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<b>TO:</b>	<b>CHAIR AND MEMBERS PLANNING &amp; ENVIRONMENT COMMITTEE</b>
<b>FROM:</b>	<b>JOHN M. FLEMING MANAGING DIRECTOR, PLANNING AND CITY PLANNER</b>
<b>SUBJECT:</b>	<b>EVALUATION OF COMMUNITY IMPROVEMENT PLAN INCENTIVES MEETING ON FEBRUARY 1, 2016</b>

<b>RECOMMENDATION</b>
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That, on the recommendation of the Managing Director, Planning & City Planner, the following actions **BE TAKEN** with respect to the City of London’s various financial incentives offered through Community Improvement Programs in the City of London:

- a) Staff **BE DIRECTED** to undertake a service review process in 2016 to review the range of financial incentives offered through the City’s existing Community Improvement Plan programs and to identify potential savings that could be realized through changes to these programs.
- b) Staff **BE DIRECTED** to consider, amongst other potential changes to existing programs, the potential for the following two program changes:
  - i. Instituting a \$10 million cap on the funding assigned to the Residential Development Charges Rebate Grant Program, between the years 2017 to 2019. If the \$10 million cap is reached (ie. grants have been issued at any time between 2017 and 2019 totalling \$10 million), additional projects, or portions of projects, constructed in that period would be required to pay development charges and no grant would be offered. For the year 2020 and beyond, a similar cap or a program of stepping down the amount of the development charge rebate grant should be considered.
  - ii. Taking a more targeted approach to the development charges grant for industrial uses, such that the program aligns with the attraction of key industrial sectors and those types of industrial uses that generate the highest levels of employment. A stepping down of the development charge grant should also be considered.
- c) Staff **BE DIRECTED** to undertake a rigorous public engagement program for the service review process identified in Clauses (a) and (b), above, to include the Downtown London BIA, the Old East Village BIA, other interested business and resident groups, the London Economic Development Corporation, the London Development Institute and other members of the building and development community.
- d) As part of the service review process relating to existing community improvement plans, Staff **BE DIRECTED** to consider and evaluate the following incentive programs that have been posed to Council in the past and to report on the cost, strategic benefit, and affordability of such programs:
  - i. A new incentive program stemming from the Hamilton Road Community Improvement Plan process;
  - ii. A new incentive program stemming from the Lambeth Community Improvement Plan process;
  - iii. The expansion of the Downtown Community Improvement Area to align with the new boundaries of the Downtown London Business Improvement Area;

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- iv. A new incentive program granting a development charge rebate for new buildings, or additions, to accommodate publicly accessible sports and recreation services;
  - v. A new incentive program granting a development charge rebate for new buildings, or additions, to accommodate private, or not-for-profit educational facilities, including music schools;
  - vi. A new incentive program for environmentally sustainable buildings or communities;
  - vii. A new incentive program providing development charge rebates for new buildings, or additions, to accommodate small businesses;
  - viii. Funding the existing Brownfield Contamination Assessment Study Grants incentive program to help proponents assess their property for the presence and extent of brownfield contamination, assess risk and determine the best means for remediating those sites; and
  - ix. Fund the existing Industrial Corridor Enhancement Program to help industrial property owners improve their properties (landscaping, screening, tree planting, etc), where such properties are visible from important corridors such as the VMP or Highway 401.
- e) No additional contributions **BE MADE** to the incentive funding envelope beyond what has already been budgeted through the 2016-2019 budget submission and that Staff **BE DIRECTED** to recommend how these savings should be utilized to: (1) fund the heritage property incentives required for the South Street redevelopment project; (2) fund any new programs that may be initiated by Council; and/or (3) reduce the tax rate in the 2016-2019 multi-year budget.

**PREVIOUS REPORTS PERTINENT TO THIS MATTER**

May 19, 2015	PEC - Development Charges Grant Program for Downtown and Old East Village CIP Areas
April 7, 2015	PEC - Evaluation of Community Improvement Plan Incentives
March 23, 2015	PEC - Fibre Optic Connection Grant Pilot Program for Downtown London
March 2, 2015	PEC - Development Charges Grant Program for Downtown and Old East Village CIP Areas
Feb. 2, 2015	PEC - Development Charges Grant Program for Downtown and Old East Village CIP Areas
August 26, 2013	Strategic Priorities & Policy Committee – Strategic Change in Delivery of Development Charge Exemptions and Incentives Policies. This is the report that lead to the small business incentives

**EXECUTIVE SUMMARY**

Municipal Council has directed staff to review the City’s existing financial incentive programs and evaluate the potential for additional incentives that have been posed to Council. This review is to assist Council in its evaluation of the submitted 2016-2019 budget.

