

## Report to Community and Protective Services Committee

**To:** Chair and Members  
Community and Protective Services Committee

**From:** Scott Mathers MPA, P. Eng.  
Deputy City Manager, Housing and Community Growth

**Subject:** Roadmap to 3,000 Affordable Units Update:  
Section 37 Bonused Affordable Unit Impacts

**Date:** April 13, 2026

## Recommendation

That, on the recommendation of the Deputy City Manager, Housing and Community Growth, the following actions **BE TAKEN** with respect to Roadmap to 3,000 Affordable Units Update: Section 37 Bonused Affordable Unit Impacts:

- a) That affordable units included in bonus zones that are constructed and meet the eligibility requirements under the Affordable Housing Community Improvement Plan (Dollars to Doors program), **BE APPROVED** for an incentive under the existing Roadmap program; and
- b) That Civic Administration **BE DIRECTED** to work with the local development industry and report back at a future Community and Protective Services Committee meeting on a financial contribution model to offset the loss of affordable units included in bonus zones.

## Executive Summary

The elimination of Section 37 bonusing in Ontario has significantly impacted the City of London's ability to secure affordable housing units through development approvals. Under the previous framework, developers could be granted increased building height or density in exchange for providing public benefits such as affordable housing. This tool was instrumental in securing affordable units in several developments across the city, at no extra cost to the municipality.

With the removal of this mechanism from the *Planning Act* in 2022, landowners and developers are no longer obligated to provide the bonused elements if they undertake a change of zoning. As a result, some developments that had previously committed to affordable units are now being rezoned or sold without guarantees that those units will be delivered.

The City's heights review and recent City-wide amendments to the Zoning By-law more broadly permits greater height and density as-of-right in Downtown, Transit Village, and Rapid Transit Corridor Place Types. However, these expanded permissions cannot require the inclusion of affordable housing, in accordance with the *Planning Act*. Consequently, if a developer applies to remove a former "bonus zone" under the new system, there is ability to retain affordability. To preserve or secure affordable housing in these cases, the City would need to proactively offer incentives through utilizing the City's Roadmap to 3,000 Units funding.

## Linkage to the Corporate Strategic Plan

Council and staff continue to recognize the importance of actions to support housing, as reflected in the 2023-2027 - Strategic Plan for the City of London. Specifically, the efforts described in this report address the following Areas of Focus, including:

## Housing and Homelessness

Outcome 1 - The City of London demonstrates leadership and builds partnerships to increase quality, affordable, and supportive housing options.

Expected Result 1.1 - Increased access to a range of quality, affordable and supportive housing options that meet the unique needs of Londoners.

### Strategy

(a) Increase the supply, range, and depth of affordability of quality housing options where people feel safe.

## Analysis

### 1.0 Background Information

#### 1.1 Previous Reports Related to this Matter:

- [2025 Annual Development Report](#) (PEC: February 18, 2026)
- [Affordable and Community Housing Update](#) (CPSC: February 17, 2026)
- [Update to the Roadmap to 3,000 Affordable Units: "Roadmap 2.0"](#) (CPSC: July 15, 2024)
- [Community Improvement Plans Review for Increasing Affordable Housing](#) (PEC: June 11, 2024)
- [Bill 108 – More Homes, More Choice Act, 2019](#) (PEC: May 27, 2019)

#### 1.2 Section 37 Bonusing

Under the *Planning Act*, Section 37 previously granted municipalities the ability to “bonus zone” lands through an applicant-initiated Zoning By-law amendment. This tool allowed municipalities to approve developments with additional height and density beyond what was contemplated in the official plan, in exchange for a variety of facilities, services, and matters which would benefit the community and are not typical requirements of the development process. Such facilities, services, and matters included exceptional building and site design, public art, underground parking, electric vehicle charging stations, cultural heritage preservation or commemoration, Leadership in Energy and Environmental Design (LEED) certification, and affordable housing units.

