

London Development Institute

February 18, 2014

By Email

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,

This letter is in regard to the staff report requesting direction from Council related to three items that will impact the proposed Draft Single Family DC rate of \$31,021.00. The proposed rate increase of 31% over the current rate of \$23,716.00 is a significant increase for a single family home and will negatively impact the affordability of homes in London.

LDI comments on the Staff requests are as follows:

Water Supply:

- We do not support the inclusion of a charge for a Water Supply component to be added to the 2014 DC as suggested by staff in the report.
- London's water is supplied from the Lake Huron & Elgin Area Water Supply Systems (LH&EAWSS) which provide water on a regional basis. Historically, water supply for the member municipalities has been included in the individual water charges to each municipality.
- The LH&EAWSS Boards are responsible for the entire water supply system and the charge to the member municipalities includes the costs of maintaining and expanding the system.
- Discussions with the Water Boards and all member municipalities will be required to change the way the water supply charges are calculated and allocated to the member municipalities.
- There has been a new charge added to the 2014 DC for the Water Distribution System that provides for oversizing pipe works and pumping stations to meet increased system demands by new development in the City.

- The addition of a DC charge for the water supply system would require a calculation of the reduction in the current water rates in the City of London.

Operation and Maintenance Centre:

- We do not support the inclusion of a charge for a new operation centre for North London.
- The cost of a new operation centre should be offset by recent changes to the way increased assessment growth is assigned to offset the costs of future maintenance as a result of growth.
- The report states that the centre is needed in the next ten year period but at a 0.9% growth rate the additional 10% increase in need could be met at the four existing operation centres.

Transportation Master Plan:

- We support the staff suggestion to move \$115 million of transportation projects to beyond the twenty year period of the DC By-law to lower the impact of the increase for the new DC rate.
- The road projects being suggested for deferral are late in the twenty year period of the DC By-law and have major post period benefits that can be reviewed in the next five (5) year DC update to determine the need for the works at that time.
- London is growing at less than a 1% growth rate and these road projects may not be required to meet future growth demands.
- A reduction in the DC rate by deferring the transportation projects will be nullified by adding new charges to the DC for Water Supply and a new Maintenance and Operation Centre.

The report refers to a review of many Ontario municipalities that are updating their DC rates with an average DC rate increase of 25%. An Increase of 31% in London is a significant increase of \$7,000.00 on a single family home that affects the affordability of all homes in the City.

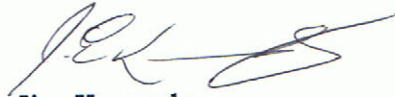
The Draft DC rate increase referenced in the report is based on a Single Family home but the DC increase also affects multi family, apartment, commercial, industrial and institutional developments. The DC rate increase will affect the rental charges for apartment units and leasing costs for new commercial developments.

London is still recovering from the 2008 recession and significant job losses in the manufacturing sector. The proposed DC rate increase of 31% will not help London to be competitive with neighbouring municipalities and in trying to attract new business to the City that will provide jobs and assessment growth.

We appreciate working with staff through the External Stakeholder and Technical Review Committees and will continue to review the DC Update once the Background Studies are made available.

Sincerely,

London Development Institute



Jim Kennedy
President, LDI

cc LDI Members
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