Existing incentive programs have been established on an ad-hoc basis by municipal councils over the past 35 years in response to a variety of policy objectives. These existing programs bear significant municipal costs and, in some cases, create the risks of large draws that cannot reasonably be forecasted. The following report:

- i. Provides background on the legislative basis for municipal incentives and the community improvement plans that allow for such incentives.
- ii. Describes the financial incentives currently offered by the City of London
- iii. Evaluates each program and recommends that the following potential changes be

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considered through a comprehensive engagement process in 2016:

- a. Consider a cap of \$10 million for Downtown Development Charge Rebate Grants between 2017 and 2019.
- b. Consider a more targeted approach to the industrial development charge rebate program to better align with the attraction of key industrial sectors and those types of industrial uses that generate the highest levels of employment.
- iv. Documents the range of new incentive programs that have been posed to Council that will be considered through a comprehensive engagement and evaluation process in 2016.
- v. Recommends that no additional contributions be made to the incentive funding envelope beyond what has already been budgeted through the 2016-2019 budget submission; rather, this report recommends that savings accrued through changes to existing financial incentive programs be used to: (1) fund the heritage property incentives required for the South Street redevelopment project; (2) fund any new programs that may be initiated by Council; and (3) reduce the tax rate in the 2016-2019 multi-year budget.

**BACKGROUND**

**Municipal Council Direction to Review Incentive Programs**

On April 14, 2015, Council resolved that:

*“...on the recommendation of the Managing Director, Planning and City Planner, the following actions be taken with respect to the evaluation of Community Improvement Plan incentives:*

- a) the report dated April 7, 2015, from the Managing Director, Planning and City Planner, with respect to the evaluation of Community Improvement Plan incentives, BE RECEIVED;*
- b) the Civic Administration BE DIRECTED to report back at a future meeting of the Planning and Environment Committee 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; and,*
- c) the Civic Administration BE DIRECTED to report back at a future meeting with preliminary information for the multi-year Budget; 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. (2015-D19)*

**Municipalities Prohibited From Giving Financial Incentives to Businesses**

Under Section 106 of the *Municipal Act*, municipalities are 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.

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**Defining 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.

***As defined in the Planning Act, Community Improvement is “The planning or re-planning, design or redesign, re-subdivision, 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”.***

It is because of the municipality’s 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.

Although community improvement plans allow municipalities to provide financial incentives to any manufacturing business or other industrial or commercial enterprise, it is important to recognize that community improvement plans go well beyond just incentives. For example, the SoHo Community Improvement Plan includes a variety of proposed actions and investments such as the clean-up and redevelopment of the Old Victoria Hospital Lands, the improvement of the local neighbourhood park, improvements to streets and other infrastructure, and the creation of a riverside promenade.

It is similarly important to recognize that initiatives within Community Improvement Plans must fall within the bounds of what is permitted by Section 28 of the Planning Act.

**Council’s 2016-2019 Strategic Plan**

London’s various Community Improvement Plans (CIPs) have been adopted by different Councils over the past 35 years. Given the age of some of the CIPs it is critical that the incentive review be linked to the City’s Strategic Plan. While each CIP contains specific goals and objectives the Plans themselves may have been created at a time when the City’s Strategic Plan had different areas of focus.

Council’s 2015-2019 Strategic Plan includes Growing Our Economy as a specific area of focus. The following excerpt identifies the Strategies in which CIPs are specifically cited as an implementation tool.

