

--	--

File No. O-8318
Planner: T. Macbeth

TO:	CHAIR AND MEMBERS PLANNING & ENVIRONMENT COMMITTEE
FROM:	JOHN M. FLEMING MANAGING DIRECTOR, PLANNING AND CITY PLANNER
SUBJECT:	DRAFT COMMUNITY IMPROVEMENT PLAN FOR INDUSTRIAL LAND USES AND OFFICIAL PLAN AMENDMENT FILE: O-8318 MEETING ON MARCH 25, 2014
RECOMMENDATION	

That, on the recommendation of the Managing Director, Planning & City Planner, the following actions be taken with respect to a Community Improvement Plan for Industrial Land Uses:

- (a) The attached draft report prepared by RCI Consultants regarding a Community Improvement Plan for Industrial Land Uses and proposed community improvement programs **BE RECEIVED** and circulated to Provincial Ministries, stakeholders, and the public for review and comment;
- (b) The attached proposed Official Plan Amendment to establish community improvement policies to encourage industrial development and redevelopment, and the preparation of a city-wide Community Improvement Plan for Industrial Land Uses **BE CIRCULATED** for public review and comment; and
- (c) A public participation meeting **BE SCHEDULED** for the meeting of Planning and Environment Committee on May 27, 2014, to adopt the Community Improvement Plan for Industrial Land Uses and to amend the Official Plan to add new policy to Chapter 14 – Community Improvement Policies.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
--

- November 18, 2013 “Industrial Land Development Strategy 2013-2023,” Strategic Priorities and Policy Committee.
- August 26, 2013 “Strategic Change in Delivery of Development Charge Exemptions and Incentive Policies,” Strategic Priorities and Policy Committee.
- April 30, 2012 “Initiation Report: 2014 Development Charges Background Study and DC By-law Update,” Strategic Priorities and Policy Committee
- November 26, 2008 “Industrial Development Charge Policy,” Board of Control.

PURPOSE

This report includes a draft Community Improvement Plan (CIP) for Industrial Land Uses that was prepared for the City and a draft Official Plan Amendment to provide for industrial land community improvement. Both the draft CIP and Official Plan policies are provided for public review and comment prior to a public meeting to be scheduled for May 27, 2014 before the Planning and Environment Committee.

Agenda Item #	Page #

File No. O-8318
Planner: T. Macbeth

The CIP is intended to provide for new programs and policies to promote industrial development, including a program to provide grants to offset Development Charges. This program is proposed in response the Council direction, as noted in the Background section below.

Also, an amendment to the Official Plan is required to add new policies to Chapter 14 – Community Improvement to provide for industrial Community Improvement Plans. This Community Improvement Plan will include a new program to replace the current approach to industrial development charges in the existing Development Charges By-law that will no longer be applicable upon the adoption of a new Development Charges By-law in August 2014.

BACKGROUND

2014 Development Charges Study

Municipalities in Ontario use legislation that allows them to recover growth related costs through development charges (DCs). The DC legislation in Ontario requires that municipal development charge by-laws be reviewed every five years at minimum. The City must also address possible changes to its growth financing policy, to ensure policies on sharing of growth costs are prudent. As such, the City of London is undergoing a 2014 Development Charge study, which is proceeding with a view to establishing new Development Charges rates in time for the expiration of the current DC rate by-law by August 2014. In the current by-law, the City of London exempts industrial development from Development Charges.

However, on September 17, 2013, Council approved the Minutes of the August 26, 2013 Strategic Priorities and Policy Committee (SPPC), within which Council resolved the following from the report “Strategic Change in Delivery of Development Charge Exemptions and Incentive Policies”:

2. The City Planner BE DIRECTED to prepare or amend Community Improvement Plans (CIPs), listed in order of priority, for the following forms and areas of development to provide the basis for providing grants to individuals for a portion of, or all of, development charges paid:

- a. Existing exemptions/grants/discounts to be provided for in CIPs effective on the effective date of the 2014 Development Charges By-law (no later than August 4, 2014):*
 - i. residential units, Downtown Area, Old East Village Area, and SoHo Area;*
 - ii. new industrial buildings and expansions not exempt by statute, city-wide;*
and,
 - iii. hospitals, universities, places of worship/cemeteries and not-for profit organizations that are exempt from taxation by the Assessment Act, citywide (currently 50% of CSRF rate exempted).*

In conjunction with the 2014 DC study and in accordance with SPPC Recommendation 2.a, above, industrial land development is proposed to be addressed through the *Planning Act* tool of Community Improvement Planning rather than incorporated into the updated DC by-law. The Community Improvement Plan (CIP) for Industrial land uses is intended to include a program to replace the DC exemption and provide CIP programs with a range of financial tools. CIP tools and incentive programs include grants and rebates that offer similar benefits to current DC exemptions.

