

# London Development Institute

June 8, 2016

By Email

City of London  
300 Dufferin Avenue  
London, Ontario  
N6A 4L9

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

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

Chair and Members of the Committee,

We thank Staff for their efforts to meet with Stakeholders and to listen to the industry recommendations for the timing of 2017 GMIS projects. This is the third GMIS Update that has benefited from the revised schedule with set milestones to review tasks that was approved as part of the 2014 Development Charge By-law (DC). This year there were a number of additional meetings held with Stakeholders to clarify issues regarding market demands and tracking building permit ready lots for the payment of DCs to calculate the return on investment for constructed infrastructure.

Further to this review it was determined that there will be a shortage of permit ready lots for the next two to three years as required by the Provincial Policy Statement (PPS) because of delays in the approval process and the delivery of 2016 GMIS projects. This shortage in lot supply will drive up the price of serviced lots in London based on the rule of supply and demand and will encourage home buyers to locate outside of the city with the loss of future city tax base.

There are a number of City departments involved in comprising this report and a multitude of development firms with interests in different areas of the city all working to provide the best products for market location and choice. The GMIS was first introduced as part of the 2009 DC Update which included many servicing projects across the north and northwest areas of the city which are now in place and new building permits are paying the DCs to cover the cost of the infrastructure.

The city has already committed \$90m worth of infrastructure in the largest undeveloped area in the southwest of the city. The 2017 GMIS update approves some additional works in that area but it also defers some projects beyond the five year horizon which does not meet the timeframe proposed by some developers to match

market demand for their lands. The report concludes the reason for deferrals is because of concerns with the cash-flow analysis of the DC reserve funds.

The Federal Liberal Government is proposing a \$300b deficit for 2016 to finance infrastructure projects because interest rates are at a historical low and the City of London should be using the same reasoning when looking for Provincial and Federal infrastructure monies.

The GMIS update is staff's recommendation to Council for the scheduling of works going forward but it is up to Council to decide if they agree or want to recommend an alternative that will put London on a better footing when the economy recovers by taking advantage of lower interest rates today. The GMIS should not be considered just in the lens of financial implications but also what will provide the best payback on investments by building infrastructure today for the city tomorrow.

The report states that by moving projects that are beyond the first five years of the GMIS schedule it helps the cash flow models for the 2017 GMIS update and the 2018 GMIS will require less changes to the scheduling of projects. This defeats the purpose of the GMIS because it is not a static document, it is supposed to be reviewed and adjusted yearly to meet market demands.

Lands are purchased and businesses cases determined based on future GMIS schedules and the decision to move projects back should be decided on a yearly basis as market demands and DC funds are monitored based on actual dollars not a future projection.

A number of suggestions to improve the review process to help add in the 2018 GMIS update follow:

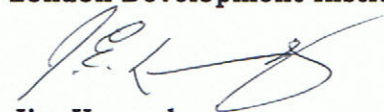
- The 2017 GMIS Update did not include any review on the status of 2016 GMIS projects. It was suggested that the 2018 update include a review of 2017 projects. The LDI would still like to meet with staff for a review of 2016 projects to help determine how these projects can be approved and constructed as per the schedule and to counteract the current lot shortage.
- There should be a GMIS steering committee or working group set up now to start work on the 2018 GMIS.
- A review of the development approval system should be undertaken to find efficiencies in the process to ensure the timely delivery of saleable lots and the timely return on the City's investments by the payment of DCs by new home buyers.

- A review of the process for the tendering and construction of stormwater manage facilities needs to be undertaken to address high costs and delivery timelines.
- The projects in the “Built Out City” need to be reviewed to determine the timing of expenditures for infrastructure to meet the needs of infill and intensification. This type of review in the 2017 GMIS update could have reflected a more positive cash flow outlook for the DC funds.
- An online tracking system needs to be implemented so everyone is aware of the status of GMIS projects to ensure the timely delivery of saleable lots.

Again we thank staff for their efforts in preparing the 2017 GMIS update and we look forward to working with them on making improvements to the 2018 GMIS process.

Sincerely,

**London Development Institute**



**Jim Kennedy**  
**President, LDI**

cc LDI Members  
cc Peter Christiaans, Development Finance  
cc Martin Hayward, City Treasurer  
cc Paul Yeoman, Development Finance  
cc George Kotsifas, Development Services  
cc John Fleming, City Planner  
cc John Braam, City Engineer  
cc Art Zuidema, City Manager