1. Diverse and resilient economy

<b>B</b>	Buy and service industrial land to bring more jobs to London.	<ul style="list-style-type: none"> <li>• Industrial Land Development Strategy</li> <li>• Various Community Improvement Plans</li> <li>• The London Plan (City Structure Plan, Growth Management, and Industrial Place Type) – draft</li> </ul>
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2. Urban Regeneration

<b>C</b>	Use community improvement plans to coordinate City and private investment to meet both local and city-wide priorities.	<ul style="list-style-type: none"> <li>• Various Community Improvement Plans</li> <li>• The London Plan (Urban Regeneration) – draft</li> </ul>
<b>D</b>	Invest more in heritage restoration, brownfield remediation, urban regeneration, and community improvement projects.	<ul style="list-style-type: none"> <li>• Various Community Improvement Plans</li> <li>• The London Plan (Urban Regeneration) – draft</li> </ul>

4. Strategic, collaborative partnerships

<b>A</b>	Work better together for economic growth: Western Fair District, London Economic Development Corporation, London Hydro, London International Airport, Tourism London, London Convention Centre, Covent Garden Market, London Chamber of Commerce, Business Improvement Areas, and other key stakeholders.	<ul style="list-style-type: none"> <li>• Community Economic Roadmap - new</li> <li>• Various Community Improvement Plans</li> <li>• Western Fair District Strategic Plan 2011-2018</li> <li>• Western Fair / City 4pad Joint Venture and Queen's Park Master Plan</li> </ul>
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**How Are Financial Incentives Financed?**

Financial incentives offered through community improvement plans are financed from reserve funds that are established specifically for this purpose. These reserve funds receive contributions from the following sources:

- Annual budgeted contributions from the tax levy
- Occasional transfers from various sources to address a “spike” in draws (eg. other incentive reserves that have significant balances or the annual budget surplus)
- The accrual of interest from the balance within the reserve fund
- Loan repayments from those parties who have received loans from the municipality under an incentive program

**REVIEW OF EXISTING INCENTIVE PROGRAMS**

The following section provides a summary of the various incentive programs currently offered by the City of London. It is not intended to describe the details and nuances of each program. A more detailed review is provided in **Appendix A** and the detailed program descriptions and guidelines can be found at <http://www.london.ca/business/Planning-Development/secondary-plans/Pages/CommunityImprovement.aspx>

**1. Downtown, Old East Village and SoHo Incentive Programs**

A range of incentives are offered for the Downtown, Old East Village and SoHo areas. These incentives, some of which have been in place since 1979, are not applied equally across these three areas. They are described below:

**1a - Façade Improvement Loans (Downtown, Old East Village, SoHo)**

This program provides loans to property owners who improve their building facades (eg. windows, brick re-pointing, signage, etc). Loans are for up to \$25,000 or half of the value of the façade work – whichever is less. Heritage building facades are eligible for loans up to \$30,000. Loans are paid back at 0% interest over a 10 year period. On a relative basis, this program is not expensive (loans are paid back) and amounts budgeted for this incentive are relatively low. This program is the oldest of all the incentive programs and remains very popular. Since 2011, 28 façade improvement loans have been issued which has stimulated \$1.6M of private sector investment.

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Ten Year Statistics:

2006 to 2015	Total	Downtown	Old East Village	SoHo
Façade Loans Issued	51	35	16	0
Value of Loans Issued	\$983,631	\$692,900	\$290,731	\$0
Construction Value	\$3,033,221	\$2,282,188	\$751,034	\$0
Construction Value / Loan Value	3.08	3.29	2.58	-

**1b - Upgrade to Building Code Loans (Downtown, Old East Village, SoHo)**

This program provides loans to property owners who improve their buildings for items that relate to Building Code requirements (eg. accessibility improvements, electrical work, HVAC, fire separation, etc.). It does not cover leasehold improvements such as new floor coverings, painting, or other “fit out” works. Loans are for up to \$50,000 or half of the value of the building improvements – whichever is less. This is also a popular program. Since 2011, 47 Upgrade to Building Code Loans have been issued, stimulating \$4.7M of private sector investment.

Ten Year Statistics:

2006 to 2015	Total	Downtown	Old East Village	SoHo
Upgrade to Code Loans Issued	92	61	31	0
Value of Loans Issued	\$3,236,695	\$2,161,204	\$1,075,491	\$0
Construction Value	\$8,876,405	\$6,233,667	\$2,642,738	\$0
Construction Value / Loan Value	2.74	2.88	2.46	-

**1c – Rehabilitation and Redevelopment Tax Grants (Downtown, Old East Village)**

This program rebates a portion of any tax increase that results from new development or the rehabilitation of an existing building that results in an increase in assessment & taxes. The taxes owing for the property before vs. after the development are referred to as the tax increment. This represents the additional amount of tax that the City receives as a result of the new development or rehabilitation. A percentage of this tax increment is rebated back to the property owner each year, for ten years. The percentage rebate in year one varies, depending upon whether the project represents a re-development (new building), rehabilitation of an existing building, or a project that retains a heritage structure.

