

June 21, 2024

City Council  
Corporation of the City of London  
300 Dufferin Avenue  
London, ON N6B 1Z2

C/O                      Committee Support Clerk  
CC                        Michael Schulthess, City Clerk

Via email:                councilagenda@london.ca  
                              mschulth@london.ca

**Re:                      Master Accommodation Plan – Redevelopment of City Hall Campus vs. Market  
                              Block City Hall. Potential Economic Analysis Report**

**Our File:                P-7226**

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I am VP & Chief Economist at Altus Group, a professional consultancy firm in property and real estate matters.

It has been brought to our attention that a question has been raised with respect to Farhi Holdings Corporation unsolicited proposal for a "new" City Hall in downtown London.

## Background

I understand that over \$100 million has been budgeted in the multi-year budget towards deferred maintenance and major upgrades to the existing City Hall building. In addition, an amount of over \$125M has been set aside to achieve a centralized city hall facility in accordance with the Master Accommodation Plan.

I also understand that Farhi Holdings Corporation (FHC) has proposed a different solution to a new City Hall through its unsolicited proposal. FHC owns three commercial buildings between Richmond and Dundas Street in the City of London, including the former Royal Bank Tower, the historical location of City Hall. The Client believes the location of their buildings would be better suited for a renewed modern City Hall and the cost to renovate their buildings will result in a total project cost that will be substantially lower than the current renovation plan.

## An Economic Study

FHC has invited Altus Group to prepare a Scope of Work (SOW) to undertake an economic analysis of their proposed unsolicited proposal as it relates to a new City Hall.

## A High-Level Preliminary Opinion

In preparation for this we have reviewed the following documentation:

- “Report to Strategic Priorities and Policy Committee; Master Accommodations Plan – Redevelopment of City Hall Campus” June 18, 2024 (the Staff Report)
- “Re: Master Accommodation Plan – Centralized City Hall Facilities” Letter from John M. Fleming, Principal, City Planning Solutions to Chair and Members, SPPC, June 14, 2024 (the Consultant Report)
- “Proposal for a New City Hall in the Heart of Downtown London” A proposal prepared for Farhi Holdings Corporation by City Planning Solutions. June, 2024, (the Proposal)

My review of these documents to date has been at a very high level. With respect to the Proposal, I have made note of key financial assumptions that lead to the conclusion that the Market Block City Hall option would be more beneficial financially and economically than the expansion of City Hall on the existing Reg Cooper Square or City Hall Campus lands at 300 Dufferin Ave..

### Important Caveat

This high-level preliminary opinion does not include any detailed analysis at this time and is subject to change.

### Recommendation to Council

On this basis, I would recommend that Council defer its decision on the redevelopment of the existing City Hall lands until such a time that a proper economic analysis can be prepared related to the two options.

Based on Council’s decision, Altus Group and FHC has agreed to pursue engaging on that study.

If FHC and Altus Group come to terms on the Scope and Fees for such a study by Friday June 28<sup>th</sup>, Altus Group is prepared to commit to delivering a final draft report for August 13, 2024.

### The Economic Study: Preliminary Proposed Scope of Work

Our proposed Scope of Work for this economic study may entail:

#### **Scenario Development:**

- Create two (2) scenarios for both the geographic locations, considering what would economic activity look like at the current City Hall location and the FHC buildings if
  - City Hall was redeveloped in its current location, providing a counter for what development may occur in downtown London; and
  - If City Hall was moved to the FHC locations, including a counter scenario of what City Council could do with the current City Hall property.
- Both scenarios will consider the benefit of revitalizing the City of London’s downtown and the impact the new residential development will have relative to both geographic locations.

***Fiscal Impact Analysis on the two scenarios, including:***

- The hard and soft construction costs under both scenarios;
- The financing cost under both scenarios, including an offer to take Development Charge Credits in exchange for the property. This offer is equivalent to an interest free loan;
- The expected sale value of the current City Hall location, with a formal appraisal value;
- The development charge revenues generated by both scenarios;
- The annual property tax impact under both scenarios; and
- The City-wide operating costs of both scenarios.

***An Economic Impact Analysis on the two scenarios, including:***

- The economic impact, total government revenues and jobs generated by the one-time investments in the construction phase;
- The on-going economic impact from the two options, including GDP, jobs and government revenue generated;
- The benefits to bring more economic development to the City of London's downtown, net of the loss in activity at the current City Hall location.
- An analysis of any addition benefits to public goods and services that would arise from both scenarios.

***Conclusions***

- Preparation of a professional opinion on the optimized choice for the City of London.

**About Altus Group**

Our multi-disciplinary team of consulting professionals assembled for this project will include professional economists, certified appraisers, and certified quantity surveyors.

Altus Group is a national leader in property and development economics. We have a proven track record of success in the completion of high-profile assignments in communities across Canada, and have considerable experience in London, Ontario.

In addition to our more concrete accomplishments and experience, Altus brings a key intangible to the present project: an exceptional reputation amongst industry, government and interest groups as a producer of thoughtful, accurate and insightful independent research in urban economics.

**Final Comments**

My review of these documents to date has been at a very high level. With respect to the Proposal, I have made note of key financial assumptions that lead to the conclusion that the Market Block City Hall option would be more beneficial financially and economically than the expansion of City Hall on the existing Reg Cooper Square or City Hall Campus lands at 300 Dufferin.

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We would like to thank you for considering Altus Group for your study, and look forward to working with you.

**ALTUS GROUP**

Peter Norman  
VP & Chief Economist  
Altus Group

CC:  
Farhi Holdings Corporation  
Siskins Law