



June 7, 2016

City of London  
Via email

Attn.: Chair and Members of the Strategic Priorities and Policy Committee

Chair and Members of the Committee:

**Re: Growth Management Implementation Strategy (GMIS) 2017 Annual Review**

Our appreciation to staff for engaging representatives from the LHBA this year as stakeholders in the GMIS process. We are grateful for the opportunity provided to advise staff about the impact of market demand and the difference in planning timeframes between new home builders and land developers; builders working on an advance purchasing timeframe of two to three years versus land development being a long range visioning process.

While we have been encouraged by participating in the GMIS process, and the genuine open response from staff, there are points / learnings to be noted:

1. It is the success of the housing industry in meeting home buyer demand that is key to the city being able to maximize their return on investment funds spent on infrastructure. This requires all departments – planning, development approvals, finance and engineering to work as a team in an efficient system. For example, if a developer makes application for a development consisting of 40' lots and the approval process takes 4 - 5 years, demand could be missed as it could easily shift to lower priced housing during that time. This would mean that to meet demand, the lot configuration required for builders would be 30' lots. Unfortunately our current system is lengthy and doesn't produce lots in a timely manner. We encourage staff to continue to review and refine processes and mesh the linkages between the functions of departments in the best interests of the city.
2. There is benefit of including market and industry intel versus a traditional approach of forecasting based strictly on historical permit activity. For example – the GMIS allocation for the south east was initially recommending a decreased number of

anticipated sales, based on the fact that home purchases in Summerside have traditionally been slow. However, industry knowledge identified the recent approval for construction of a school which our experience indicates will ignite sales as families start to recognize this development will now meet their needs. This is only one example that shows basing assumptions on historical data alone is not sufficient to accurately inform the GMIS.

There was discussion about the value of the City conducting further market research to better determine home buyers preferred areas, types of lots and forms of housing and we encourage the City to consider this.

3. We thank staff for understanding the relevance in forecasting of 'permit-ready' lots and in identifying such lot supply by year. This will better predict receipt of Development Charges paid by new home buyers and allow the city to maximize its return on funds invested in infrastructure.

It has also reaffirmed the input from our builders that there is in fact a shortage of permit-ready lots. Our builders are concerned with this 'acknowledged' shortage and that the GMIS indicates won't be resolved until 2019. This is going to negatively impact builders ability to meet demand. Further, there is a fear that this can become a self-perpetuating circle. A restricted land supply and lack of choice can force buyers to buy in any of a number of competing municipalities that circle London. Not only does London lose much needed property tax revenue, but the inaccurate historical data created by this lack of sales not meeting forecasts, can be used to further decrease projections of future lot needs that restricts lot supply even further (circle).

What is going to be done to solve the supply issue this year and in 2017 versus waiting until 2019? We encourage staff to continue meetings with the industry in an effort to identify projects that might be brought through to help mitigate this current shortage. We are not asking for steps to be missed, but for a focus on timing efficiencies. The benefit of being able to meet demand is obvious in the more timely receipt of Development Charges to pay for city funds already invested in infrastructure.

Again, we appreciate the willingness to listen and respond shown by staff and we look forward to continuing to work together on a shared objective of maintaining the supply and affordability of homes in our community.

Yours truly,

*Lois Langdon*

L. Langdon, Executive Officer

**London Home Builders' Association**

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