The value of building permits for the 33 projects approved for the Tax Increment Grant program, since 2000, exceeds \$127M.

Ten Year Statistics:

2006 to 2015	Total	Downtown	Old East Village
Grant Applications Approved	19	14	5
Value of Grants Issued To Date	\$6,094,613	\$5,962,527	\$132,086
Residential Units Created	1,453	1,381	72
Remaining Value of the 19 Grants To Be Paid		\$1,361,192	\$184,507

Note: Statistics do not include an outstanding grant agreement with an approximate ten-year grant value is estimated at \$4 million.

**1d - Development Charge Incentives (Downtown, Old East Village)**

This program provides a grant equal to a rebate of development charges for residential buildings constructed in the Downtown and Old East Village. The program is aimed at encouraging private sector investment in residential development. More residents are critical to the revitalization of these two core areas – to get “feet on the street” that support culture, arts, restaurants, and other small business, improve safety and create a sense of neighbourhood. This program is relatively costly and, due to the uncertainties of construction timelines, budgeting to ensure sufficient funds exist each year to accommodate draws from the reserve fund can be challenging. Since its inception, approximately \$15.3M has been expended on this program. It is expected that two major projects to be started soon within the Downtown and Old East Village will draw

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approximately \$8M in 2016.

From 2011 to 2015, the City provided \$5.7M in DC grants leading to almost \$75M in private sector building permit construction costs.

***The Value of the Downtown, Old East Village and SoHo Incentive Programs***

The discussion above notes the private sector investment that has been stimulated by the Downtown, Old East Village and SoHo programs. The value of these programs is as follows:

- Private sector investment in Downtown, Old East and SoHo improvements
- New residential development in these areas
- More “feet on the street” which leads to:
  - A core area that remains vibrant after office hours
  - Demand for retail and service uses in the City’s core
  - Improved safety – more people means more “casual surveillance”
- Heightened use of existing public services – often making these services viable and/or more efficient
- Improved use and efficiency of London’s transit services
- A heightened sense of neighbourhood in the Downtown
- Improved urban neighbourhoods that offer what many Millennials are searching for in cities across the globe
- Strong urban neighbourhoods for those young seniors and other demographic cohorts that are searching for alternatives to suburban areas
- An enhanced City image – our Downtown sends a message to the world about the strength of our local economy and our quality of life

Since 2003, a wide range of statistics has been collected through the “State of the Downtown Report”. The report provides information on vacancy rates, building permit values, and assessment growth in the Downtown. More information can be found at the following web address: <http://www.london.ca/business/Planning-Development/downtown/Pages/DowntownBackgroundStudies.aspx>

The following are some selected extracts from these reports:

- i. Current Value Assessment (CVA) in the Downtown has increased significantly:

2002	\$568M
2004	\$654M
2011	\$902M
2013	\$1.1B

- ii. Street Level Vacancy Rates along Richmond, King and Dundas Streets shrunk to 11.5% from 12.1% between 2011 and 2013. Since 2006, this street level vacancy rate has dropped from 14.3% to 11.3% in 2013.
- iii. The latest 5 year period (from 2006-2011) shows a 4.55% growth in population annually and a 12.42% growth in dwelling counts. Overall, Downtown grew from 2,445 residents in 1996 to 4,271 residents in 2011, an increase of 1,826 new downtown residents, a 74.7% increase. The total number of dwelling units grew from 1,575 units in 1996 to 3,461 units in 2011, an increase of 1,886 units, a 119.7% increase. The construction value of new residential development in the Downtown between 1998 and 2007 was more than \$120 million dollars. More than 1,400 units were added in that time.

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- iv. The increase in median household income over the decade for the city was 22%; in the downtown the increase was more than double that at 46%.
- v. For the period between 2008 and 2011, Downtown London tracked new businesses and new employees in the Downtown. For that period, 80 new businesses added 1,106 new employees to the Downtown.

