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G. Barrett

TO:	CHAIR AND MEMBERS PLANNING & ENVIRONMENT COMMITTEE
FROM:	JOHN M. FLEMING MANAGING DIRECTOR, PLANNING AND CITY PLANNER
SUBJECT:	INFORMATION REPORT EVALUATION OF COMMUNITY IMPROVEMENT PLAN INCENTIVES MEETING ON MONDAY, APRIL 7, 2015

RECOMMENDATION

That, on the recommendation of the Managing Director, Planning and City Planner, the attached report **BE RECEIVED**, and Staff **BE DIRECTED** to report back with a comprehensive review of the City’s existing Community Improvement Plans and associated incentives and to evaluate the potential for adding more Community Improvement Plans and associated incentives, **IT BEING NOTED THAT** this review will consider the cost and value of existing incentives, and the potential for re-allocating funding associated with one or more of these programs to best meet Council’s strategic priorities.

BACKGROUND

As part of the recent Development Charges By-law review, a number of development charges exemptions were removed from the By-law. Correspondingly, Municipal Council directed that new grant programs be developed as part of Community Improvement Plans that provide a grant equivalent to the exemption that was previously provided under the Development Charges By-law. In other words, the same incentives would be provided, but through a Community Improvement Plan (CIP) rather than through the Development Charges By-law.

As part of the review of the Development Charges By-law, on August 27, 2013, Council resolved that:

“...on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer, the following actions be taken with respect to Development Charge (DC) Exemptions Policy for the 2014 Development Charges Study:

- a) *the following Development Charge exemptions outlined in the current Development Charges By-law BE MAINTAINED for the 2014 Development Charges By-law:*
 - i) *all mandatory statutory DC exemptions:*
 - A. *expansions of existing industrial buildings to the extent reflected in the Development Charges Act (generally up to 50%);*
 - B. *municipal and school board buildings; and,*
 - C. *construction of additional dwelling units, as prescribed in the DC Act regulations.*
 - ii) *a parking building or structure;*
 - iii) *a bona fide non-residential farm building;*
 - iv) *a structure that does not have municipal water and sanitary facilities and that is intended for seasonal use only;*
 - v) *a temporary garden suite installed in accordance with the provisions of the Planning Act, as amended; and,*
 - vi) *an air supported structure or arch framed structure clad with fabric-type*

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G. Barrett

material, temporary in nature, the purpose of which is to provide indoor facilities for recreational and sports activities owned and operated by a non-profit organization for public use;

it being noted that the above exemptions maintain existing City policy, and are for uses that have no perceptible impact on growth infrastructure requirements;

b) 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:

i) 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):

- A. residential units, Downtown Area, Old East Village Area, and SoHo Area;*
- B. new industrial buildings and expansions not exempt by statute, city-wide; and,*
- C. hospitals, universities, places of worship/cemeteries and not-for-profit organizations that are exempt from taxation by the Assessment Act, city-wide (currently 50% of CSRF rate exempted).*

ii) new grant to be considered for adoption in a CIP following Council adoption of the 2014 Development Charges By-law:

- A. small businesses/minor commercial expansion, city-wide;*

it being noted that the staff report dated August 26, 2013 outlines the implementation plan for bringing forward these CIPs for Council consideration, including input opportunities from interested stakeholders;

it being further noted that the Strategic Priorities and Policy Committee heard the ~~attached~~ presentation from P. Christiaans, Director, Development Finance, with respect to this matter

In response to this direction, new programs were added for both the Downtown and Old East Village CIPs to establish new programs to provide a grant equivalent to the residential development charges that would otherwise be payable in these areas. As well, a new CIP was adopted for Industrial Development to provide a grant program to replace the former industrial development charge exemption in the previous Development Charges By-law.

Staff have not yet addressed the institutional exemptions or a new small business/minor commercial expansion CIP. The purpose of this report is to provide an overview of what has been done to date, what CIPs and programs are currently in place, and the next steps to be undertaken to complete a review of these programs and the potential adoption and implementation of new programs and associated incentives.

WHAT IS COMMUNITY IMPROVEMENT?

Community Improvement is authorized under Section 28 of the *Planning Act*, and, where there are policies in the City's Official Plan, provides Municipal Council with the authority to undertake the preparation of Community Improvement Plans (CIPs) for defined areas of the City. These areas are referred to as Community Improvement Project Areas, and may include the entire City, or defined portions of the City.

Community Improvement is defined in the *Planning Act* as:

The planning or replanning, design or redesign, resubdivision, clearance, development or redevelopment, construction, reconstruction and rehabilitation, improvement of energy

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G. Barrett

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.

In order to undertake community improvement, the Planning Act allows Council the authority to do such things as:

- Prepare a Community Improvement Plan to describe the nature of community improvement projects that may be undertaken within the project area.
- Acquire and hold land within a community improvement project area
- Clear, grade or otherwise prepare land for community improvement
- Construct, repair, rehabilitate or improve buildings or land, and sell, lease, or dispose of those buildings and land.
- Sell, lease or otherwise dispose of any lands within the community improvement project area.
- Make grants or loans in conformity with the community improvement plan to owners and tenants of lands or buildings within the community improvement project area for eligible costs associated with community improvement, and as described in the community improvement plan.

It is because of the ability to make grants or loans that community improvement is often used as a tool to encourage and support community and economic redevelopment. In other words, a municipality may provide incentives to encourage private sector entities to invest in a way that supports the municipality's policy goals and objectives – such as improving buildings, investing in an area in need of improvement, contributing to the economic development of an area or cleaning contaminated sites.

