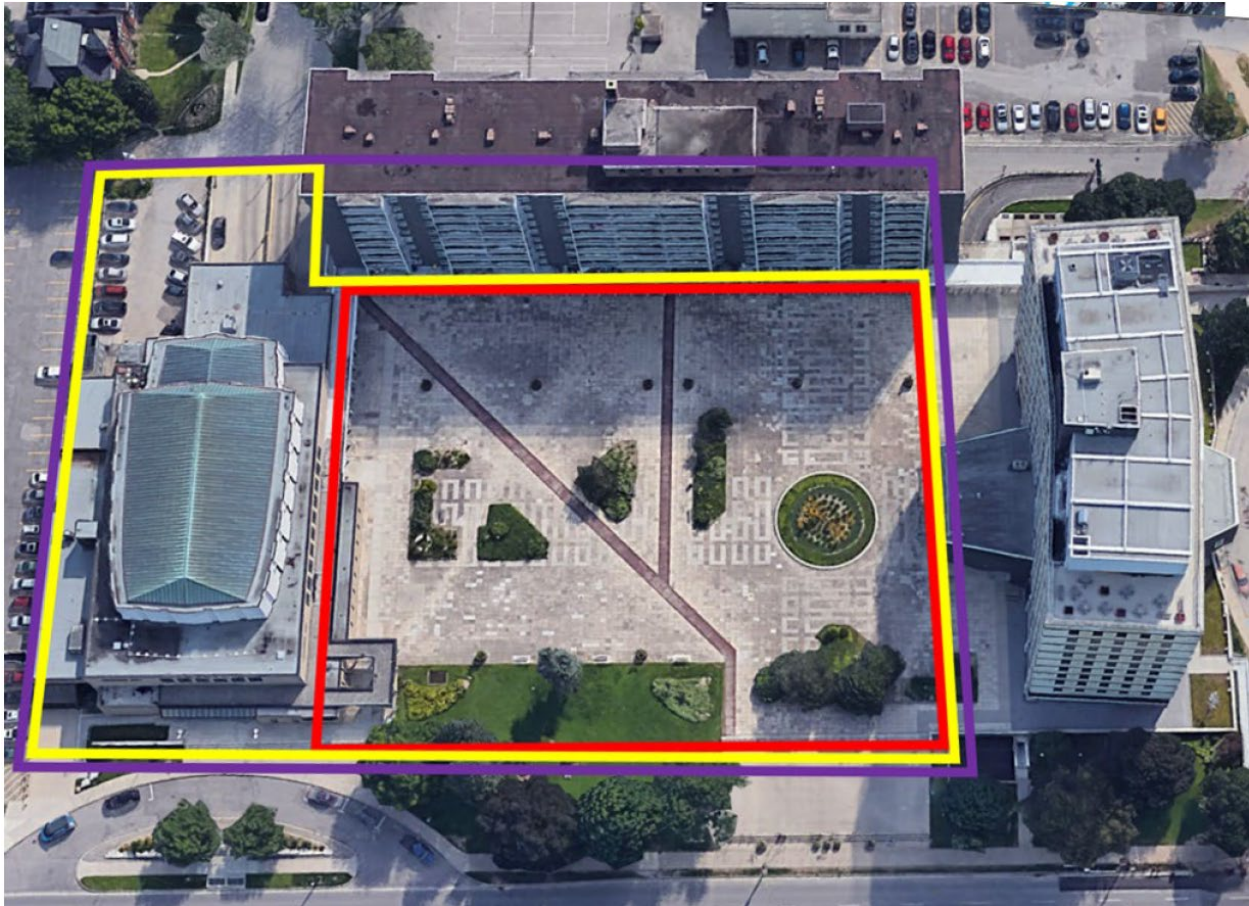
What follows is a sample of renderings that envision what is possible for a centralized City Hall facility at this location. A broad range of conceptual floor plans and renderings are provided in the full unsolicited proposal submission provided to the City





The Opportunity for Creating Downtown Housing at a Highly Desirable Location

This proposal highlights the opportunity to repurpose the current City Hall building for housing as City Hall relocates to a new, City-owned facility on the Market Block. Additionally, it opens up City-owned lands for the development of two residential towers while preserving Centennial House. Together, these developments could result in approximately 750+ additional residential units on the City Hall lands, located in a highly desirable area near Victoria Park. Our proposal shows how this could be accomplished, using a to-scale illustrative development concept.



The City could take advantage of this opportunity by releasing the existing City Hall lands to the market through a separate RFP process - much like what is being proposed in the SPPC report. This approach will allow the municipality to ensure that their development goals for the site are met, such as including affordable housing, sensitivity to the nearby neighbourhood, commercial uses at the base, and desirable design features facing the park.

A Unique Opportunity

This proposal provides a very unique opportunity for the City that was not previously available. We do not believe there are other vacant buildings in the heart of Downtown London that: (1) are available for acquisition; (2) are large enough to house a centralized City Hall facility within a single connected office space; (3) could create a discrete City Hall building without other tenants; (4) offer architecture, heritage elements and prominence that

is befitting a City Hall and the seat of local government; and (5) are located in the centre of Downtown London.

The proposed financing is beneficial and would result in significant cost savings to the City in several ways. The proposal also includes the offer to demolish the existing connecting Annex building at no cost to the City, further enhancing its appeal. We believe this proposal offers multiple benefits to the City by addressing current challenges and advancing several Council strategies and plans, such as:

- **Reduce Core Area Vacancy:** Fill a large, 337,000 sq.ft. vacant space in the heart of Downtown, aligning with Council's Core Area Vacancy Reduction Strategy.
- **Revitalize Downtown London:** Bring approximately 1,000 employees and members of the public to Dundas and Richmond Streets, enhancing the area's vibrancy.
- **Support Previous Municipal Investments:** Protect and bolster previous investments in the Downtown area, including the Market, Fanshawe College, Dundas Place, Budweiser Gardens, Museum London, and the Forks.
- **Meet the Needs for a Centralized City Hall Facility:** Meet the needs of a centralized City Hall facility as outlined in the Master Accommodation Plan.
- **Facilitate Housing Development (and Affordable Housing):** Create the potential for nearly 750 housing units in a highly desirable residential location.
- **Stimulate Future Residential Development in London:** Facilitate the development of up to an additional 1,400 residential units on other sites in London to utilize the DC credits that represent 60% of the purchase price.
- **Increase Ongoing Tax Revenues:** Generate significant new tax revenue through the housing development facilitated by this proposal.
- **Realize Cost Efficiency:** Based on our review, high-level assumptions, and best available information, this proposal is expected to cost considerably less than retaining City Hall and constructing new office space on Reg Cooper Square.

