PUBLIC PARTICIPATION MEETING COMMENTS

13. Public Engagement Process for the Evaluation of Community Improvement Plan Incentives

- *(Councillor Cassidy enquires about the ten year payback through the increased tax assessment; wondering what would happen in the case of a change in ownership;* Mr. T. Macbeth, Planner II, responding that it would be written into the program guidelines that whomever had paid it would receive it back; if it turns into a condo or an apartment tower then it would be written into the program guidelines that we would be paying back the person that paid in the first place; *Councillor Cassidy clarifies that it would not be a reduction on their property tax bill, it would be an actual payment and that payment would be directed to whoever originally paid the development charges in the first place;* Mr. T. Macbeth, Planner II, responding that that is correct and whether or not they change ownership structures, the Schedule for the Tax Grant would be set out in the beginning so once they enter into that it would be established.) (*Councillor van Holst enquires about the sentence on the last paragraph of page 130, which reads "The conversion of a building from one use to another is not a matter considered a Community Improvement" and that does not sound like a statement that was true to him, it sounds like it is coming from the Planning Act and perhaps someone could describe this because certainly if you were to put a grocery store in one of his neighbourhoods to change the use, that would be an improvement to change a tool shed into a park, into a washroom, that is an improvement; putting a nice butcher shop in some community is an improvement and he thinks that you also noted here that there is a difference between the value of having a warehouse and a food business in terms of how we give our grants so the use seems to be valuable and this is something that he would challenge;* Mr. J.M. Fleming, Managing Director, Planning and City Planner, requesting clarification as Councillor van Holst is referring to the August report and where on page 130 so that he may respond to the question; *Councillor Park assisting by indicating that the printed copy of the Agenda that they received last week is much different than the Added Agenda so she would draw Councillor van Holst's attention to the Added Agenda; Councillor van Holst responding that this is page 21 of Item 13, the last sentence of the first paragraph;* Mr. G. Barrett, Manager, Long Range Planning and Research, responding that the wording is from their report from August 22, 2016 and it was referring to the request on the development charge rebate for the publicly accessible sports and recreation programs; what this says is that it is the conversion of a building is not a matter under community improvement; noting that he does not disagree that there are benefits that come with it but under the legislation as to what constitutes a community improvement and something that would be eligible under a community improvement plan, that was not an eligible item, that is what this is stating; *(Councillor van Holst thanking staff for the clarification; expressing disappointment that Hamilton Road was not included in the forgivable loan portion because that is an area of town where the "but for" clause might certainly take place; pointing out that there is much less development going on there now than there is in some of the places where we have already got these grants and he thinks to spur that, it might be needed; asking staff why that decision was made;* Mr. T. Macbeth, Planner II, responding that the Table is intended for the ones that are not yet approved by Council for illustrative purposes to show that funding has been identified, which actual programs would be in any given area, they have to wait and not presuppose until those plans are completed; advising that there is funding that has been identified that could go to the new areas, it is just which actual programs and the structure of those programs, they have to wait until the plan is completed; *(Councillor Park indicating that the Councillors question was with regard to the Forgivable Loans because it said that it was not recommended to have the Forgivable Grant Programs in these two areas and wanting to know why the recommendation was as such; noting that she is including SoHo in that list);* Mr. J.M. Fleming, Managing Director, Planning and City Planner, responding that it was trying to take savings and apply it as they felt as a staff and as a finance group would be most effective and this is relating to some of the engagement programs that they had but the Forgivable Loan program is a grant program, it comes with a fairly substantial cost and the savings that were yielded through the left side of that slide were not sufficient to include everything else that they have there plus the forgivable loan so they would have to go back to the drawing board, they can do that if the Committee would like, if they are going to be adding Forgivable Loans they will certainly have to take something else off the list; *(Councillor Park had it drawn to her attention today that last week the Minister made some announcements regarding Development Charges and affordable housing and wondering if staff can talk about how that might impact this program.)*; Mr. G. Barrett, Manager, Long Range Planning and Research, indicating that these programs in the review, were a review of their existing programs and affordable housing has been a great beneficiary particularly of the Development Charges grant program but they did not look at this through an affordable housing lens, they looked at it through the residential lens; advising that the Ministers' release just came out on Thursday and they are not sure yet what all of the programs or all of the implications may be and it is certainly something that they could bring back to the Committee, it may be and they do not know that it would actually be changes under the *Development Charges Act* whereby it would not be a Community Improvement Plan issue, it would be something that you would consider under Development Charges; indicating that, at this point, he would advise the Committee that they will, with the Heritage Conservation District, monitor the situation and if it would seem appropriate they would look at a new Community Improvement Plan focused on affordable housing if there are tweaks that need to be done and they would bring that back to the Committee; advising that he does not believe that they have enough information at this point to actually make a recommendation to the Committee this evening; stating that they have a program that has been a great program for incenting residential development and affordable residential development has been a beneficiary of the program.

