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Mayor and Member of Council
City of London
300 Dufferin Ave,
London, ON N6B 1Z2

RE: Industrial Property Taxes and Economic Development - Request of Council

Your Worship and Members of Council,

I am writing to formally request Council provide direction to staff to consult and prepare a report on Industrial Property Taxes in London.

The purpose of the consultation and report is to demonstrate to Council the need to lower Industrial Property Taxes as they currently cause an unfair burden on Industrial ratepayers and make London far less competitive in comparison to surrounding municipalities and the GTA.

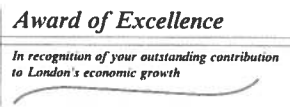
There have been third party reports floating around that shows London as having one of the lowest tax rates in Ontario. The tax rate may appear lower but the actual taxes paid are one of the highest in the province. The report can lead to incorrect assumptions and conclusions.

We have also provided a summary of our supported and confirmed analysis for your review and consideration.

Consultation Process:

I would recommend one meeting, about 2 hours in length, with Industrial owners and tenants to provide input into the burden and unfairness of London's Industrial Property Taxes.

For those not able to attend, staff would invite comments from Industrial property owners and tenants on the issue of Industrial Taxes.



Dancor will be submitting to staff analysis of the actual tax rates, what Industrial owners actually pay per square foot in taxes.

Where Rates Need To Be:

Dancor has provided information to the City of London demonstrating the actual tax rates compared to other municipalities for purposes of providing background. We are hoping that following the report from staff, Council would adopt a policy to reduce property taxes over a 4 year period to an average of \$2.35 per square foot. The current rate in London is over \$3.00 per square foot.

MPAC:

Property taxes can be a difficult issue to peel away at given the mill rate, MPAC assessment, equalization, and provincial education components. I have been participating in the Parliamentary Assistant to the Minister of Finance, Steven Del Duca, Working Group on Industrial Taxes. Dancor understands that MPAC assessments play a role in property taxes paid. MPAC assesses new buildings much higher than older buildings even where each building receives the same amount of rent. Assurances have been provided that MPAC will examine the income of buildings, when leased, and use the income as the basis of the appraisal.

The issue for London however is directly related to the rates that the City has set and not anomalies due to MPAC assessments. These anomalies may get corrected via the MPAC/Assessment Review Process, which can take up to 4 years.

Tenants and owners cannot wait any longer. The high rate of property taxes is affecting attraction and decisions on building new buildings. It must be addressed.

Economic Development Impact:

Prior to his departure, Peter White from LEDC was interested in pursuing this issue as he saw that our data and analysis presented an important issue for the City to review.

Recently, I had the opportunity to meet informally with the Minister of Economic Development, Eric Hoskins, to discuss our current plight in London. Dancor always tries everything it can to promote the City. We were impressed with his concern over our current economic circumstances and we hope and expect to see more from his Ministry in focusing on London.

The high rate of Industrial property taxes presents a real and significant barrier to the economic development in London. On a personal level, there is a disincentive to building new buildings due to the high rate of actual taxes compared to older buildings in London.

In a nutshell, why would you build a new building for lease when your going to have a tenant pay out an additional \$1.16 per square foot in the same City. That's just crazy.

Older London buildings are paying an average of \$2.00 per square foot. New buildings pay \$3.16 per square foot. If each building rents for \$5.00 per square foot the older building is still far cheaper to lease. An average 50,000 square foot building tenant/owner will pay an extra \$58,000 per year in property taxes. This does not makes sense when each building is leasing for the same amount.

Our Request:

We hope you will all agree to the review. The City, and in particular our industry, has suffered a great deal in the last 2 years. Despite our spending record amounts on marketing and business development, landing new tenants and owners for Industrial product in London has been an almost impossible task for Dancor and it's competitors.

We have a robust Real Estate community that has done everything it can to attract new business and help existing businesses grow to little effect.

Attraction is a recipe. If an ingredient, such as property taxes, can be adjusted it will have an impact on getting more new business here, getting trades working on new buildings, and all the other positive impacts the come along with our type of specific economic activity.