Clarifying What IS NOT Included in the City Hall Market Block Proposal

Importantly, it should be understood that FHC's role is primarily limited to making the subject vacant buildings available to the City for acquisition, offering unique financing for the sale to the City and demolishing the Annex building space at no cost to the City. However, to be clear FHC:

- **Is not** proposing to renovate the vacant buildings
- **Is not** proposing to build the new connecting floor space
- **Is not** proposing any special status on future processes should the City move forward with the sale of the City Hall building and lands
- **Is not** proposing the swap of any lands
- **Is not** proposing any other remuneration from the City beyond the sales price for the currently vacant buildings.

MANY PUBLIC BENEFITS OF LOCATING CITY HALL IN THE CENTRE OF DOWNTOWN LONDON



| | | |
|---|---|---|
| <p>1 City-owned Centralized City Hall Facility to Meet Needs</p> <p><i>345,000 sqft vs. 185,000 sqft at current City Hall</i></p> | <p>2 Improve Downtown Safety and Security</p> <p><i>Daily presence of ~1,000 office workers and those using City Hall</i></p> | <p>3 Fill Massive Vacancy in Heart of Downtown</p> <p><i>Feet on the street ~1,000 employees + customers</i></p> |
| <p>4 Protect City's Major Downtown Investments</p> <p><i>Covent Garden Market, Dundas Pl, Bud Gardens, Forks, Museum, Fanshawe College</i></p> | <p>5 Create 2,100+ New Housing Units</p> <p><i>Opportunity for mixed affordability housing</i></p> | <p>6 Realize Significant Cost Savings</p> <p><i>Preliminary estimates suggest significantly less than expanding on the existing City Hall site</i></p> |
| <p>7 Generate New Ongoing Tax Revenues</p> <p><i>Estimated \$6.5M in new tax revenues</i></p> | <p>8 Minimize Disruption to City Services During Construction</p> <p><i>Construction on separate site from current City Hall</i></p> | <p>9 Support Economic Development & Tourism</p> <p><i>Improve City's image and support small business development</i></p> |

Comparing Expansion Existing City Hall Campus vs. the City Hall Market Block Proposal

As described above, we are not submitting this letter to seek out approval at this time for the City Hall Market Block proposal. Rather, we are requesting a deferral of any decision to move forward on an approach to expand City Hall on the adjacent lands. This deferral would allow for a full evaluation of the City Hall Market Block proposal through the proper unsolicited proposal process.

However, to explain why we believe it is important to consider the City Hall Market Block alternative, we have prepared a comparison of some key considerations between the two approaches to establishing a centralized City Hall Facility. While best available information has been used for these comparisons, a more rigorous evaluation would be possible if Council granted the requested deferral.

The City Hall Market Block proposal submitted to the City (Executive Summary attached in Appendix 1), compares costs relating to a 265,000 sq.ft. centralized City Hall facility, based on previous Master Accommodation Plan reports that identified the floor area requirements of a centralized City Hall at 246,000 sq.ft. to the year 2031.

However, the Staff report on the SPPC agenda indicates that approximately 124,000 sq.ft. of space that is currently being leased by the City within the Downtown would be moved to a newly established centralized facility. As such, for the purpose of this comparison in this letter, **a facility of 300,000 sq.ft. has been assumed.**

Comparison of Location

The City Hall Market Block proposal for a centralized City Hall facility is in the heart of the Downtown core. The comparative location of each proposed facility is shown on the below map (looking west). This graphic supplements the previous graphic in this letter showing concentric circles around Dundas and Richmond Streets. There are many municipal investment, private sector investments that received City incentives, and other government buildings clustered around the City Hall Market location. Leveraging, supporting and protecting these investments is an important strategic consideration when evaluating the best location to site a centralized City Hall facility.