- Shelley Carr, Vice-President, SoHo Community Association, 190 Waterloo Street – looking through this report and she is a little bit confused because she knows who the clientele are, who the residents are and who the businesses are that are in their neighbourhood; indicating that they are a highly compromised community, they have a great deal of renters, a great deal of people who are seniors, people who are on Ontario Works, people who are very dependent on transit and on the sidewalks in their community; stating that, at no time, was the SoHo Community Association contacted about any grant program but she can tell you that when people drive through Downtown London, their main corridor is Wellington Road and what they see on Wellington Road reflects what they are going to see Downtown; advising that, from that point of view, you are looking at what you see when you approach the Downtown of London; saying that we look compromised; indicating that, for the residents, because so many are on reduced income through whatever form and they depend on those businesses that are located on Wellington Street and those very businesses are also compromised because they are depending on people that do not have a lot of money; indicating that when we are talking about not giving forgivable grants to businesses that are basically the storefront for Downtown London it is a big concern, especially to the residents that were at a SoHo civic meeting who still want a grocery store; pointing out that there chances of having a grocery store on that Wellington Street strip probably will not happen if they are not eligible for grants; stating that someone has to step up and make the business happen but they cannot do it without help; realizing that money is limited and we have to put our resources where they are needed but just remember that that is the part of London that everyone comes into, you cannot avoid going down Wellington Street, you cannot avoid what is not a slum but looks pretty rough and that is what that says about us as our Downtown when they approach it.
- Sean Ford, General Partner, Dancor – advising that they have a number of properties throughout the city; indicating that they develop industrial and commercial property, are a landlord and build for others; requesting the removal of the Industrial development charge recommendation section and not approve it; pointing out that they have provided their comments in writing for this process but also they participated in 2016, 2014, 2013 and prior to that; stating that generally the market that they have right now in London on the Industrial side is not ready for Industrial development charges and it is not ready for it for two reasons; stating that one reason is because it is not mature enough or developed enough on the new side because they are still competing against a lot of older buildings throughout the city; pointing out that the remarks that he gave the Committee in writing, they have rental rates in the amount of three dollars fifty cents to four dollars ninety-five