We appreciate and understand the focus on residential rates but the time has come for a focus on Industrial rates. The four year phase in, as we recommend, is a fair approach that allows for fiscal planning and implementation.

We need your help, assistance, and leadership now more than ever.

Respectfully,
Dancor Construction Limited

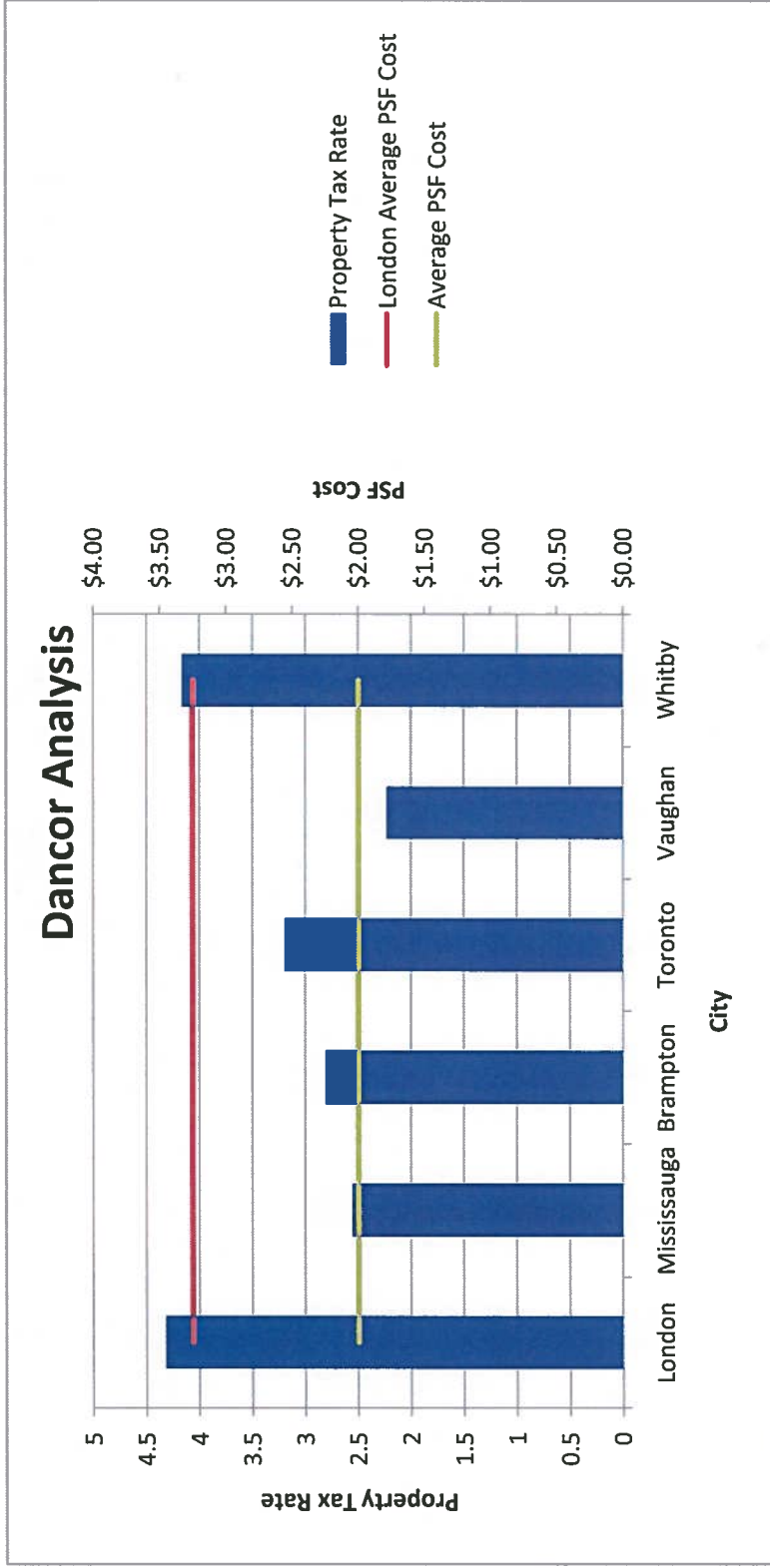


Sean Ford
Partner

CC. Clerk and City of London