The practice of bonusing was discontinued by the Province of Ontario with the passing of the *More Homes, More Choice Act, 2019* and the *COVID-19 Economic Recovery Act, 2020* which amended the *Planning Act* remove the opportunity for bonusing provisions. Through the removal of bonusing as a planning tool, existing bonus zones remain in effect, but new zones cannot be established. Where a new zoning by-law amendment is passed, which deletes an existing bonus zone, the bonus provisions are consequently not carried forward and the previously secured facilities, matters, and services are no longer required through development.

#### 1.3 Bonus Unit Status

Of the 95 bonus zones outlined in Section 4: General Provisions, of the Z.-1 Zoning By-law, 33 include affordable units as one of their bonused elements as of 2025, to a total of 497 affordable units. This total is the result of all bonused affordable units currently identified in Section 4 – General Provisions of the Z.-1 Zoning By-law in-force bonus zones and zones which were in effect in Q2 2025.

36 units were lost with the repeal of B-40 at 801 Sarnia Road through OZ-25017, and the development of 1140 Sunningdale Road (B-83) and 689 Oxford Street W (15 Capulet Lane) through the varied base zone. These units are included in the table below as “lost” units to contribute to an overall unit count of 497. Previous bonus zones have been

removed where amendments have occurred prior to 2025 and are not included in this total.

Of these bonus units, 133 have been constructed and are occupied. 56 either have Site Plan Control approval (and are pending a building permit) or are currently active (meaning recent site plan activity). 202 units are inactive, meaning the developers of the units have submitted Site Plan applications but there has been no activity on them in over a year. 70 bonused units are pending a submission to the City for a Site Plan application. Lastly, 36 bonused units were lost as the developments utilized base zoning not requiring the bonused elements or were removed via a zoning by-law amendment.

**Table 1:** Affordable units approved through Bonusing

<b>Affordable Units Approved through S.37 Bonusing</b>	
133	Constructed
202	Inactive (no site plan activity within 1 year)
70	No site plan application received
36	Developed without bonus zone or zone removed
56	Active/Approved
<b>497</b>	<b>Total Bonus Units</b>

The affordability of the approved bonus affordable units is also variable. Through each bonus zone, different rent calculations and length of affordability terms were applied on a case-by-case basis. They range between 70% to 95% of Average Market Rent (AMR) and terms of 10 to 50 years.

The current standard requirement to access Roadmap funding for affordable units is a maximum of 80% AMR for 25 years.

## **2.0 Discussion and Considerations**

### **2.1 Roadmap Alignment**

The approved bonus units have been included in the overall Roadmap calculation of affordable units as “In Planning” since they have all received a *Planning Act* approval (i.e. the approval of the Zoning By-law Amendment which created the bonus zones).

Many of these bonused affordable units remain in the planning approvals stage as they have not received final Site Plan Approval or a building permit to begin construction. The oldest of these bonus units received zoning approval in 2018, and the most recent from 2022, which are still in Planning, or Inactive, as noted in the table above. This inactivity is on the part of developers who have either not submitted applications for Site Plan Approval, have not resubmitted drawings for final approval or finalized the development agreement.

At the time of their approval, these affordable units were to be provided as a community benefit to allow for the overall development to achieve additional height and density than was otherwise permitted by the Zoning By-law at the time. Therefore, bonus units were not incentivized through municipal funding, but rather through planning permissions.

