



May 2, 2013

City of London  
300 Dufferin Avenue  
London Ontario N6A 4L9

**Attn: Mayor Fontana, Chair and Members of the Strategic Priorities and Policy Committee**

**Re: 2014 Development Charges By-law Update**

Mayor Fontana, Chair and Committee Members:

On behalf of the members of the London Home Builders' Association, please accept our thanks for the opportunity given us to participate on the DC External Stakeholders Committee. We appreciate being included in discussions on the policy framework for the Development Charge and the openness of city staff and other committee participants in sharing a common objective for an accurate Development Charge.

As detailed background studies have only been recently available, we respectfully request that approval of the proposed Development Charge not be forwarded to City Council for approval until the June 23<sup>rd</sup> session to allow the industry time to review and make comment.

The housing industry understands that costs of servicing growth increase as do all costs. We remain committed to paying for the costs of growth and have been working to ensure the Development Charge is based on the right projects, the right timing to meet Londoners needs and accurate project costs.

The Watson study on affordability comments that the proposed increase in the Development Charge would have a relatively minimal impact on average housing affordability and a modest impact on the City's competitive position within the surrounding housing market.

We wish to reaffirm our concern for price sensitivity for buyers who have quick access to the many small municipalities that are very attractively located right on our boundaries. Travel time to Ilderton, Komoka, Dorchester etc are minimal; often times not longer than a trip across the city itself. Buyers comparing similar homes in these areas to those within London, will be quick to realize a \$4,000+ difference. As well, the property rates are understandably less in outside municipalities. For example, a \$200,000 home in Middlesex Centre would pay \$560.00 less in property taxes annually than the comparable \$204,000 home within London.

Each loss of a sale to these competing municipalities represents the forever loss of property taxes. It also causes true urban sprawl.

The Watson report also points out that the proposed increase represents 1% on the average price of a new single detached home, and would have a more pronounced impact on housing affordability, feasibility and competitiveness at the lower-end range of the house market. To clarify, this 1% is on a \$400,000 home.

We wish to highlight that this increased impact would apply to not only lower-priced (entry level) market purchase housing, but to not-for-profit, coop and affordable housing projects – homes where every \$ makes a difference to those struggling to purchase. It will also result in increased Land Transfer Tax and mortgage carry costs.

Talking in percentages obscures the reality that we are really talking about an increase of \$4,000+ on the purchase price of any new home. \$4,000 more that a London taxpayer who happens to be buying a new home will have to pay.

As well it will impact rents as it applies to newly built rental buildings.

Our message today to the Strategic Priorities and Policy Committee is to please be mindful of London's competitive position and to remember that each home built inside London represents revenues but also new community facilities for the benefit of all Londoners.

Yours truly,

A handwritten signature in blue ink that reads "Doug Wastell" followed by a stylized flourish.

Doug Wastell, President  
London Home Builders' Association

### **London Home Builders' Association**

*Mission Statement* - LHBA is committed to provide a forum for its members to share information and experience; promote ethical building and business practices; be the voice of the residential construction industry in London and to work towards the betterment of our community.