Agenda Item #	Page #

File No. O-8318
Planner: T. Macbeth

It is noted that the Community Improvement Plans for non-industrial land uses, as recommended at August 26, 2013 meeting of the Strategic Priorities and Policy Committee (item 2.a.i. above), is being reported separately to Council.

CIP's role in supporting the City's Industrial Land Development Strategy

While the draft CIP for Industrial Land Uses provides a framework for a new development charge grant program, the CIP also serves as a broader tool to support community economic development. The CIP provides Council with the tools to address community improvement from an industrial perspective. As has been highlighted in the Industrial Lands Study, London's manufacturing economy has been severely affected by recent changes in the national and global economies. In concert with the ILDS, the CIP for Industrial Land Uses will allow the City to provide programs and incentives to address community economic development and industrial community improvement, and aid the City in strengthening the industrial sector of London's economy.

The Industrial Land Development Strategy is a City of London initiative to support industrial development, industrial employment, and the city's long-term economic competitiveness and prosperity. The ILDS addresses the City's role in industrial land and the practices of land acquisition, servicing, planning and land preparations, and marketing. The introduction of CIP programs that offer grants and other incentives is beneficial in that it can help make the City's industrial lands a more attractive offering in an increasingly competitive, global economy.

OVERVIEW: COMMUNITY IMPROVEMENT PLANNING

Community Improvement Planning under the Act

Financial incentives can play a significant role in London's industrial land development and the City's related strategy. In addition to brownfields incentives to encourage the re-use and redevelopment of former industrial sites, the City does not presently collect development charges for industrial development.

As part of the Development Charges By-law update, it has been recommended that this incentive be included as part of an Industrial Lands CIP, and no longer as an exemption in the DC By-law. This incentive would be in addition to exemptions that are provided for under the *Development Charges Act*, which include mandatory exemptions for expansions of existing industrial buildings (generally up to 50%).

A CIP is a Plan adopted under the *Planning Act* that provides the opportunity for a municipality to make grants or loans to support community improvement. Community improvement is defined in the Act as follows:

"community improvement" means the planning or replanning, design or redesign, resubdivision, clearance, development or redevelopment, construction, reconstruction and rehabilitation, improvement of energy efficiency, or any of them, of a community improvement project area, and the provision of such residential, commercial, industrial, public, recreational, institutional, religious, charitable or other uses, buildings, structures, works, improvements or facilities, or spaces therefor, as may be appropriate or necessary.

The *Planning Act* further states that:

For the purpose of carrying out a municipality's community improvement plan that has come into effect, the municipality may make grants or loans, in conformity with the community improvement plan, to registered owners, assessed owners and tenants of lands and buildings within the community improvement project area, and to any person

Agenda Item #	Page #

File No. O-8318
Planner: T. Macbeth

to whom such an owner or tenant has assigned the right to receive a grant or loan, to pay for the whole or any part of the eligible costs of the community improvement plan. For the purposes of subsection (7), the eligible costs of a community improvement plan may include costs related to environmental site assessment, environmental remediation, development, redevelopment, construction and reconstruction of lands and buildings for rehabilitation purposes or for the provision of energy efficient uses, buildings, structures, works, improvements or facilities.

As noted above, the CIP can include programs that would allow the City to make grants or loans to target strategic industries or areas that would further Council’s Industrial Land Development Strategy.

Current City of London CIPs Related to Industrial Development

The City of London, under Official Plan Chapter 14 – Community Improvement Policies has identified areas and land uses eligible for community improvement. Two of the current Community Improvement Plans are related to industrial development, including the “Community Improvement Plan for Brownfield Incentives” and the “Airport Area Community Improvement Plan”.

Under the Brownfield Community Improvement Plan, “Brownfields” are defined as abandoned, underutilized or vacant former industrial buildings or sites, which are encouraged to be remediated and redeveloped. The purpose of the Brownfield CIP is to: (1) increase employment opportunities and enhance viability of inner city neighbourhoods; and (2) encourage adaptive reuse and increasing property value and tax base, without additional land or resources required.