**Table 2: Community and Affordable Housing Update Report (February 17<sup>th</sup> CPSC)**

Road Map Programs	Units Complete	Units in Progress	Units in Planning	Total Units Tracked
1. Affordable Rental				
City-led Shovel Ready Developments	103	100	682	885
Community-led Developments	<b>394 (133)</b>	<b>373 (7)</b>	<b>462 (304)</b>	<b>1,229 (444)</b>
2. Affordable Ownership				
City-led Shovel Ready Developments	0	0	101	101
Community-led Developments	0	<b>14 (4)</b>	0	<b>14 (4)</b>
3. Highly Supportive Housing				
City-led Shovel Ready Developments	44	0	0	44
Community-led Developments	0	188	115	303
<b>Total Roadmap (City-Funded)</b>	<b>541</b>	<b>675</b>	<b>1,360</b>	<b>2,576</b>
Non-City-Funded Affordable Rental	693	0	0	693
Non-City-Funded Highly Supportive Housing	75	0	0	75
<b>Total Units Tracked</b>	<b>1,309 (133)</b>	<b>675 (11)</b>	<b>1,360 (304)</b>	<b>3,344 (448)</b>

**Note:**

Numbers in brackets represent the bonus unit count in the respective data point.

**2.2 Bonused Affordable Units Eligible Under the Roadmap**

If a proponent is interested in applying for the \$45,000 incentive offered through the Dollars to Doors CIP, funded by the Roadmap to 3,000, there are a number of standard eligibility requirements they must meet, including:

- Commitment to a 25-year period of affordability.
- A minimum of 80% of the Average Market Rent per unit must be provided.
- Units filled from the waitlist.
- More than 5 affordable units in the development.

The bonus zones approved with affordable units have varied depths and periods of affordability. In some cases, a 90% AMR was agreed to, in others a period of 50 years. The work to secure these units was largely completed by the staff in the former Housing Development Corporation at a time when there were no Roadmap incentives available. City and HDC staff would negotiate with the applicant as part of the re-zoning process to include the lower rent units.

Table 5 below outlines the potential number of units that would be considered eligible if each property with a bonus zone applied for the \$45,000 incentive.

**Table 3: Bonus Units that Meet Eligibility Criteria for Dollars to Doors**

Bonused Units	Status	Units at 80% AMR (or less)	25-years (or more)	Eligible for Roadmap Incentive
133	Constructed	18	12	0
202	Inactive (no site plan activity within 1 year)	131	151	87
70	No site plan application received	31	70	31
36	Developed without bonus zone or zone removed	36	36	30
56	Active/Approved	48	56	43
<b>497</b>	<b>Total Bonused Affordable Units</b>	<b>264</b>	<b>325</b>	<b>191</b>

Developers that have sites with a bonus zone have the option of increasing the depth of affordability or extending the period to meet Roadmap eligibility requirements. For example, a site with a 50-year, 90% minimum AMR bonus zone, could sign an agreement with the City to provide 80% AMR units for 50 years. By doing this, they will be eligible for the \$45,000 incentive.

The financial impact is outlined in Section 3.0 of this report.

### 2.3 Amending Bonus Zones – Impact to Roadmap Unit Count

Following the changes to the *Planning Act*, new bonus zones cannot be created, and existing zones lose their bonus features (including committed affordable units) if rezoned. This could potentially reduce the units In Planning from Roadmap tracking by 308 – being the total of inactive, unapplied for, and “lost” units, bringing the total down from 1,360 to 1,052.

The Dollars to Doors Programs in the Affordable Housing CIP will help maintain these units by providing incentives. However, each development project has its own feasibility indicators for success, considering both capital and operating budgets.

City staff will continue to utilize tools, such as minor variances through the Committee of Adjustment, for developers willing to maintain affordable units while seeking increases in height and density. However, significant changes that do not align with The London Plan, in particular, the heights framework, will be more challenging in scenarios where the developer wishes to maintain the affordable units of the bonus.

### 2.4 Development Industry Engagement

Since the approval of the Dollars to Doors CIP in February 2025, City-staff have been approached by a number of developers with existing bonus zones interested in the program for their bonused units. Some have requested changes to the CIP to consider different periods of affordability, but generally the requests are focused on receiving the incentive for the construction an 80% AMR affordable unit.