- 1 - EXISTING City Hall
- 2 - PROPOSED City Hall

Municipal Investments

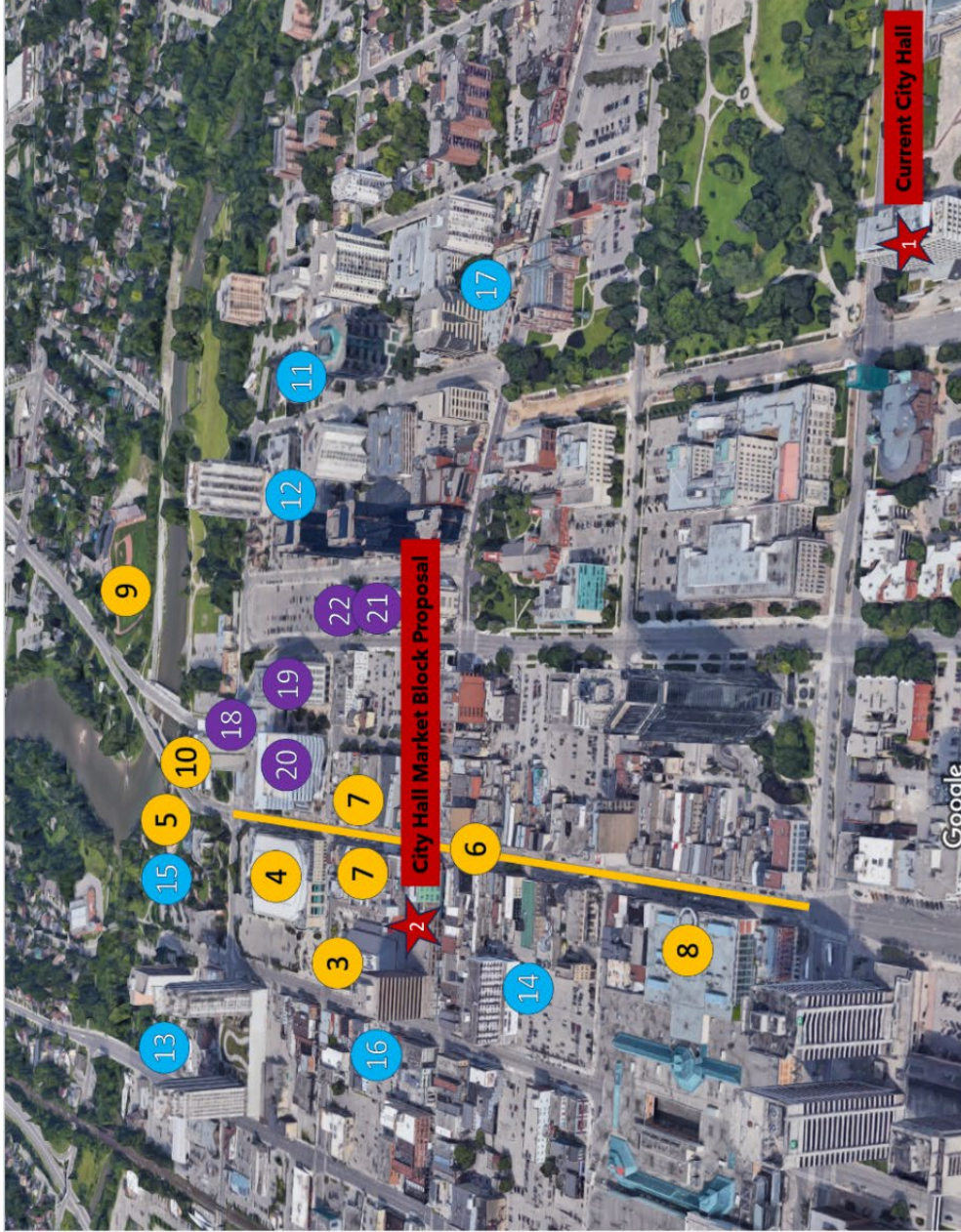
- 3 - Covent Garden Mkt
- 4 - Budweiser Gardens
- 5 - The Forks
- 6 - Dundas Place
- 7 - Fanshawe College
- 8 - Central Library
- 9 - Labatt Park
- 10 - Museum London

Recent/Proposed Residential

- 11 - Azure
- 12 - Centro
- 13 - Riverwalk
- 14 - 195 Dundas
- 15 - Forks Proposal
- 16 - Aqoi on King
- 17 - One Richmond Row

Other Gov't Bldgs

- 18 - Courthouse
- 19 - Federal Bldg
- 20 - Service Ontario
- 21 - Dominion Bldg
- 22 - 120 Talbot



Comparison of Downtown Vacant Space Filled

As discussed in the Staff report to Council, it is proposed that 124,000 sq.ft. of office space currently leased by the City in 12 different buildings Downtown will be vacated to consolidate with the centralized City Hall facility. We believe that much of this space is in the core of Downtown London, close do Dundas Street.

In the case of an expansion onto the current City Hall campus, this municipally-leased space will be re-directed to the campus at Dufferin and Wellington. This will exacerbate very high vacancies in the core of Downtown London (some of the highest rates in Canada) and the associated problems of blight, safety and security, and further economic downturn.

| Existing vacant space to be filled in the heart of Downtown London | | |
|---|--|--|
| | Expanding on City Hall Campus | City Hall Market Block Proposal |
| Vacant space to be filled in the core of Downtown London | Creates another 124,000 sqft of vacant space | 337,000 sq.ft. |

Comparison of Estimated New Housing Facilitated by Each Project

To make this comparison, the following assumptions were applied consistently:

- Assumes 535,000 sq.ft. of new floor area in 25 & 30 storey buildings plus a 4-storey podium on City Hall site (see the 3-D model prepared in the full unsolicited proposal)
- Assumes 80% efficiency and average unit size of 700 sq.ft. for new development
- Assumes 124,000 sq.ft. of new office space for City Hall expansion

The City Hall expansion model would see 124,000 sq.ft devoted to City Hall office space. This means approximately 1/4 of the development potential for housing would be lost to office uses. In addition, the 130+ units of housing proposed to be created through the re-purposing of the existing City Hall building would not be possible as it would continue to be used as City Hall office space.

In addition, the proposed financing model provides fort 60% of the sales price be paid to FHC in the form of development charge credits. These DC credits would only be receivable by FHC if they are to build new housing in London- 650-1,400 units depending upon structure type.

| Estimated New Housing Units Created by Each Proposal | | |
|---|--------------------------------------|--|
| | Expanding on City Hall Campus | City Hall Market Block Proposal |
| Units created on City Hall Site | 470 units | 745 units |
| Units constructed in London by FHC to avail of DC credits | 0 | 650-1,400 units |
| Total | 470 units | 1,395 - 2,145 units |

Comparison of Estimated Costs

There are many different ways that each proposal could be developed. However, for the purposes of this comparison it has been assumed that a centralized City Hall facility of 300,000 sq.ft. would be created.

It has been assumed for the purpose of this evaluation that the City could sell the entire City Hall campus lands for \$50M (requires appraisal). If the City were to expand onto the campus lands and retain the City Hall building, there would be much less development potential and thus less value offered to the developer. It has been assumed that the City could attract \$25M (requires appraisal) for selling the development lands. In both cases, it is assumed the City would sell the lands through a competitive procurement process.

It is noteworthy that the City's 2023-2027 Multi-year Budget includes \$101M in required major upgrades to the existing City Hall building. These improvements relate to City Hall uses and needs and it is presumed that much of this cost could be avoided if the City were to sell the building to a third party to repurpose it for residential uses.

