



November 10, 2011

City Clerk's Office
Room 308, 300 Dufferin Avenue,
P.O. Box 5035, London, ON N6A 4L9

TO: The Mayor and the Members of the Finance and Administration Committee

RE: Municipal Services Finance Agreements

Recommendation:

The Urban League of London has participated in the discussions with staff and the LDI on this matter. We are supportive of the recommendations brought forward by the City Treasurer.

Rationale:

As the LDI stated at a meeting we attended on November 4, a cap of some sort is necessary. It is important to limit the city's financial risk and to avoid creating a "son of the Urban Works Reserve Fund (UWRF)." We remind Council that the City still shows a notional deficit of some \$60 million for the UWRF which taxpayers could be held liable to cover.

It is tempting to agree to provide new infrastructure when a land owner is "ready to go." However, we remind Council that regardless of amount of infrastructure that goes into the ground for residential development, no new demand for housing is created and there is ample existing supply. As city staff wrote to the BNEC recently in the GMIS update, supply exceeds demand by over two years. There are 5,000 lots currently recorded as draft approved but not registered in the Vacant Land Inventory and more than half already have major servicing in place and can be progressed to registration without additional infrastructure.

It is still not clear to us how Council will determine which developments can be advanced through a MFSA when there are multiple requests that would exceed the cap. We look forward to further discussions on this matter. It would concern League members if the way Council would handle such matters is by delaying capital projects related to soft services such as transit, or by further delaying road projects.

While we support MFSA as a tool to allow for unanticipated project (s) in general, the discussion at the November 4th meeting clearly indicated a difference where 2 developers both think they would qualify. While acknowledging details are still to be confirmed, Council must understand and accept two realities of MFSA's: they are an option resulting in an exception to GMIS - and - there will be winners and losers in the development industry. Not every request to jump the GMIS queue can be accommodated – there must be neutral criteria so as to avoid the "politicizing of applications."

Finally, we recommend to Council the section of the Watson Report entitled Overview of Development Charges. We found it to be the best summary of what the fund is and the cash flow challenges created i.e. costs are up front while the subsequent revenues are only collected at the building permit stage which may be many years after the infrastructure is emplace.

Sandy Levin and Gloria McGinn-McTeer