



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 Chamber of Commerce has long held the view that the Development Charges rates here in London should be fair, affordable, and competitive. Furthermore, they should reflect the current economic circumstances of the day balanced with reasonable projections of development needs going forward.

Recently we have learned of a staff report requesting direction from Council that relates to a proposed rate increase for a Single Family Home DC of 31% over the current rate of \$23,716.00 taking the new rate to \$31,021.00.

This is a significant increase for a single family home and will seriously impact the affordability of homes in London. As well, it will doubtless have a ripple effect on the entire supply chain that feeds this very important contributor to our local economy.

You may also know that the affordability of housing prices in London has historically been used by the LEDC and others as a significant incentive in attracting new industry to our area. We can ill afford at this time to lose that competitive advantage.

The report suggests three items that in our view will impact the proposed Draft Single Family DC rate:

1. 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. Water supply does not belong with DC charges and should continue to be managed under the current system.

2. Operation and Maintenance Centre:

- We do not support the inclusion of a charge for a new operation centre for North London.
- London's population growth is well below the national average and therefore operations can and should be managed through the four current operations centers.

3. 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 rate increase in the new DC By-law.
- 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.

Summary:

An additional \$7,000 hike to the DC rate for a single family home will have a crippling effect on the housing industry here in London. We have yet to fully recover from the 2008/09 recession and significant job losses continue to amass in the manufacturing sector and across the entire local economy.

The proposed DC rate increase of 31% will not help London to be competitive with our neighbours in the region and will damage our ability to attract new business to the City that will provide much needed jobs and assessment growth.

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 and, will affect the rental charges for apartment units and leasing costs for new commercial developments.

The proposal for this type of increase is neither fair, nor affordable, nor competitive. It is simply the wrong time to be contemplating an increase of this magnitude.

Sincerely,



Gerry Macartney, CEO

London Chamber of Commerce

Copy: The Board of Directors, The Municipal Affairs Committee

- 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