Although requiring review and evaluation by the City, these high-level estimates suggest that the FHC proposal would be significantly more affordable.

| Net Cost of Each Proposal - High Level Estimate (300,000 sq.ft. facility) | | |
|---|--|--|
| | Expanding on City Hall Campus | City Hall Market Block Proposal |
| Purchase Price | \$0 | \$22M Plus \$33M in DC Credits |
| Renovation & upgrade costs | \$101M+ (currently in City's 10-year budget - MYB) | \$51M (255,000 sqft * \$200/sq.ft.) |
| Construction of new space | \$57.5M (115,000 sq.ft. * \$500/sqft) | \$22.5M (45,000 sq.ft. * \$500/sq.ft.) |
| Revenue from sale of City Hall lands (high level estimate - appraisal is required to understand these values more accurately) | (\$25M) For development rights to build mixed-use buildings | (\$50M) To acquire City Hall building and City Hall campus |
| Net cost | \$133.5M | \$45.5M Plus \$33M in DC credits only payable if FHC builds housing in London |

Comparison of Other Strategic Factors

The City Hall Market Block proposal brings many strategic benefits that expanding on the City Hall campus does not. While the expansion model leads to more vacant space in the core of the Downtown, the City Hall Market Block proposal fills this space and brings City Hall back to the centre of Downtown

This brings revitalization benefits, safety and security improvements, city image enhancements, stimulates economic and small business development, and protects previous municipal investments. Furthermore, the Market Block proposal would have much less impact on municipal service delivery through the construction process.

| Strategic Factors | | |
|---|---|---|
| | Expanding on City Hall Campus | City Hall Market Block Proposal |
| Downtown revitalization benefits | Limited impact on core of Downtown | Substantial ~1,000 employees to Dundas & Richmond |
| Safety and security in core of Downtown London | May further harm security and safety Downtown by removing 124,000 sq.ft. of municipally leased office uses from this area | Substantial - 1,000 employees to Dundas & Richmond means many more "feet on the street" on a daily basis |
| Impact on economic development - leverage of investment by others | Leverages investment by partners through RFP process to invite proposals for development of City Hall campus. | Through RFP process to build housing on City Hall Campus And, through Downtown revitalization, small business development and tourism. |
| Protection/support for previous municipal investments | No | Yes |
| Impact on City image | No | Yes. Will remove blight of major vacancy in heart of Downtown and support revitalization in the core of Downtown London |
| Impact of construction project on municipal service delivery | Substantial - with construction project surrounding City Hall | Limited - construction will occur on market block while services delivered on current City Hall site |

Summary

We believe there are significant advantages to the City Hall Market Block proposal when compared with expanding City Hall onto the adjacent lands.

- It appears that the City Hall Market Block proposal will be significantly more affordable, resulting in tens of millions of dollars in savings (requires further evaluation with more detailed information available to the City).
- The Market Block proposal will facilitate more housing on the City Hall site (approximately 275 more housing units under consistent assumptions between the two options)
- The City Hall Market Block proposal will also facilitate the development of another 650-1,400 units in London to be constructed by FHC to avail of development charge credits that constitute 60% of the market block buildings' sales price.
- The City Hall Market Block proposal will offset the removal of 124,000 sq.ft. of City-occupied office space in the centre of Downtown by filling 337,000 sq.ft. of office space back to the centre of Downtown.
- The City Hall Market Block proposal will eliminate the large office vacancy (337,000 sq.ft.) currently existing at Dundas and Richmond Streets - consistent with Council's Downtown vacancy reduction strategy.
- The City Hall Market Block proposal will result in ~1,000 employees, the business community and the general public travelling to a centralized City Hall at Dundas and Richmond Streets on a daily basis, with the promise of Downtown economic development, safety and security, tourism and revitalization for the "core of the core".
- The City Hall Market Block proposal will leverage, support and protect the City's major public investments in Downtown, such as the Dundas Place Flex Street, the Covent Garden Market, Fanshawe College, Budweiser Gardens, the Forks and Museum London.
- The City Hall Market Block proposal will send a strong statement that the City is continuing to support and revitalize Downtown London through municipal investments at strategic locations.

As noted above, we are requesting that City Council pause the procurement process that was recommended in the SPPC report. This will allow for the City Hall Market Block proposal, which has already been formally submitted, to work its way through the unsolicited proposals process. We think this is prudent as it may be shown to be far more advantageous and strategically beneficial to the City than what is currently proposed.

The FHC proposal is innovative, unique and will help to address several municipal problems and needs - a need for a centralized City Hall facility, high Downtown vacancies, Downtown safety and security, our housing crisis, and a deteriorating Downtown economy. With best available information, it appears as though it will also provide significant cost savings to the municipality and will create economic and small business development potential for the downtown core.

We are requesting that Council defer the competitive procurement process to expand City Hall on the existing City Hall campus lands to:

- a. Provide time for the full review and evaluation of the City Hall Market Block proposal through the proper unsolicited proposal process. As noted above, this unsolicited proposal has already been submitted to, and accepted by, the City as an unsolicited proposal through the established municipal process.
- b. Evaluate and reconfirm the best approach for moving forward with a centralized City Hall facility, given this new opportunity that has recently emerged.