In support of these conversations with individual developers, Civic Administration met with the executive directors of the London Development Institute and London Home Builders Association in 2025 to discuss the potential change. There was general support, but an understanding that Council direction is required prior to the commencement of the “new” incentives. Although there have been exploratory conversations with specific developers, there has not been a significant number of projects coming forward for building permits with bonused units in the zone since the approval of the CIP.

As discussed throughout this report, with the new as-of-right zoning rules and additional height and density permitted, the original bonus zones are at risk. The approach outlined in this report where the City will provide an incentive for the bonused units introduces a cost that was not originally considered in the Roadmap to 3,000.

Although there is an impact to the overall Roadmap program funding, the community value created through the retention of these units is significant and will help ensure the units are constructed and maintained at the lower rental values for 25-years.

Assuming Council endorses the approach outlined in recommendation (b) of this report, the next stages of the engagement with the development industry will involve reviewing options for a financial contribution model to offset the potential loss of the 308 bonused units.

### 3.0 Financial Impact/Considerations

#### 3.1 Financial Impact of Roadmap Incentives for Eligible Bonused Units

The Roadmap to 3000 units included target of 300 units of affordable rental and ownership from bonusing / inclusionary zoning (private developers) to be provided at no cost to the City. To date 133 units have been constructed. Given the currently incentive value of \$45,000 the value of remaining units as compared to the roadmap plan target would be \$7,515,000.

Although the potential loss in bonus units could have a significant community impact, when observing the changes in the marketplace from when the original Roadmap to 3,000 was approved, a target number of secondary suites was established at 300 for the period of the plan. A \$20,000 incentive was identified to support these new units. In 2025, there were 487 building permits issued for the construction of secondary suites across the city. Of these, only 8 were counted in the Roadmap to 3,000 update in the February 17<sup>th</sup>, CPSC report.

#### 3.2 Per Unit Construction Cost

In the Community Improvement Plan Review Report completed by Tim Welch Consultants and Parcel Economics and brought to Planning and Environment Committee on June 11, 2024, a financial analysis was completed and included as an appendix in the report to identify the funding “gap” between the cost of development and construction and a baseline financial return for both market and non-profit developers. Table 5 below identifies the approximate cost per unit from the Roadmap and the economic analysis undertaken in 2024 in support of the Community Improvement Plans.

**Table 4 - Typical Per Unit Cost - 2021 to 2024 Comparison**

CIP Review (2024)			Roadmap to 3,000 (2021)	
Funding per Unit (80-unit building)	Downtown Building	Outside of Downtown Building	Funding per Unit (40-unit building)	Typical Building
<b>Cost per Unit</b>	<b>\$422,000</b>	<b>\$402,000</b>	<b>Cost Per Unit</b>	<b>\$391,000</b>

(source: Roadmap 2.0, July 15, 2024 CPSC)

For City to undertake the development of the unapplied for, inactive, and “lost” affordable bonus units it would need to create 308 new affordable units. Based on the costing analysis above and assuming a best-case scenario where the land is already City-owned, the cost to construct the same number of units between and \$123 Million and \$130 Million.

#### 3.3 Affordability Loss

In considering the financial implications of the approved affordable bonus units going undeveloped, there is an overall loss of affordability based on the terms established through the zones.

With the exception of two bonus zones (which have already been constructed and occupied), all affordable units required as part of a bonus zone are at a set percentage of Average Market Rent (AMR) ranging between 70% to 95% for a specified time-period of

between 10 and 50 years. The current 1- bedroom AMR designated by CMHC in October of 2025 is \$1,371 per month.

The loss of 308 bonus units equates to the loss of over \$39 million in affordability. This means 308 households would each pay on average an additional \$211 per month more in rent for the next 50 years than they would if these affordable units were available. This value considers the variation in depth of affordability across all the bonus zones and provides an average rental savings.

### **3.4 Community Value - Rental Unit Savings**

Although difficult to provide a precise dollar figure due to the variability in costs from project to project, to assist Council in identifying the value that bonusing provides to the community the impacts are outlined below. The difference between the 100% and 80% average market rent will change year over year and need to be reassessed annually.