Under the Brownfield CIP, grant programs are for assistance with:

- Property tax assistance during rehabilitation and site redevelopment;
- Development charges rebates;
- Tax increment equivalent grants for a portion of the value of the increase in Assessment growth as a result of site rehabilitation and redevelopment; and
- Green Municipal Fund monies from the federal programs to assist with financing a variety of environmental projects related to brownfield redevelopment.

The Airport Area CIP is for specific industrial sectors and land uses located adjacent to the London International Airport. The Airport Area CIP supports the competitiveness of the aerospace, aviation and transportation cluster around the London International Airport, and applies to the following targeted sectors:

- Aerospace manufacturing and servicing companies;
- Scheduled air transportation companies;
- Non-scheduled air transportation companies, including specialty flying services and chartered air transportation;
- Scenic and sightseeing air transportation; and
- Specialized services and support for air transportation industries;
- Airport operations; and
- Other support activities for air transportation, including air ambulance services.

Programs under the Airport Area CIP include incentives such as a Tax Increment Grant program for airport and aerospace-related industrial enterprises and supportive services located in the project area adjacent to the London International Airport.

Agenda Item #	Page #

File No. O-8318
Planner: T. Macbeth

**OVERVIEW OF THE DRAFT COMMUNITY IMPROVEMENT PLAN
FOR INDUSTRIAL LAND USES**

The current City of London Community Improvement Plans related to industrial land uses are for certain targeted sectors of the industrial economy and specific geographic locations within the City of London. In order to address city-wide community improvement objectives related to industrial land uses, including economic revitalization and sustainable development objectives, and environmental, social and community economic development objectives, a city-wide Community Improvement Plan for Industrial Land Uses, attached to this report, has been prepared. This draft report, prepared by RCI Consultants for the City, includes both a draft Community Improvement plan for industrial land uses, and a suite of programs targeted to industrial land uses.

The proposed incentive programs of the Community Improvement Plan include an Industrial Development Charge Grant Program; an Industrial Tax Increment Equivalent Grant Program; and an Industrial Landscaping Improvement Grant Program. The criteria and scoring for the individual programs will be placed in an appendix that does not constitute part of the Community Improvement Plan, therefore allowing amendment to criteria and programs without the requirement of an amendment to the parent Community Improvement Plan. This is consistent with the City's current practice, and allows Council to add, amend or discontinue community improvement programs and incentives without having to amend the Community Improvement Plan.

Industrial Development Charges Grant Program

The proposed Industrial DC Grant Programs are intended to apply to all lands within the urban growth boundary that meet the definition of an industrial use. The grant is proposed to be paid as follows:

- The applicant pays the full DC to the City.
- Then, an automatic 50% grant is to be repaid to the applicant from the City's DC Reserve Fund. The automatic 50% grant would be payable by the City at the time of building permit issuance, provided the City has received an application to the DC Grant Program, subject to the eligibility criteria.
- Up to an additional 30% grant may be attained if the project exceeds minimum investment for construction value (not including land value or equipment value), meets job creation requirements, and is one of the broadly defined targeted industrial sectors identified in the City's concurrent Industrial Land Development Strategy; and
- Up to an additional 20% grant may be attained if the project:
 - Incorporates enhance building/site design, enhanced amenity or landscaping;
 - Promotes better land use compatibility through re-location of existing industrial operations from a high conflict location to a lower conflict location in the city;
 - If a brownfield site, meets the requirements of brownfield redevelopment under the existing Brownfield CIP.

Industrial Tax Increment Equivalent Grant Program

Applications within the urban growth boundary that meet the definition of an industrial use are proposed to be eligible for an annual tax increment grant equal to 50% of the incremental increase in municipal taxes for a period up to 5 years. This program, similar to the City's other tax increment grant programs, provides for tax relief in the early years of a project completion.

Under this program, the total value of the grants over the 5 year period could not exceed the value of the project.

Agenda Item #	Page #

File No. O-8318
Planner: T. Macbeth

Industrial Landscaping Improvement Grant Program

In order to promote improved landscaping, fencing and screening, including for an enhanced image for properties along the industrial lands corridor, this program proposes a grant equivalent to 50% of the cost of eligible fencing, landscaping and planting on industrial properties that sufficiently improve the aesthetics of industrial sites, and/or provide effective screening of outdoor storage so as to mitigate the visual impact of said industrial uses. The maximum value of this grant would be 50% of the value of the eligible landscape improvements, up to a maximum of \$25,000. Eligible projects would require both urban design and site plan review.