Sincerely,

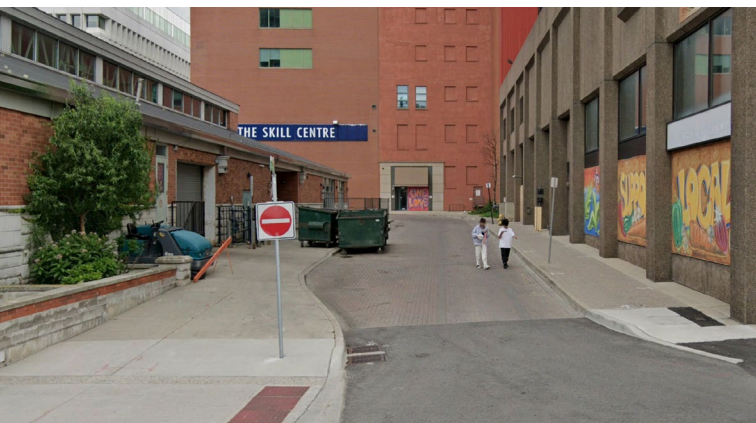
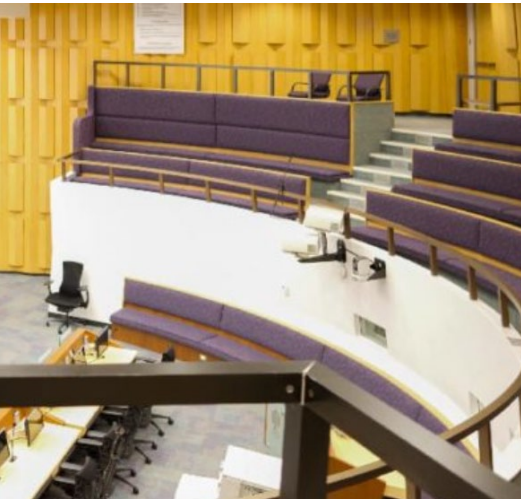
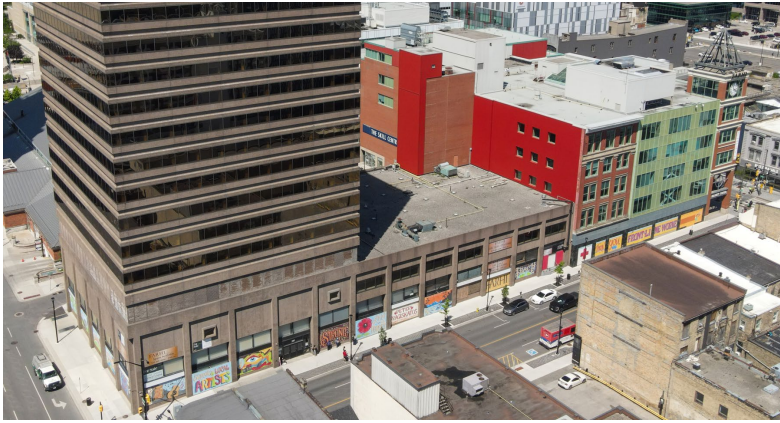
A handwritten signature in black ink, appearing to read "John M. Fleming". The signature is fluid and cursive, with the first name "John" being particularly prominent.

John M. Fleming, MCIP, RPP
Principal - City Planning Solutions
john@cityplanningsolutions.com
519-476-0071

Appendix 1
Executive Summary from Unsolicited Proposal Submitted to City

EXECUTIVE SUMMARY

PROPOSAL FOR A CENTRALIZED CITY HALL FACILITY IN THE HEART OF DOWNTOWN LONDON

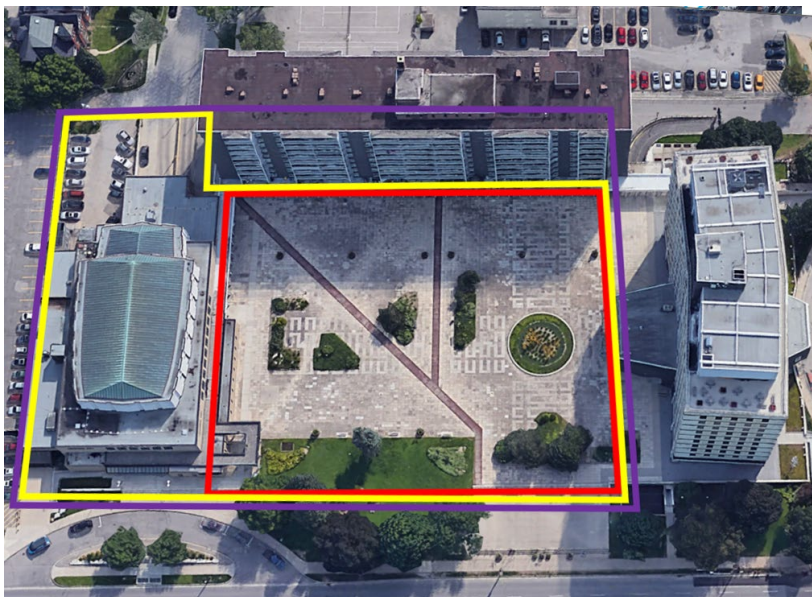
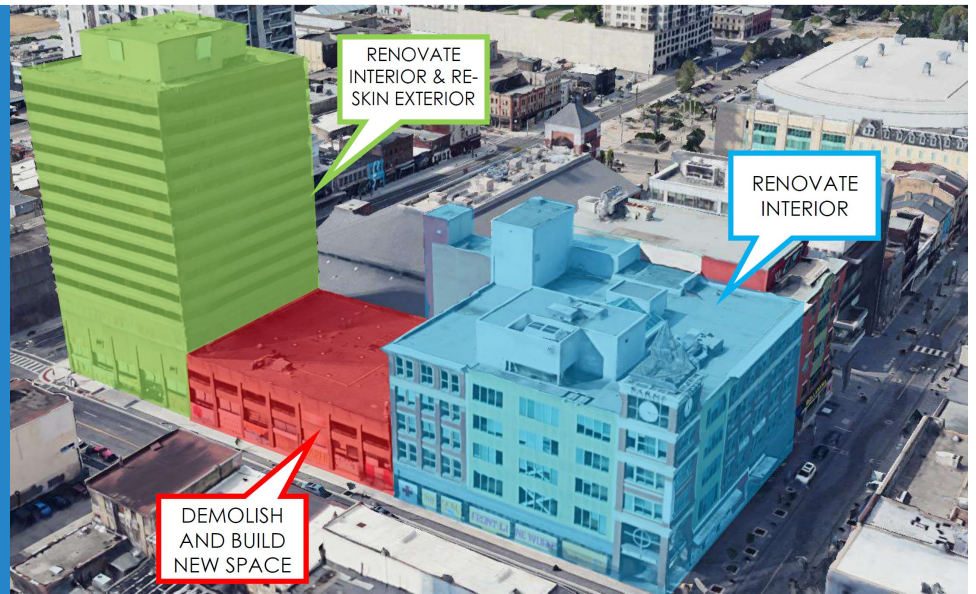