cents for the old stuff; advising that on the new side that he and others build, you are looking at seven dollars and you need the seven dollars just to recover your building costs; advising that they are also a great beneficiary of the Industrial Land Strategies so they build most of their buildings, not all of them, but most of them are built on Industrial land that they have bought from the City; stating that you have a great strategy that brought them here in 2007 and they have quite a large holdings now and they have more land to develop; advising that he provided a chart on a couple of parks and he will talk about the spec building in a minute but in those two photographs the Committee will see that there are a couple of buildings built on the Industrial lands on Skyway, a park that originally the City, back in the early 2000's did not think was going to get developed as fast as Innovation, got developed faster than Innovation in terms of the number of buildings that were built; indicating that it happened because they ended up with an user that wanted to be here, a logistics company, a warehouse, and because of that building, the 300,000 square foot building that is there, they ended up building and developing a whole bunch of other buildings; advising that reason that he is asking the Committee to remove the item from the report is for six or seven reasons, including that there will be an impact on the rental rates as he mentioned, one to two dollars a square foot and so if they are putting up buildings that are going to cost him seven dollars to rent out under the current framework, you are going to be looking at buildings that are going to rent out at eight or nine dollars and you will not get people willing to pay eight or nine dollars in London so you are going to slow down the number of new builds that they do; stating that what has hurt them in the last three years is that, in the past, you have had an economic development machine bringing new business into the city that they benefitted and many benefitted from these new tenancies that were coming in and on the retention side also identified new uses and new users for their buildings and that really has not happened in the last three years; pointing out that from their perspective, they are not seeing any economic development on the Industrial side and by adding another one to two dollars a square foot you are going to kill the rental market; stating that how this links to the spec buildings portion that he talks about in their remarks, the report does not identify spec buildings in these definitions that they have; noting that spec buildings, simply put, is where they risk their capital and money and they put up a building, they put up the building anywhere from five to fifteen or sixteen million dollars and they put it up based on what they think is going to be needed in the future; because of that and because we live in a Google world where people want instant buildings, they are not going to wait six, seven, nine months for a building, they want something that they can touch and feel immediately; advising that if you take the spec buildings out of it and spec building means that he does not know who is going to rent it, it could be one of the people that you have identified in the like column or it might not be, he does not know, but he is not going to pay Development Charges at the counter and then worry about who they are going to be, he is not going to target the user, he is not going to say sorry warehouse, he does not want you, he did not pay Development Charges, he is only going to take pharmaceutical or defense; pointing out that what he found odd about defence, the sector is huge in the city but it is also on the decline and they have lost a number of small and large tenants on the defence side, it is cyclical, they will probably get others back in the next few years; advising that the decision to allow the Development Charges to continue is going to have an impact on lease rates, it is also going to have an impact on new builds based on the definitions that you have got there and the example that he provided, he gave the Committee two kinds of buildings, one is a thirty-thousand square foot Industrial building, it is a cross dock terminal and currently it will employ one hundred twenty people, it would fall on the retention side of the column, it is an existing business that has been in London for twenty years; stating that under the Definitions you would expect it to pay Development Charges but it is going to have one hundred twenty people working in a thirty-thousand square foot building and a larger yard; stating that, on the flip side, he has a defence building, thirty-thousand square feet, twenty-nine thousand five hundred sixty-seven to be exact, that employs twenty-four people and they would be exempt from paying Development Charges; pointing out that when you get in the analogy that he used, it was like an eye surgeon trying to do eye surgery with his thumbs, when you get involved in picking and choosing who should go into buildings, that warehousing is bad but pharmaceutical is good, you also exclude a lot of people, you also limit that building as to what is going to happen with it or whether it will be built at all because of the Development Charge impact; indicating that what could be a warehouse today may not be tomorrow and visa versa; advising that what he builds as a pharmaceutical building today could be used as a warehouse tomorrow but, with the Development Charges that you are going to impose he is going to be saddled with this additional debt; pointing out that as he has said since they came here in 2007, because this is not the first time that the Council has looked at doing Development Charges, the Committee is going to end up, in their view, killing the very market that has been building over the last ten years; noting that this is going on to year eleven and the Committee is going to do that and you can look at other examples, the Committee does not have to believe him of other municipalities that have done the same thing; indicating that their head office is in Brampton, Ontario and that Council and the Mayor in 2011 put out an edict that they did not want any more warehouses in Brampton; indicating that their Industrial development dropped off the face of the earth; pointing out that that is good for London because they spend more time here than they do in Brampton now but bad for the City of Brampton to the point where recovering from that has been difficult; stating that what it did do though, it was fantastic for the Town of Milton because now Milton's Industrial base has exploded because they do not refuse warehousing or other manufacturing; getting into who you like and who you do not like is not a good thing to do; reiterating to take out the whole Industrial Development Charges completely; understanding that the implications are generational, that you do this now and he has a self-interest in this because they build buildings, but they build buildings for London to Oshawa, Toronto to Collingwood; advising that they have a very big portfolio here, they have an office here that has been doing very well since 2007; stating that they will just build elsewhere, which will hurt them in the short-term, it will certainly have the City lands that they have bought where they have extra land that they are trying to get users for, sit a lot longer, they are not going to get taken up; stating that there is an implication by putting in the Development Charges also on your Industrial Land Strategy in terms of how quickly you want to move forward; pointing out two sites in particular that they have bought in the last two years, one that they have bought and closed on and one that is closing on shortly are not shovel ready so they are taking the additional expense of making them shovel ready, not because they are nice people but because they are good sites, they are in good locations; reiterating that they are making them shovel ready and they are going to turn them into something that is usable; noting that they are large sites; advising that if the City puts the Development Charges in place, it is going to take a lot longer; indicating that what he means by longer is five to ten years because other users are going to skip you and they are going to go elsewhere where it is cheaper and the Development Charge issue is major for cities right across the province but those cities that have Development Charges but at a very robust market where there are leases and new buildings being built all the time, like Whitby for example, there is a Development Charge that does not distinguish between the kind of user you are, everybody pays the same but it is a level playing field; stating that is a mature market, a growing market because that is where everyone is going, into the east end of the Greater Toronto Area; stating that the most important thing for them is the issue of spec buildings not being addressed, the City needs spec buildings and they need the ability to put up spec buildings without the Development Charges and they do not know who the user is when they walk in the door; advising that that has been overlooked in the report and they need that to be addressed; indicating that, because they believe that if they were sitting in the Committee's chair that this should be taken out of the report, they are not saying leave it off indefinitely, they are suggesting that you do more study, like a Deloitte's type firm or PWC or one of those that can corroborate what they are telling the Committee to be the case, that they do not make a catastrophic error now when things are starting to get better and starting to go well, but that we really look at it properly and come back at it in 2022 or 2023 and everyone knows that they have a marketplace that in five years is going to change; recommending that they get the users in there so that the market gets more mature and can absorb a Development Charge.