The following are a sample of data from the Old East Village, who are tracking their progress over time:

- i. Multiplier of Public Investment to Private Investment: \$1 to \$6.03
- ii. Total investment: \$193 million
- iii. Public (Municipal, Provincial, Federal) investment: \$27 million

Anecdotally, the development community has emphasized the importance of the Downtown incentives. Several members of the development community raised significant concerns in 2014 when a report was tabled with Municipal Council recommending that development charge incentives be evaluated. Many of the delegations to Council spoke to the development community's opinion that development proposals relating to the Downtown and Old East Village would cease if the financial incentives for these areas was removed. The Downtown BIA has expressed similar concerns, indicating that the Downtown's development prospects are improving, but the market is still fragile and removing the existing financial incentives at this time could have a negative impact.

***When Should Downtown Incentives be Retracted?***

As noted above, the role of the Downtown in attracting a quality labour force, providing arts, culture and entertainment, attracting tourists and convention activity, supporting transit, providing alternative living environments to the suburbs, and sending positive messages about London's economy and quality of life is critical to London's success. Council is considering significant investments in rapid transit and in core area projects and it is important to understand the implications of significantly retracting or eliminating financial incentives so that such actions don't work against the success of these investments.

While there have recently been several proposals identified by the media relating to Downtown and core area residential projects, only two are close to concluding the site plan process and close to the building permit stage (Tricar at 505 Talbot Street in the Downtown and Medallion at 700 King Street in the Old East Village). Others have yet to submit zoning amendment applications and those that have received zoning amendment approvals have yet to submit site plan applications. It remains uncertain as to which projects will progress and when.

It is noteworthy that municipalities across Ontario utilize Downtown and core area incentives, through Community Improvement Plans, to encourage the revitalization and regeneration of these areas. A report prepared by the City of Waterloo in 2015 included the following table showing an "overview scan" of financial incentives offered for municipalities across Ontario through Community Improvement Plans:



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**Table 2**

**Overview “Scan” of Common Financial Incentives**

	Parkland Fee Reduction	Other Fee Reduction	TIG	Other Grants	Green Initiatives	Affordable Housing initiatives	Development Charge Reduction or Exemption (*See Note)
Kitchener	✓	✓	✓	✓	✓		✓
Cambridge			✓	✓			✓
Ajax	✓	✓		✓			✓
Barrie		✓	✓	✓	✓		✓
Brampton		✓		✓			✓
Caledon		✓	✓	✓	✓		✓
Cookstown		✓	✓	✓			
Goderich		✓	✓	✓			✓
Guelph			✓		✓		
Haldimand County		✓	✓	✓			✓
Hamilton				✓	✓		✓
Huntsville	✓	✓	✓	✓			✓
Kawartha Lakes			✓		✓		✓
London		✓	✓	✓		✓	✓
Niagara Falls				✓			✓
North Bay		✓	✓	✓			✓
Oshawa		✓	✓				✓
Ottawa			✓				✓
Owen Sound				✓	✓	✓	✓
Peterborough		✓	✓	✓		✓	✓
Sault Ste. Marie			✓	✓			No DCs City-wide
St. Catharines		✓	✓	✓			No DCs City-wide
Trent Hills	✓	✓	✓	✓			✓
Woodstock		✓	✓				✓

**NOTES:**

Table shows programs in Municipal CIP toolkits; programs have not necessarily been initiated/funded by the municipality.

\*This category includes DC reductions and/or exemptions that are implemented EITHER through an amendment to the municipal DC By-law or through a CIP.

Clearly, most municipalities utilize incentive programs for their Downtown. Tax increment grants and development charge reductions or exemptions are very common. However, it is important to evaluate when it might be reasonable to consider stepping back and retracting incentives. Planning Staff have scanned the literature and spoken to other municipalities and found that, while many municipalities track statistics relating to Downtown improvement (as per London’s State of the Downtown Report) there are very few examples where measurable targets are set. In other words, most municipalities do not have specific measures that, if met, would imply that their goals have been accomplished and incentives are no longer needed.

