

Report to Planning and Environment Committee

To: Chair and Members
Planning and Environment Committee

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

Subject: Deferred Loan Payments – Community Improvement Plans
and Financial Incentive Programs

Date: April 14, 2026

Recommendation

That, on the recommendation of the Deputy City Manager, Housing and Community Growth, the following report, titled Deferred Loan Payments – Community Improvement Plans and Financial Incentive Programs, **BE RECEIVED** for information.

Executive Summary

This report provides an update on Community Improvement Plan (CIP) loan programs that were previously deferred by Municipal Council in response to the economic impacts of COVID-19. The deferrals apply to the Façade Improvement Loan Program and the Upgrade to Building Code Loan Program, which provide interest-free loans to support building improvements. In July 2023, Municipal Council approved a further deferral of loan repayments until August 2026.

As of January 1, 2026, there are 150 (of 155) outstanding loans across both programs with approximately \$4.4 million in deferred payments. Five (5) loans were not deferred by applicants and are currently in repayment. Loan repayments for the deferred loans are scheduled to resume in September 2026 in accordance with the Municipal Council resolution and the terms of the agreements. Civic Administration will notify loan recipients in summer 2026, approximately 60 days prior to the resumption of payments, and repayments will continue on an interest-free basis until the outstanding balances are fully repaid.

Linkage to the Corporate Strategic Plan

This report supports the 2023-2027 City of London Strategic Plan and directly aligns with the following Areas of Focus:

Economic Growth, Culture, and Prosperity

- London encourages equitable economic growth and diversification.
- London's Core Area (Downtown, Midtown, Old East Village) is a vibrant neighbourhood and attractive destination.

Analysis

1.0 Background Information

1.1 Previous Reports Related to this Matter

There are no previous reports related to this Matter.

1.2 Initial Deferral Period from 2020-2023 and subsequent deferral

In 2020 as a response to the challenges surrounding COVID-19, Municipal Council recommended that Community Improvement Plan loan repayments be deferred on an interest-free basis for a period of 60 days. The deferral was again extended for an additional 90 days in June of that year. These deferrals continued until December 2022 with the expectation that repayments would start January 15th 2023. Between January 2023 and August 2023 repayments were made by current loan recipients. During the previous deferral periods businesses could choose to continue making payments if they were able, although most did choose to defer. In July 2023, Municipal Council brought forward a motion and directed Civic Administration to defer any outstanding CIP loans for a further three years from August 2023 until August 2026.

1.3 Previous Council Resolution

At its meeting held on July 25, 2023, Municipal Council resolved:

That, the Civic Administration BE AUTHORIZED to defer Community Improvement Plan loan repayments, on an interest-free basis, from August 1, 2023 to August 31, 2026, where the applicant has requested a deferral in writing; it being noted that the impact of deferring loan repayments will require an additional contribution to the Community Improvement Program Reserve Fund of up to \$1.97 million subject to the number of requests for deferral, with funding to be sourced from the Operating Budget Contingency Reserve from funds set aside to offset the financial impacts of COVID-19.

This report has been brought forward in response to the above resolution.

1.4 Community Improvement Plans

A Community Improvement Plan (CIP) is a tool defined by the *Planning Act* that is intended to replan, redesign, redevelop, and rehabilitate a designated area in need due to age, dilapidation, overcrowding, faulty arrangement, unsuitability of buildings or for any other environmental, social, or community economic development reasons.

Financial Incentive Programs in Community Improvement Plans are often used as tools to encourage and support community and economic redevelopment. The Financial Incentives are geared to encourage private sector investment in specific areas that further support the City's policy goals and objectives.

2.0 Discussion

2.1 Description of Loan Programs

The two loan programs that have been subject to the deferral include the Façade Improvement Loan Program and the Upgrade to Building Code Loan Program. Both loans offer financial incentives to property owners and tenants to support improvements to building features. Applications for these loans are typically submitted by the property owner.

Façade Improvement Loan

This program provides a loan to assist property owners with upgrades to the exterior façade of the building. The loan will be issued to cover 50% of the cost of eligible works with a minimum of \$2,000 and a maximum of \$50,000. Loans are paid back at 0% interest over 114 payments (9 years and 6 months). In certain areas of Downtown, Old East Village, and Hamilton Road, a portion - up to a maximum of \$12,500 or 25% of the loan - may be forgivable. The loan is secured through a lien on the property.