THE PROPOSAL

PART 1 Establish a Centralized City Hall Facility on The Market Block

City to purchase & renovate Market Tower and the former Royal Bank Building

Demolish the Annex and build new 4-storey connecting space



PART 2 Sell the Current City Hall Property Through an RFP Process for New Housing Development

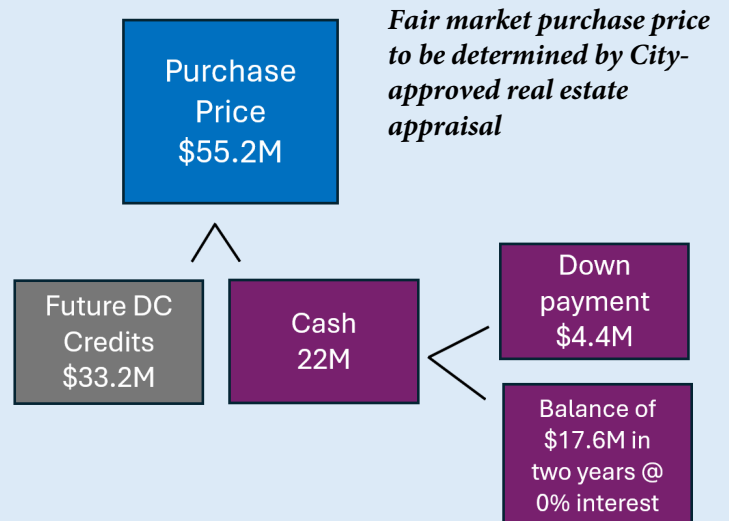
Re-purpose the existing City Hall building for housing

Sell the vacant lands on the City Hall site for new housing development

PART 3 Seller Offering Special Terms for Financing Purchase

Purchase price of \$55.2M

60% (\$33.2M) of the purchase price is to be paid as future development charge credits that will only be recoverable when new housing is developed in London by the seller



MANY PUBLIC BENEFITS OF CITY HALL MARKET BLOCK PROPOSAL



1 City-owned Centralized City Hall Facility to Meet Needs

*345,000 sqft vs. 185,000
sqft at current City Hall*

2 Improve Downtown Safety and Security

*Daily presence of
~1,000 office workers
and those using City Hall*

3 Fill Massive Vacancy in Heart of Downtown

*Feet on the street
~1,000 employees +
customers*

4 Protect City's Major Downtown Investments

*Covent Garden Market,
Dundas Pl, Bud Gardens,
Forks, Museum,
Fanshawe College*

5 Create 2,100+ New Housing Units

*Opportunity for mixed
affordability housing*

6 Realize Significant Cost Savings

*Preliminary estimates
suggest significantly less
than expanding on the
existing City Hall site*

7 Generate New Ongoing Tax Revenues

*Estimated \$6.5M in new
tax revenues*

8 Minimize Disruption to City Services During Construction

*Construction on
separate site from
current City Hall*

9 Support Economic Development & Tourism

*Improve City's image
and support small
business development*



THE NEED FOR

A NEW CITY HALL

Mayhew Inc. was engaged in 2016 and 2021 to develop a Master Accommodation Plan for the City of London.

They determined the City outgrew City Hall's 185,000 sq.ft. long ago and the current practice of leasing extensive additional space was inefficient & customer-unfriendly & more expensive than expansion or a new facility

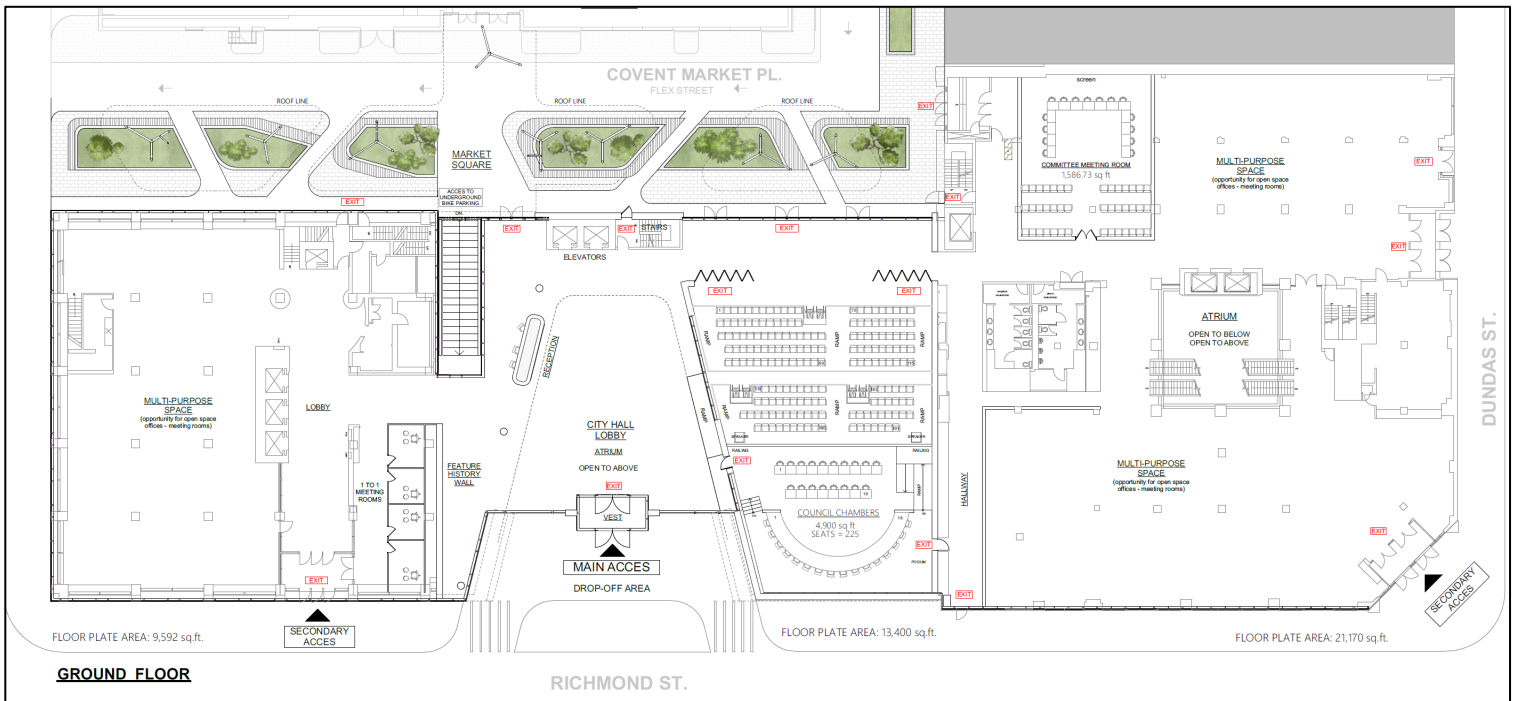
*They estimated the need for a **centralized City Hall of 246,000 sq.ft. by 2031** – accounting for alternative work strategies and work-from-home changes*