Planning Staff have considered a number of such measures and recommend the following for consideration as trigger metrics that, if met, would indicate that core area regeneration has been largely accomplished. When such measures are achieved, Council should consider significantly

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reducing or eliminating financial incentives for the Downtown, Old East Village and SoHo (to be considered separately). These measures should be vetted through a public engagement program:

**Table 3 - Potential Indicators of Success – Targets to Be Met Before Significantly Retracting Incentives**

Indicator of Success	Measure	Area to Use Indicator	Applicable Incentive
The residential neighbourhood plays an important within the context of the entire City	Minimum of 5% of London's population resides within the Downtown's boundaries.	<ul style="list-style-type: none"> <li>Downtown</li> </ul>	<ul style="list-style-type: none"> <li>Bldg Code Loans</li> <li>Tax Increment Grant</li> <li>DC Grants</li> </ul>
The neighbourhood can support a supermarket	Minimum population sufficient to support a community scale supermarket	<ul style="list-style-type: none"> <li>Downtown</li> <li>Old East Village</li> </ul>	<ul style="list-style-type: none"> <li>Bldg Code Loans</li> <li>Tax Increment Grant</li> <li>DC Grants</li> </ul>
Residential growth is strong for a protracted period	Minimum of 750 residential units are constructed within a consecutive 5-year period	<ul style="list-style-type: none"> <li>Downtown</li> </ul>	<ul style="list-style-type: none"> <li>Bldg Code Loans</li> <li>Tax Increment Grant</li> <li>DC Grants</li> </ul>
The neighbourhood caters to a wide array of socio-economic groups	Minimum of 15% of the area's population fits within each of the City's four household income quartiles	<ul style="list-style-type: none"> <li>Downtown</li> <li>Old East Village</li> <li>SoHo</li> </ul>	<ul style="list-style-type: none"> <li>Bldg Code Loans</li> <li>Tax Increment Grant</li> <li>DC Grants</li> </ul>
The neighbourhood provides a significant stock of affordable housing	Minimum 25% of all rental housing is affordable to the 40 <sup>th</sup> percentile of city-wide incomes	<ul style="list-style-type: none"> <li>Downtown</li> <li>Old East Village</li> <li>SoHo</li> </ul>	<ul style="list-style-type: none"> <li>Bldg Code Loans</li> <li>Tax Increment Grant</li> <li>DC Grants</li> </ul>
Vacancies are low and storefronts are well occupied	Maximum 5% vacancy rate on ground level commercial spaces	<ul style="list-style-type: none"> <li>Downtown</li> <li>Old East Village</li> <li>SoHo</li> </ul>	<ul style="list-style-type: none"> <li>Façade Loans</li> <li>Bldg Code Loans</li> <li>Tax Increment Grant</li> <li>DC Grants</li> </ul>
Quality uses on key storefronts	Minimum 75% of ground floor uses on key commercial streets are targeted uses	<ul style="list-style-type: none"> <li>Downtown</li> <li>Old East Village</li> <li>SoHo</li> </ul>	<ul style="list-style-type: none"> <li>Façade Loans</li> <li>Bldg Code Loans</li> </ul>
Active streets	Minimum hourly pedestrian counts on key commercial streets on a selected Friday during the month of September for the following periods (1) 8-9AM; (2) Noon-1PM; (3) 5-6PM and (4) 8-9PM.	<ul style="list-style-type: none"> <li>Downtown</li> <li>Old East Village</li> <li>SoHo</li> </ul>	<ul style="list-style-type: none"> <li>Façade Loans</li> <li>Bldg Code Loans</li> <li>Tax Increment Grant</li> <li>DC Grants</li> </ul>
Quality facades and storefronts	Minimum 80% façade and storefront graded A or B Condition (City rating)	<ul style="list-style-type: none"> <li>Downtown</li> <li>Old East Village</li> <li>SoHo</li> </ul>	<ul style="list-style-type: none"> <li>Façade Loans</li> </ul>