Example of eligible work covered under the program include:

- Exterior street front renovations, compliant with heritage design guidelines
- Awnings and business signage

- Eaves troughs, rain gutters, soffits, fascia, bargeboard, and other materials that direct rainwater;
- Doors, windows and their finished framing;

Upgrade to Building Code Loan

This program provides loans to assist property owners who improve their buildings for items that relate to Ontario Building Code requirements. Loans are issued to cover 50% of the cost of the eligible works with a minimum of \$2,000 to a maximum of \$200,000. Loans are paid back at 0% interest over 114 payments (9 years and 6 months). In certain areas of Downtown, Old East Village, and Hamilton Road Area a portion - up to a maximum of \$25,000 or 12.5% of the loan - may be forgivable. The loan is secured through a lien on the property.

Example of eligible works covered under the program include:

- The installation of fire protection systems such as sprinklers, stand pipes, fire alarms, emergency power, lighting and exit signs; and fire separations, fire doors, fire shutters and other fire protection devices;
- The extension of plumbing and electrical services for the creation of habitable space; and the replacement of plumbing, electrical, and mechanical systems that no longer meet Building Code requirements;
- The construction or alteration of stairs, guards, handrails, etc.;
- The reinforcement or reconstruction of floors, walls, ceilings or roofs;
- The installation or alteration of required window openings to residential spaces;
- Improvements for barrier-free accessibility including elevators, ramps, and washrooms;
- Other improvements related to health and safety issues including the removal of moulds, affected materials, and asbestos.

2.2 Outstanding Loan Amounts

As of January 1, 2026, current deferred CIP loans are presented as follows:

Loan Summary by Program

	Upgrade to Building Code Loan Program	Façade Improvement Loan Program
# of deferred loans	99	51
Total Deferred Outstanding (\$)	\$3,752,492.08	\$675,636.71
Average Monthly Payment	\$540.89	\$190.81
Median Monthly Payment	\$438.59	\$219.30
Highest principal amount	\$200,000.00	\$46,929.80
Lowest principal amount	\$243.27	\$433.57

Some loans that began repayment prior to the deferral periods have repaid varying amounts of their loans with those starting during the deferral period having not started repayment at all. Of the loans there are 11 within the Façade Improvement Loan and 15 in the Upgrade to Building Code Loan that have not currently made any repayment. There are also 5 loans across the programs that are currently being repaid as the applicants chose not to defer them.

There is a total of 56 unique property owners with outstanding loans, with 35 property owners having two or fewer loans. There are 21 property owners that have three or more outstanding loans which account for over two-thirds of the total number of loans and almost \$3.8 million outstanding. Two property owners have a combined 26 loans totaling over \$550,000 across multiple properties. Most of the property owners are numbered companies.

Deferred Loan Disbursement by CIP

	Upgrade to Building Code Loan Program	Façade Improvement Loan Program
Downtown	54	26
Old East Village	39	23
Hamilton Road	4	2
SoHo	2	0

2.3 Consultation with Business Improvement Areas

A majority of the outstanding deferred loans are associated with property addresses located within the Downtown London BIA and the Old East Village BIA, through their respective CIPs. As property owners are members of Business Improvement Areas, Civic Administration reached out to both organizations for comment. Both BIAs indicated support for the loan programs and recognize the value they provide in supporting revitalization. In light of ongoing economic pressures and local market challenges that are being experienced in both these areas, the BIAs both indicated a desire for Municipal Council to consider deferral flexibility on a case-by-case basis or to extend the deferral period to provide continued financial stability and flexibility for an additional term. Both BIAs also indicated a desire to see these programs evolve in the future, possibly to include forgivable loans, a longer cooling off period, or additional incentive programs created to support tenants and business operators.

3.0 Financial Impacts

Loans are funded through the Community Improvement Program Reserve Fund and are intended to operate as a revolving funding mechanism, whereby repayments are returned to the reserve fund and subsequently reallocated to support future community improvement initiatives. The extended deferral of repayments has interrupted this cycle, placing additional pressure on maintaining the reserve fund balance through tax-supported contributions. With loan repayments scheduled to resume in September 2026, in accordance with the terms of the respective agreements, monthly payments will assist with strengthening the financial sustainability of the CIP Reserve Fund.

4.0 Next Steps

Loan repayments are set to begin in September 2026 following the conclusion of the Municipal Council deferral. Civic Administration intends to inform loan recipients of the upcoming monthly repayments in summer 2026, approximately 60-days from payments restarting. As per the terms and conditions included in the signed agreements, monthly installments on an interest free basis will be charged until full payment has been made by the applicant.

Conclusion

Community Improvement Plan loan programs continue to support building improvements and revitalization within CIP areas of the City. While loan repayments have been deferred to provide financial flexibility over the past several years, the deferral period approved by Municipal Council is scheduled to conclude on August 31, 2026. Civic Administration will proceed with notifying loan recipients in advance of the repayment restart, with monthly interest-free repayments resuming in September 2026 in accordance with the terms of the loan agreements.

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