It is reasonable to assume a need for 250-300,000 sq.ft in the next 20-30 years

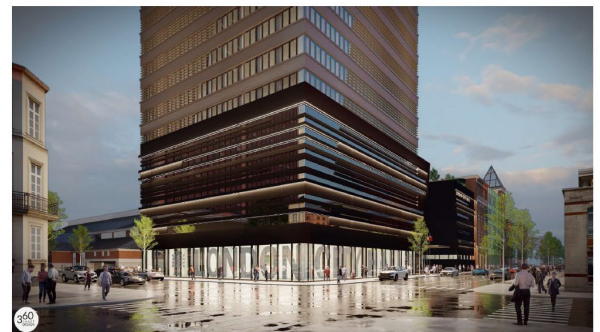
\$101M has been set aside for the next 10 years for major upgrades to City Hall

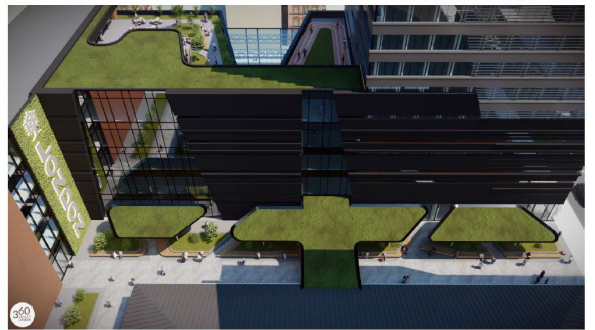


IMAGINING A NEW CITY HALL



An architectural design firm (360 Smart Design) was engaged to prepare working concepts, with floor plans and associated renderings. These drawings show how existing and new spaces can be designed to have a high degree of employee amenity, efficiency, customer friendliness, strategic adjacencies and the prominence that is appropriate for the seat of local government in London.





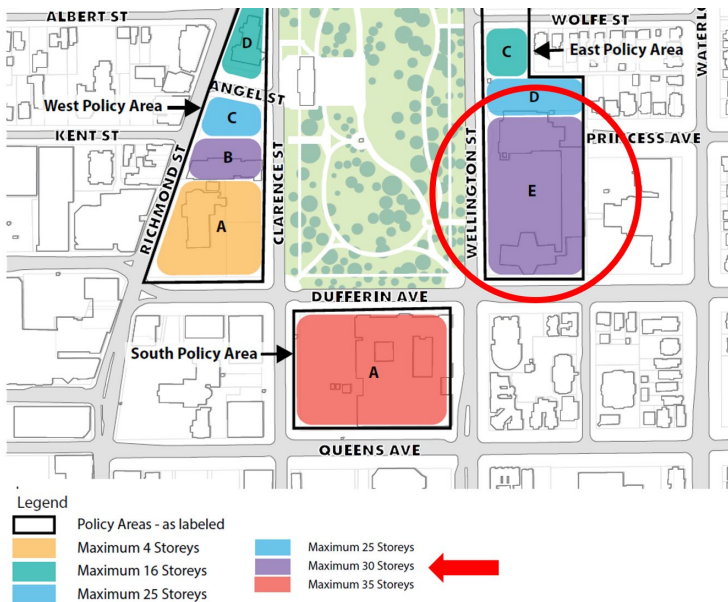


BUILDING NEW HOUSING ON CITY HALL LANDS

Convert City Hall Building

Sell the City Hall building for conversion to housing

Potential for 130+ housing units



Re-develop City Hall Lands

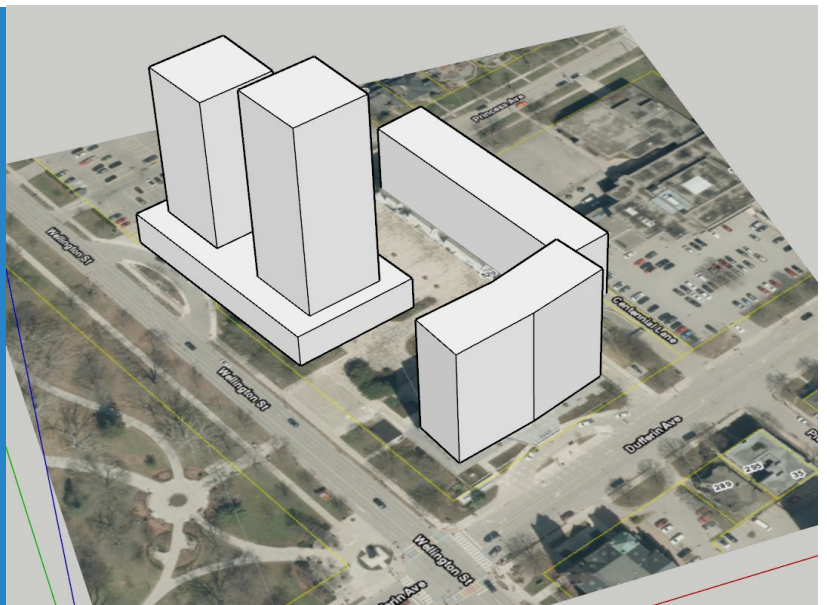
Recently adopted secondary plan allows for up to 30 storeys on these lands

Opportunity exists on these lands for a four-storey podium and two residential towers - 600+ new housing units

Opportunity for mix of affordable units

Use RFP Process for Selling City Hall Building & Lands

Request for proposal process allows City to establish goals for lands and sell lands based on requirements such as affordable housing component, publicly accessible open space, quality design fronting onto the park, maintenance of Centennial House, etc.