- Jen Pastorius, Manager, Old East Village Business Improvement Area – See attached presentation.
- Gary Brown, 35A-59 Ridout Street South – asking a technical question because we bandy the word grant around here a lot but Development Charges have to be paid by the rate payer of London, Ontario; advising that his understanding is that the law does not allow

them to eliminate Development Charges as they are paid by one or the other, it is automatic; indicating that we could have our discussion without even mentioning that here; thinking that the answer is yes but he just wanted to ask, is this basically a net zero proposal that is coming forward here on the tax base; expressing support for the Community Improvement Programs but is this a negative change on their tax base because we are the ones that have to pay for this in the end and it is not even being discussed.

- Mohamed Moussa, 155 Thornton Avenue – enquiring about level one, two and three; pointing out that it was noted earlier that level one applies to designated properties; wondering if these are just properties that are designated under Section IV of the *Ontario Heritage Act* or does it comprise those that are in a Heritage Conservation District; advising that Community Improvement Plans are one of the most complex plans that he has encountered in looking into some of the things that the City does and he only prefaces what he is saying with that because he looked into a façade program six years ago; indicating that the application was onerous, the costs to proceed with it were actually more than what he would have done if he had just done it himself whether it was a Forgivable Loan or an interest free ten year loan, it ended up being that he looked at the pros and cons and the cost benefit analysis of it and decided not to go with it and if someone can correct him if he is wrong, are these programs administered by the Business Improvement Areas or who administers these programs; if it is through the Business Improvement Area it is actually a far less than ideal way of administering it as it takes some time to understand what was available and what that Business Improvement Area was asking for and looking for, especially Downtown would have been a multiplication of four-fold of what he was looking at spending; wondering if there are any statistics in terms of how often some of these programs, especially Downtown because that is what he is familiar with, how often they have been looked towards, forget about Development Charges because we know those are specific and fairly large scale but in terms of façade programs, in terms of there used to be an alley way program, are there any statistics that can be shared here as to how often they are administered, looked towards and used.
- Sarah Merritt, Executive Director, Old East Village Development Corporation – advising that this is the sister corporation of the Old East Village Business Improvement Area; indicating that when she participated in the earlier parts of the consultation with respect to these incentives and she has to say that she was really amazed and impressed with what planning and finance have come up with as a solution to an issue; stating that as Executive Director of the Development Corporation they were very concerned that they would lose the Development Charge and incentives given that it is the most significant amount of funding through the Community Improvement Plan that comes through the area and it has contributed to extensive improvements in the area; reiterating the comment that Mrs. J. Pastorius, Manager, Old East Village Business Improvement Area, was making in terms of what they are doing as a Development Corporation and they are very preliminary, they certainly have taken a look at the opportunities for infill, the kind of footprints that actually remain in the area and the fact that with the new London Plan and the Old East Village chances are that they are going to be going for mid-rise developments that are going to be built in the Old East Village; advising that they have an issue with mid-rise developments, which, in principle, they are not against; stating that the fact that they have very small footprints left to develop unless there is major demolition and the likelihood of that happening within the Community Improvement Plan area is very slim; pointing out that the issue that they have is, it has been their experience that those developers that have significant amounts of money that can actually forgo a reimbursement of the development incentive charges; noting that she does not know the development field so maybe they need to be corrected on this, they believe from their experience that the chances are that anybody that is going to be doing any kind of infill development, mid-rise development on small footprints in the Old East Village will probably not be developers that can actually withstand or forgo the reimbursement of the development charge; asking that the same people who came up with this incredible solution to keeping the incentives could take a look at if there is a way through that incentive program that you can ensure this financial predictability and sustainability but also make sure that they do not lose out on infill developments they would really appreciate it; having said that, they are really delighted and grateful that they still have these incentives because without these

incentives they would not be where they are; appreciating that there are other groups in the city that are just in the process of accessing these incentives so they do not want to sound too greedy here; reiterating that they are just asking that the people that put this together could possibly take another look and see if there is a solution; indicating that they might be wrong, they might find some of the larger developers coming in and doing smaller footprint development but to this date it has not been their experience that developers that develop on that scale are really interested in the smaller stuff.