



February 18, 2014

City of London
300 Dufferin Avenue
London, Ontario
N6A 4L9

Attn.: Chair and Members of the Strategic Priorities and Policy Committee

Re: Development Charges (DC) Review 2014, Draft Rate Calculations

Chair and Members of the Committee, the London Home Builders' Association is asking for consideration of our industry's perspective on points within a staff report being brought forward at this weeks SPPC meeting.

Currently a 31% fee increase is being proposed, which will have a dramatic impact on the current \$23,716 Development Charge, raising it to \$31,020. This significant \$7,000 increase will push the dream of homeownership beyond an attainable level for those already reaching to buy their first home. As well, this increase will filter through all forms of housing including rental, making it even more difficult to obtain reasonable priced housing.

Further, it only takes a quick scan of the LEDC's website to understand the importance that the affordability of home prices plays in recruiting new industry and jobs to London.

Our comments on the three points of significance in the report being brought forward are:

Water Supply:

We are not in agreement with including a new charge for Water Supply as it changes a long-standing process without meaningful dialogue with the main stakeholders – Lake Huron & Elgin Area Water Boards and other member municipalities.

Historically the supply of water has been included in the individual water rates for each municipality; including the costs of maintaining and expanding the water supply system. Further, the proposed new charge would require a calculation of an offsetting reduction in water rates.

These conversations should occur prior to consideration of including a new charge in the DC.

Operation and Maintenance Centre:

We are not in agreement with the need for a new Operation Centre for North London. Implementing a new charge for this is premature of a clear demonstration of the need for this significant expense. With a growth rate of less than 1%, there should be further investigation into the capacity in the existing Operation Centres well before the decision is made to undertake such significant construction. The resulting impact on the budgets of new home

buyers warrants the requirement of staff to provide evidence that all other options have been exhausted.

Transportation Master Plan:

Staff's suggestion to move \$115 million of transportation projects to beyond the twenty year period of the new Development Charge by-law makes sense first because it will lower the proposed significant \$7,000 increase to the Development Charge.

More importantly though, as these road projects are near the end of the twenty year period, there is a high probability that such projects will not be required to meet our less than 1% growth rate. Pushing these projects into the next time period, could better align the projects with actual growth and building needs. In the event that the economy changes, the GMIS is the best tool the City has for being able to change the order of projects on an annual basis.

The report being presented contains a reference to increases of DC rates in other Ontario municipalities averaging 25%, begging the conclusion that London's 31% increase, will further erode London's claim to fame for housing affordability.

A \$31,000+ Development Charge will also push the City of London further behind in its own competitive position amongst surrounding municipalities. Our industry continually makes the point of the industry's need to retain the affordability of new home prices relative to our local competition. But it is time that the City of London itself understands that surrounding municipalities are competition for property assessment revenue and that the City needs to take appropriate action to ensure that its charges (including Development Charges) have been thoroughly investigated and truly reflect need-only expenses.

We appreciate working with staff through the External Stakeholder and Technical Committees and will continue to review to participate for the best interests of all parties.

**Lois Langdon, Executive Officer
London Home Builders' Association**

cc Peter Christiaans, Development Finance
cc Martin Hayward, City Treasurer
cc Scott Mathers, Development Finance
cc Edward Soldo, Transportation Manager
cc John Braam, City Engineer

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