Municipal Leadership

In addition to the incentive programs noted above, in order to achieve the goals of the CIP, the City may engage in the full range of actions permitted under Section 28 of the *Planning Act*, including but not limited to a program of property acquisition, development, and disposition by all means available to the municipality in accordance with provincial legislation.

This section of the CIP also speaks to marketing and promotion and site servicing as other municipal actions related to industrial land economic development.

AMENDMENT TO SECTION 14 OF THE CITY OF LONDON OFFICIAL PLAN

In order to permit the proposed programs for community improvement noted above, an amendment to Official Plan Chapter 14 – Community Improvement Policies is required. The Amendment will include policy changes, as well as minor housekeeping changes to policy numbering. The draft policy changes to Chapter 14 are summarized below, it being noted that a finalized Official Plan Amendment will be brought to Council following further public and stakeholder consultation to be brought forward concurrently with the final Community Improvement Plan for Industrial Land Uses. A draft of the Official Plan Amendment is attached to this report.

Deleting policy 14.2.2.iii.b “Special Study Area”. This policy no longer applies. The current policy states: An older industrial area extending south from Dundas Street to the C.N.R. rail lines east of Egerton Street where several industries have initiated a request for municipal attention to the improvement of municipal services in the area.

Adding new policy 14.2.2.iii.c) Industrial Area
All lands designated for Industrial land uses. This applies to all lands in the City, including lands outside the Urban Growth Boundary, as indicated on Figure 14-1, Areas Eligible for Community Improvement.

Adding new policy 14.2.3.iii Land deemed by Council to be worthy of consideration to promote environmental, social and community economic development.

Replacing policy 14.3.3 Industrial with the following policy text:

Council may encourage development, redevelopment, rehabilitation and/or adaptive reuse of properties or buildings for industrial uses in conformity with a community improvement plan through the provision of financial incentives, land acquisition, or other programs and policies to encourage industrial development in designated Community Improvement Project Areas.

The purposes of Industrial Land Community Improvement include:
- Development and Redevelopment city-wide;

Agenda Item #	Page #

File No. O-8318
Planner: T. Macbeth

- *Supports sustainable development objectives and environmental, social, and community economic development objectives; and*
- *Supports economic development objectives of the City's Industrial Land Development Strategy.*

The current policy states: Community improvements in industrial areas will either upgrade or provide municipal services such as curbs, gutters, sewers, sidewalks, streetlighting and roads to improve the function of the area and its potential attractiveness for new firms or expansion of existing firms. Council may also encourage redevelopment or infill development in conformity with a community improvement plan through the provision of loans to the owners of industrial properties.

Adding new policy 14.3.4.ix) "Other Implementation Measures" as follows:

The inclusion of programs or policies as methods of assisting in the implementation of community improvement.

CONCLUSION: NEXT STEPS

In August 2013 Council approved a strategic change to the City's delivery of Development Charges and Incentive Programs. The draft Official Plan Amendment and draft Community Improvement Plan for Industrial Land Uses have been prepared in order to implement this direction by Council. The next steps towards implementation will be stakeholder and public engagement, to be undertaken in early April. Subsequently, Staff will complete the review of the draft Community Improvement Plan and give consideration to all public and stakeholder feedback received. Updates to the draft Official Plan Amendment and Community Improvement Plan for Industrial Land Uses will then be prepared for the consideration of Council and presented at a statutory public participation meeting at a future Planning and Environment Committee meeting.

In order to ensure that there is a program and Community Improvement Plan in place to replace the current exemptions provided for industrial development under the current Development Charges By-law, the CIP and associated programs, as well as the necessary Official Plan Amendments will be brought back for consideration by the Planning and Environment Committee at a public participation meeting on May 27, 2014.

--	--

File No. O-8318
Planner: T. Macbeth

PREPARED BY:	SUBMITTED BY:
TRAVIS MACBETH PLANNER II, LONG RANGE PLANNING AND RESEARCH	GREGG BARRETT, AICP MANAGER, LONG RANGE PLANNING AND RESEARCH
RECOMMENDED BY:	
JOHN M. FLEMING, MCIP, RPP MANAGING DIRECTOR, PLANNING AND CITY PLANNER	

March 14, 2014
 TM/GB/tm
 Attach.