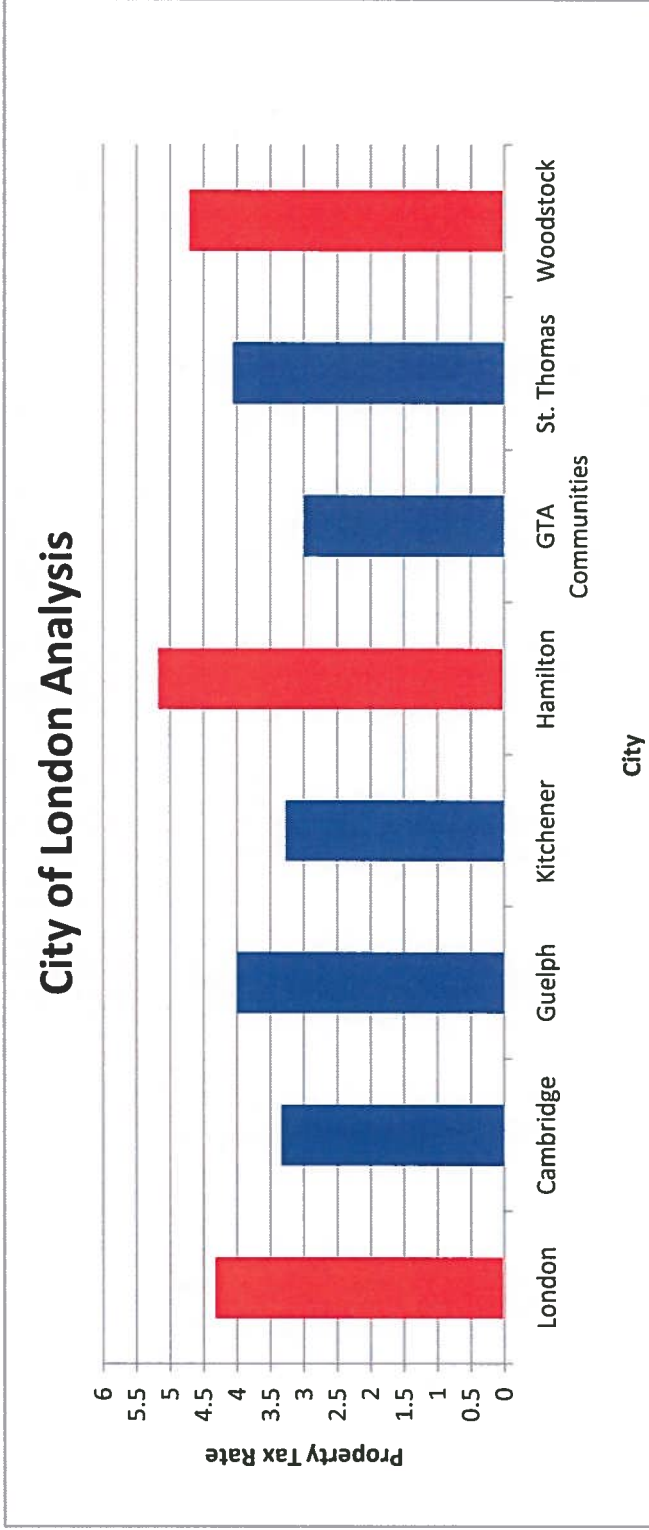
Dancor Analysis

City	Property Tax Rate
London	4.322022
Mississauga	2.557003
Brampton	2.804715
Toronto	3.1876846
Vaughan	2.231555
Whitby	4.163494



City of London Analysis

City	Property Tax Rate
London	4.322022
Cambridge	3.33522
Guelph	4.00102
Kitchener	3.26861
Hamilton	5.169879
GTA Communities	2.98889
St. Thomas	4.062453
Woodstock	4.705545



*GTA Calculations based on Dancor Information.