#### Bonused Unit Assumptions:

100-unit building  
\$422,000 per unit construction cost  
30% of units are affordable  
80% of Average Market Rent (1-bedroom)  
25-year affordability period  
\$45,000 in forgivable loan from the City

#### Inputs to Determine Community Value:

30 units at 80% of AMR for 25-years  
\$1,371 (100% AMR) - \$1,096 (80% AMR) = \$275 / month

Therefore, for a 100-unit building, providing 30% of the units at 80% of AMR for 25 years, the total loss of affordability in the community is:

$$30 \text{ units} \times \$275 \times 12 \text{ months} \times 25 \text{ years} = \$2,475,000$$

This could mean that the \$275 per unit must be rebalanced into the 70 market units to make up the loss in value to the developer. That equates to approximately \$120 additional monthly rent on the market units for the 25-year period.

This is compared to the equivalent contribution from the City to incent the construction of new affordable units:

$$30 \text{ units} \times \$45,000 = \$1,350,000$$

NOTE: Compared to the aggregate of the 308 bonused units, the community value may be significantly less when the negotiated AMR is only 95% for 25-years.

#### Bonused Unit Replacement Value

If a true cost of construction were to be considered as opposed to a community value, each unit that is lost would be calculated against the cost to construct that unit elsewhere in the city using the \$402,000 - \$422,000 value.

## **4.0 Next Steps and Implementation**

### **4.1 Approach to Retain Bonused Units**

The Roadmap contemplates a partnership model to achieve the 3,000-unit target, and the City's approach thus far has been to provide capital funding and support development activities or prepare shovel-ready lands.

Assuming that the units meet or exceed the eligibility requirements, these units will be considered through the Dollars to Doors Program in the Affordable Housing CIP, which offers developers up to \$45,000 per unit. No changes are required to the existing CIP to allow this.

#### **4.2 Approach to Replace “Lost” Units**

When a re-zoning application requests the removal of an existing bonus zone, there will be a “loss” in affordable units counted toward our overall goals. From an incentive perspective the current value of these units are at \$45,000 each at a minimum. To support the loss of these units, City-staff can enter into negotiations with any owner that wishes to voluntarily exit their current bonussing obligations. The funding would be used to support other housing providers willing to provide affordable housing in London. There is no way to compel an owner to enter into an agreement. An estimate of the value of the affordable lost units will be included in any future rezoning report looking to eliminate affordable housing bonussing obligations.

### **Conclusion**

The removal of the former Section 37 of *The Planning Act* has significantly impacted the City of London’s ability to secure affordable housing. What was once a neutral cost to the community has become potential financial and policy challenge. While 497 bonus units were approved, many remain undeveloped through inactivity or zone changes supported by policy updates, thus creating potential replacement costs or risk of not achieving affordability goals in the city.

Through the Dollars to Doors Community Improvement Plan, the City has an existing tool to help preserve these units. Success will require collaboration with builders and developers to mitigate against affordability loss through further deletion of bonus zones, in exchange for grants through existing City programs.

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Appendix ‘A’ – Status of Properties with Affordable Units in Bonus Zones

