

February 18, 2014

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Dear Chair and Members of the Strategic Priorities and Policy Committee:

SUBJECT: DEVELOPMENT CHARGES

On behalf of the Board of Directors of the London and St. Thomas Association of REALTORS® and our over 1,500 Members, I would like to take this opportunity to express our collective concern over the proposed 31% hike in Development Charges.

We recognize that there is a cost to new development. However, an increase in charges will inevitably impact new home affordability, especially at the lower end. Moreover, lower-priced new homes would carry a disproportionate share of the cost of servicing land, compared to higher priced homes. This would happen both initially and going forward, through increased mortgage payments and larger down payments. Add to the mix an increase in mortgage rates – inevitable at some point -- and we could see a steep decline in the number of new home buyers.

Housing drives our economy. A vibrant new homes market ensures a vibrant housing market overall and a vibrant housing market overall means that London prospers. According to research conducted by the Altus Group, every time a home – new or resale -- exchanges hands in Canada, over \$46,000 in spin off economic activity is generated and many jobs are created. Presently London is one of the most affordable cities of its size in Canada; affordability is one of London's most compelling selling points. All that could change with a 31% hike in Development Charges and the fallout that would result if these costs were passed on to consumers.

REALTORS® are also concerned that higher Development Charges could inhibit the construction of sorely needed new affordable housing rental units, forcing more London households in Core Need to remain in housing that is neither affordable, appropriate or safe.

For all of these reasons, we urge you to adjust the proposed hike in Development Charges downwards to a more manageable percentage.

Sincerely,

LONDON AND ST. THOMAS ASSOCIATION OF REALTORS®



Jim Holody
President