- cc. A. Zuidema, City Manager
 M. Hayward, Managing Director, Corporate Services and City Treasurer
 J. Braam, Managing Director and City Engineer
 G. Kotsifas, Managing Director, Development and Compliance Services and Chief Building Official
 J. Barber, Managing Director, Corporate Services and City Solicitor
 K. Graham, Manager, Corporate Initiatives
 B. Warner, Manager, Realty Services
 M. Henderson, Director, Business Liaison
 K. Lakhotia, Interim General Manager, London Economic Development Corporation

Y:\Shared\policy\Industrial Land-ILDS\Industrial CIP\March 25 PEC Report – Draft Industrial Community Improvement Plan.docx

Agenda Item #	Page #

File No. O-8318
Planner: T. Macbeth

Appendix "A"

Office) Bill No. (number to be inserted by Clerk's
2014

By-law No. C.P.-1284-_____

A by-law to amend the Official Plan for the City of London, 1989 relating to the Community Improvement Plan for Industrial Land Uses.

The Municipal Council of The Corporation of the City of London enacts as follows:

1. Amendment No. (to be inserted by Clerk's Office) to the Official Plan for the City of London Planning Area – 1989, as contained in the text attached hereto and forming part of this by-law, is adopted.
2. This by-law shall come into effect in accordance with subsection 17(38) of the *Planning Act, R.S.O. 1990, c.P.13*.

PASSED in Open Council on Insert date of Council meeting.

Joe Fontana
Mayor

Catharine Saunders
City Clerk

First Reading - Insert date of Council meeting
Second Reading - Insert date of Council meeting
Third Reading - Insert date of Council meeting

Agenda Item #	Page #

File No. O-8318
Planner: T. Macbeth

AMENDMENT NO.

to the

OFFICIAL PLAN FOR THE CITY OF LONDON

A. PURPOSE OF THIS AMENDMENT

The purpose of this Amendment is:

1. To amend Chapter 14 of the Official Plan for the City of London to add Industrial Area to the list of areas that are eligible for community improvement, and to include the provision of new programs and policies for industrial properties for the purpose of carrying out community improvement.

B. LOCATION OF THIS AMENDMENT

1. This Amendment applies to all lands within the City of London.

C. BASIS OF THE AMENDMENT

This amendment has been prepared to address city-wide community improvement objectives related to industrial land uses, including economic revitalization and sustainable development objectives, and environmental, social and community economic development objectives. The Industrial Land Development Strategy and the 2014 Development Charges Study, and their recommendations serve as the basis for adding Industrial Area to the list of areas that are eligible for community improvement, and the inclusion of the provision for new programs and policies for industrial properties. The proposed Official Plan Amendment implements the recommendations contained in the Industrial Land Development Strategy and 2014 Development Charges Study to achieve city-wide community improvement objectives related to industrial land uses.

D. THE AMENDMENT

The Official Plan for the City of London is hereby amended as follows:

1. Section 14.2.2 - Designation of Community Improvement Project Areas of the Official Plan for the City of London is amended by deleting the following:

Industrial iii) b) Special Study Area

An older industrial area extending south from Dundas Street to the C.N.R. rail lines east of Egerton Street where several industries have initiated a request for municipal attention to the improvement of municipal services in the area.

And replacing it with:

Industrial iii) b) Other Industrial Areas

All lands within the City that are used, or may be used for industrial development.

Agenda Item #	Page #

File No. O-8318
Planner: T. Macbeth

2. Section 14.2.3 – Phasing of the Official Plan for the City of London is amended by adding the following:

Consideration iii) Land deemed by Council to be worthy of consideration to promote environmental, social and community economic development.

3. Section 14.3.3 - Industrial of the Official Plan for the City of London is amended by deleting it in its entirety and replacing it with the following:

Council may encourage development, redevelopment, rehabilitation and/or adaptive reuse of properties or buildings for industrial uses in conformity with a community improvement plan through the provision of financial incentives, land acquisition, or other programs and policies to encourage industrial development in designated Community Improvement Project Areas.

The purposes of Industrial Land Community Improvement include:

- Development and Redevelopment city-wide;
- Support sustainable development objectives and environmental, social, and community economic development objectives; and
- Support economic development objectives of the City's Industrial Land Development Strategy.

4. Section 14.3.4 - Other Implementation Measures of the Official Plan for the City of London is amended by adding the following:

Programs and Policies ix) the adoption of new programs or policies as methods of assisting in the implementation of community improvement.