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Zone	Year	Address	Approved AH Units	Rents	Term	SP App	Constructed	Status
B-17	2012	1461 Huron St	25	N/A		SP12-022939	25	Constructed
B-32	2022	725, 729 735, 737 Dundas, 389, 391, 393 Hewitt	13	80% AMR	30 years	SPA22-057	0	Active app in progress - recent DA progress
B-40	2022	801 Sarnia Rd	4	80% AMR	50 years	SPA22-003	0	Rezoned to remove approved AH units
B-52	2018	147-149 Wellington St, 253-257 Grey	10	95% AMR	20 years	SPA23-057	0	Inactive
B-54	2018	809 Dundas	25	95% AMR	25 years	SPA20-019	0	Inactive
B-58	2019	440 Clarke Rd	65	N/A	N/A	SPA20-069	65	Constructed
B-59	2019	462, 468, 470, 472 Springbank	8	95% AMR	25 years	SPA20-006	0	Approved - bonus agreement registered, not constructed
B-61	2019	475 Edgevalley	4	85% AMR	15 years	SPA19-059	4	Constructed
B-63	2019	1339-1347 Commissioners Rd W	3	85% AMR	15 years	SPA19-116	3	Constructed
B-64	2019	676-700 Beaverbrook	20	90% AMR	20 years	SPA22-047	20	Inactive
B-65	2020	1018-1028 Gainsborough	18	6 @ 90% AMR 12 @ 75% AMR	10 years 20 years	SPA21-018	0	Inactive
B-67	2020	754-760 Base Line Rd E	1	85% AMR	25 years	SPA20-088	0	No App
B-69	2020	122 Base Line Rd W	18	70% AMR	20 years	SPA21-005	18	Constructed
B-70	2020	1150 Fanshawe Park Rd E	6	90% AMR	20 years	SPA21-050	6	Constructed
B-71	2021	1761 Wonderland Rd N	12	85% AMR	50 years	SPA21-040	12	Under Construction
B-74	2021	3080 Bostwick, Site 6	30	85% AMR	30 years	N/A	0	No App
B-75	2021	611-615 Third St	4	80% AMR	30 years	SPA22-016	0	Inactive
B-76	2021	1634-1656 Hyde Park, 1480 North Routledge	5	80% AMR	50 years	SPA21-079	0	Active
B-77	2021	435-451 Ridout	12	80% AMR	50 years	N/A	0	No App
B-78	2021	400 Southdale Rd E	4	Condos	N/A	SPA21-118	0	Inactive
B-79	2021	1047-1055 Dearness	4	85% AMR	50 years	N/A	0	No App
B-80	2021	250-272 Springbank	28	85% AMR (for 2021)	50 years	SPA22-007	0	Inactive
B-81	2021	1 Commissioners Rd E	7	80% AMR	50 years	N/A	0	No App

Appendix 'A' – Status of Properties with Affordable Units in Bonus Zones

B-82	2021	560, 562 Wellington St	12	70% AMR	25 years	SPA24-082	0	Active app in progress
B-83	2022	1140 Sunningdale	2	80% AMR	50 years	SPA23-078	0	Developed without bonus zone
B-84	2022	517-525 Fanshawe Park Rd E	4	80% AMR	50 years	SPA22-107	0	Inactive
B-85	2022	520 Sarnia	2	80% AMR	50 years	SPA22-027	0	Inactive
B-86	2022	84-86 St George St, 175-197 Ann St	13	80% AMR	50 years	N/A	0	Active App in progress
B-87	2022	599-601 Richmond	4	85% AMR	50 years	N/A	0	No App
B-88	2022	689 Oxford St W	30	80% AMR	50 years	SPA24-060	0	Developed without bonus zone
B-89	2022	2009 Wharncliffe Rd S	3	80% AMR	50 years	SPA23-013	0	Active app in progress
B-91	2022	604 Beaverbrook	2	80% AMR	50 years	SPA23-002	0	Under construction
B-92	2022	712 Base Line Rd E	12	80% AMR	50 years	N/A	0	No App
B-93	2022	1737 Richmond	22	80% AMR	50 years	SPA24-022	0	Inactive (comments issued Oct 24)
B-95	2022	1067, 1069, 1071 Wellington Rd	65	80% AMR	35 years	SPA22-116	0	Inactive
34 Sites			<b>497</b>				<b>133</b>	<b>Constructed</b>
							<b>202</b>	<b>Inactive (no site plan activity within 1 year)</b>
							<b>70</b>	<b>No site plan application received</b>
							<b>36</b>	<b>Developed without bonus zone or zone removed</b>
							<b>56</b>	<b>Active/Approved</b>