Under Section 106 of the *Municipal Act*, municipalities are otherwise specifically prohibited from providing assistance such as giving or lending property or money, guaranteeing borrowing, leasing or selling property below fair market value, or giving a total or partial exemption from any levy, charge or fee to any “manufacturing business or other industrial or commercial enterprise”, unless the municipality is exercising its authority under community improvement.

Community Improvement Plans – Intended For More Than Just Financial Incentives

While the ability to use these types of tools is an important element of a community improvement plan, this is not the only reason for undertaking such a plan. In London, community improvement plans are often used as a means of providing a plan for the redevelopment and revitalization of areas of the City where there is a public and community desire to undertake redevelopment and revitalization. Community improvement plans are a way of working with neighbourhoods and businesses to develop a vision for the redevelopment of the area, and to identify both public and private initiatives that will assist in that redevelopment and revitalization. Community improvement plans are ways to describe and coordinate municipal projects such as streetscape improvements and infrastructure projects that will foster revitalization.

Not all municipal actions would require funding. For example, one of the strategies of the Downtown Community Improvement Plan was to identify key staff within both Planning Services and Building who would have specific knowledge related to issues that property owners in the Downtown might encounter if they were undertaking rehabilitation projects in older buildings where there could be Building Code issues. Another strategy that would not require municipal funding would be zoning by-law amendments that would provide for new uses or new regulations that would support the desired outcomes of the community improvement plan.

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G. Barrett

CURRENT CITY COMMUNITY IMPROVEMENT PLANS

London currently has both citywide and area-specific Community Improvement Plans. These are briefly described below:

City-wide Community Improvement Plans

Heritage CIP

This CIP provides for a tax grant of 100% of the costs associated with the retention of a property designated under Part IV of the *Ontario Heritage Act*. The purpose of the program is to encourage the retention of designated heritage buildings as part of a redevelopment project where the heritage structure would otherwise be demolished.

Brownfields CIP

This CIP provides for grants that would cover 100% of the costs associated with the remediation of a brownfield site. The purpose of the program is to remove the constraint of site contamination on sites that have been contaminated by previous uses so that they can be redeveloped for other uses. The costs associated with the site clean-up are granted back by either a rebate on the development charges that would be payable for the new project, or, in cases where these sites may be eligible for a development charges grant under another program, they would be eligible for a tax grant rebate.

Industrial CIP

This CIP is intended to support industrial development and redevelopment city-wide, and provides a grant equivalent to 100% of the development charges that would be payable for the project.

Area-specific Community Improvement Plans

Airport CIP

The Airport CIP is specific to both the area that it applies, and to the types of uses that would be eligible. The purpose of this program is to encourage aerospace-related industries to locate at London International Airport. The program provides a tax grant for eligible aerospace industries for up to 10 years that locate at the airport.

Downtown / Old East Village / SoHo CIPs

These three CIPs focus on community revitalization and redevelopment. These Plans, initiated in consultation with businesses and the community, build upon the built heritage resources that help to define the areas, and provide numerous programs intended to preserve and rehabilitate the existing building stock. These “brick and mortar” programs provide incentives for façade restoration and building code upgrades.

New residential development is also an identified driver of community revitalization, and programs to encourage residential redevelopment and new residential development are also included in these CIPs.

NEXT STEPS

In addition to Council’s direction that consideration be given to establishing an incentive program for a small business development charge grant, there have been requests to prepare Community Improvement Plans for Lambeth and Hamilton Road. A possible incentive for arts, culture and sports uses was also raised during the recent budget discussions.

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G. Barrett

Prior to developing any new programs, it is recommended that a comprehensive review of the current programs be undertaken. As part of this review, the following questions will be addressed:

- How effective have the current programs been relative to the level of public investment?
 - What is the rate of return on these programs?
 - How do these programs stand up to other key performance measures?
- How effective have the current programs been in meeting the policy objectives of the CIPs?
 - How much development/redevelopment has occurred?
 - Have we achieved what we set out to do?
- Should we add new programs?
 - What are we trying to achieve with these new programs?
 - Can we afford to add new programs?
- Should we look at redistributing the current program funding to meet objectives such as:
 - What programs give/would give the “biggest bang for the buck”?
 - What programs would support Council’s Strategic Plan?

Hamilton Road and Lambeth Community Improvement Plans

Council has given direction to Staff to begin two new Community Improvement Plans. It is recommended that Staff proceed with the preparation of these new Community Improvement Plans for Lambeth and Hamilton Road, but that any potential incentives under those CIPs be considered at a future date after this comprehensive review is completed.

CONCLUSION

Community Improvement Plans are an effective way to foster community economic development and rehabilitation. They provide a planning basis for the coordination of municipal infrastructure improvements that are intended to support redevelopment and revitalization, and that can include powerful tools that a municipality can use to incent, promote and implement community improvement.

It is important that these Community Improvement Plans also include indicators or benchmarks that can be used to assess their success. In order to answer the question “Is the Plan working, and are we achieving the goals established for the community improvement project area?”, Council requires a way to measure the programs’ successes. This assessment will be undertaken as part of this comprehensive review. In addition, the review will establish where Council is achieving its greatest impact and may propose a re-allocation of funding to support Council’s existing and proposed incentives to best meet its strategic priorities.

Staff are targeting completion of this review in the fourth quarter of 2015.

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