SPECIAL FINANCING PROPOSED

60% of Purchase Price is to be Paid as Future Development Charge Credits When Seller Builds in London

This can be paid to the City's Development Charges Reserve Fund in the future when the vendor builds residential units in London.

To avail of \$33.2M in development charge credits, the vendor would need to build 650 houses, 945 row houses or 1,400 apartment units at current DC rates

Fair market purchase price to be determined by City-approved real estate appraisal

PURCHASE PRICE

\$55.2M

Market Value

Buildings & Land @ \$164/sq.ft. (Avg of recent comparables at 166 Dundas and 450 Talbot)

- \$33.2M

DC Credit

60% DC Credit – City pays \$33.2M in DC credits – through future contribution to DC Reserve Fund payable upon construction of future projects in London by FHC

= \$22M

Purchase Price Upon Closing

Up-front Cost of acquisition to City

80% of \$22M Balance to be Deferred for 2 Years @ 0% Interest

This 2-year deferral gives time for the City to sell the City Hall lands before paying the remaining 80% of the purchase price.

\$22M

Purchase Price Upon Closing

\$4.4M

Down Payment Upon Closing

20% down payment

\$17.6M

Balance

0% interest from vendor for 2 years

Value of 0% Financing

\$1.8M

PROPOSAL IS ~50% COST OF EXPANDING EXISTING CITY HALL

For the purpose of this cost comparison, a centralized City Hall facility of 265,000 sq.ft. was assumed. An 80,000 sq.ft. expansion to the existing 185,000 sq.ft. City Hall was assumed. On the market block 220,000 sq.ft. of the existing office space was assumed to be renovated together with 45,000 sq.ft. of new space where the Annex building currently exists. The market block would have additional space to renovate and grow into in the future or to lease out to strategic partners.

| | Renovate City Hall and Construct 80,000 sq.ft. for 265,000 sq.ft. Centralized City Hall | Move to Market Tower & Former RBC Tower & Construct 45,000 sq.ft. of New Space |
|--|---|---|
| Purchase price | \$0 | \$22M sales price on closing PLUS \$33.2M to be paid in future DC credits |
| Renovation/ maintenance cost of existing space | \$101M Required Upgrades & Renovation to City Hall - as per Multi-year Budget | \$44M Required Renovation to Market Block properties (220,000 sq.ft. * \$200/sq.ft.) |
| Construction cost of new space | \$40M + 80,000 sq.ft. expansion @\$500/sq.ft. | \$22.5M 45,000 sq.ft. new space @\$500/sq.ft. |
| Revenue - sale of City Hall lands | \$0 | (\$50M) |
| COMPARISON OF TOTAL NET COST | \$141M | \$38.5M PLUS \$33.2M to be paid in future DC credits |
| Ongoing new tax revenues - from new residential development | \$0 | \$2.5M per year From new development on City Hall site \$4M per year From residential development required for seller to recover DC Credits |

Notes:

- (1) The construction cost estimate for expanding on the existing City Hall site is likely low given that an expanded City Hall building, and its foundation, would have to be constructed on the footprint of the existing underground parking garage which would bring significant cost implications.
- (2) The seller has offered to demolish the Annex building on the Market Block at no cost to the City

HOW THIS PROPOSAL IS GOOD FOR LONDON'S FUTURE



- ✓ Necessary space for City Hall
- ✓ Room for future expansion
- ✓ Room for leasing to partners
- ✓ Fills massive vacant office space
- ✓ Helps to revitalize Downtown
- ✓ Safer Downtown environment
- ✓ Supports small biz development
- ✓ Excellent transit access
- ✓ Underground parking in Market
- ✓ Supports Flex Street
- ✓ Supports Market & Bud Gardens
- ✓ Supports events in Downtown
- ✓ Leverages investment by others
- ✓ Avoids extremely costly upgrades to existing City Hall
- ✓ Creates ~2,100 housing units
- ✓ Creates new affordable housing
- ✓ DC credits only paid if new development occurs
- ✓ ~\$70M (50%) cheaper than expanding existing City Hall
- ✓ Creates new tax revenues
- ✓ Offers new Council chambers adequate in size and accessible
- ✓ Supports tourism
- ✓ Improves City image
- ✓ Supports economic development
- ✓ Offers design opportunities for prominent government building
- ✓ Buildings will be owned by City

HOW THIS PROPOSAL IMPLEMENTS MANY CITY STRATEGIES

Master Accommodation Plan

- provides required space for centralized City Hall facility; large floor plates in Market Tower
- eliminates current practice of expensive leasing

Multi-year Budget 2024-2027

- well within the \$125M established in MYB for a new or expanded City Hall
- \$70M less expensive than expanding existing City Hall

Well Run City strategic area of focus

- provides opportunity for efficiencies, adjacencies, customer friendly service areas
- large, safe & accessible Council Chambers

London's Housing Pledge Path to 47,000 Units

- potential for 730 new units on City Hall lands
- 650-1,400 new residential units required to be built by seller to recover DC credits

Roadmap to 3,000 Affordable Units

- opportunity to use RFP process to require that purchaser of City Hall lands builds a mix of affordable and market housing

Core Area Vacancy Reductions Strategy

- massive office vacancy (337,000 sq.ft.) in heart of Downtown London will be filled

Core Area Strategy

- 1,000 employees plus City Hall customers means many feet on the street at this key Downtown location = safety, vibrancy, small business development, market vitality

Economic Growth, Culture and Prosperity strategic area of focus

- opportunity to attract City Hall employees to events Downtown, on Flex Street and Market
- spin-off benefit of improved Downtown includes tourism & economic growth

Music City Strategy

- will support the viability of Downtown businesses that are the venues for many music events

Rapid Transit Strategy & Climate Change Strategy

- will support ridership and revenues for BRT & convention transit & can reduce automobile trips