*St. Thomas rate incorrect on City of London Analysis. Dancor information used.

Property Tax Rates: London vs. GTA

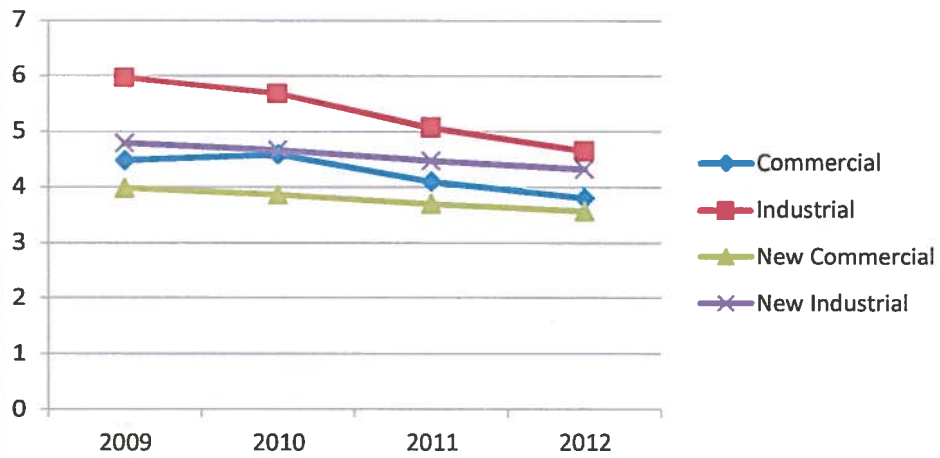
London		Toronto			
	2009	2010	2011	2012	
Commercial	4.476113	4.583953	4.094453	3.795249	Commercial
Industrial	5.969077	5.682977	5.070662	4.652022	Industrial
New Commercial	3.98113	3.863953	3.694453	3.565249 *	
New Industrial	4.789077	4.662977	4.470662	4.322022 *	

Mississauga		Vaughan			
	2009	2010	2011	2012	
Commercial	2.518507	2.384381	2.284471	2.196257	Commercial
Industrial	2.883852	2.749791	2.648544	2.557003	Industrial

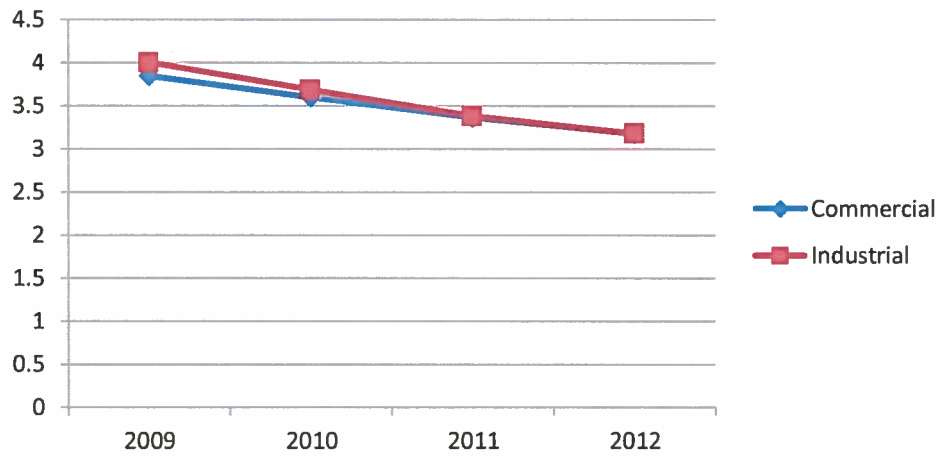
Brampton		Whitby			
	2009	2010	2011	2012	
Commercial	2.711951	2.586404	2.48636	2.397629	Commercial
Industrial	3.123736	2.998738	2.897082	2.804715	Industrial

* Rates currently being applied to Dancor's London properties

London Tax Rates



Toronto



Mississauga