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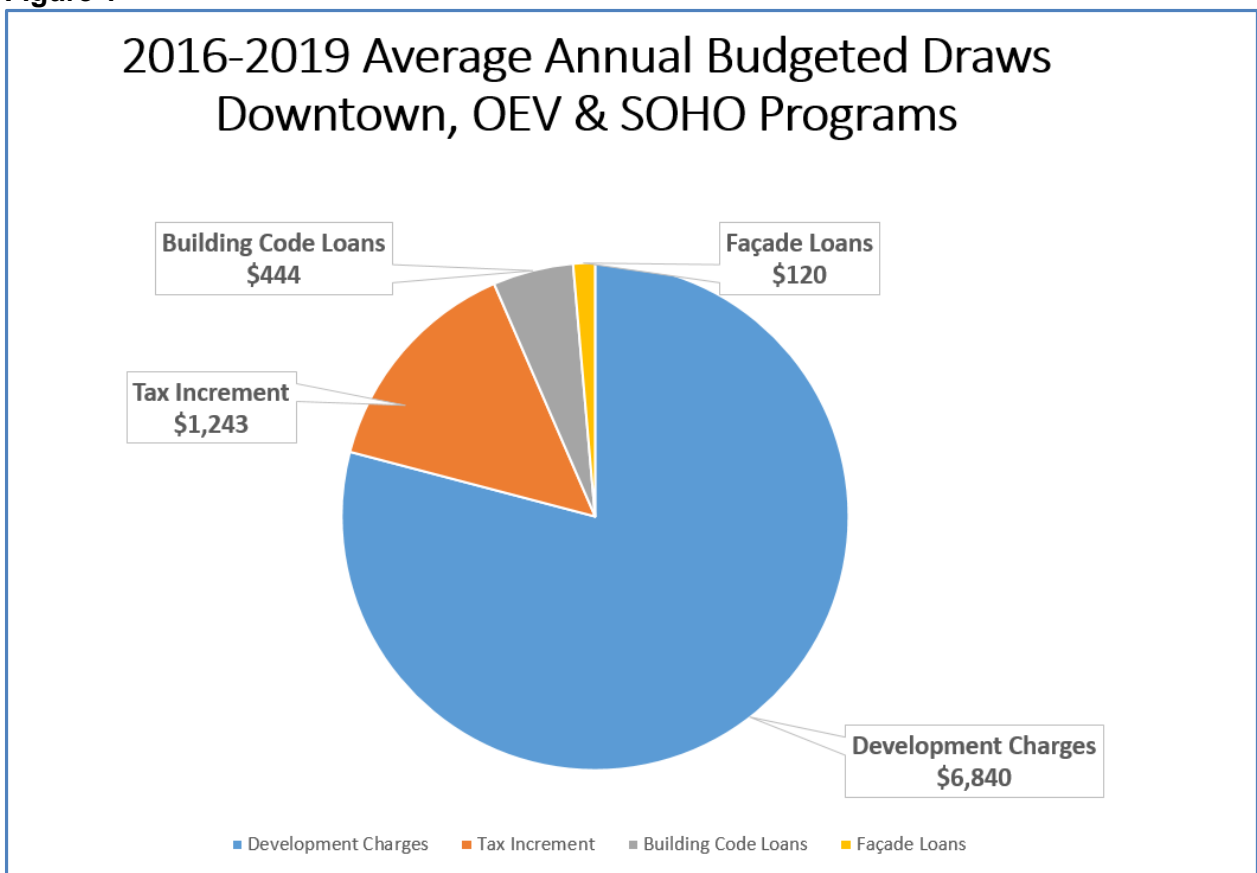
**Opportunities for Savings**

Figure 1 shows the forecasted annual draws, on average, from the reserve funds for each of the Downtown programs between 2016 and 2019 as reflected in the multi-year budget.

1. The Building Code Loans and the Façade Loans are loan programs that are re-paid by those who receive the loans. Although the forecasted annual draws shown in Figure 1 are in the order of \$565k per year, the budgeted contributions to these two programs is equal to approximately \$240k as loan repayments from previous years will finance the draws on the reserve fund for these new loans.
2. The Tax increment grants can be considered, conceptually, as a tax deferral or phasing in of the increased taxes generated by a new development. In other words, the program grants a portion of the increased taxes generated by a new development back to a developer. The City retains the other portion of the increased taxes. Over time, the portion that is retained by the City increases, while the portion granted back to the developer decreases. If the development didn't occur at all, there would be no increase in taxes accruing to the City for such a property.
3. Figure 1 clearly shows that the Development Charges incentives for residential development in the Downtown and Old East Village constitute almost 80% of the average annual draws for all the Downtown, Old East Village and SoHo programs. They also represent almost 85% of the budgeted contributions to all of the programs over the 2016-2019 period. Because these grants are so large, and it is uncertain when new residential towers will be constructed in the core, budgeting for this program is extremely difficult.

Between 2016 and 2019 the submitted budget forecasts average annual development charges grants equal \$6.8M per year. Contributions to the existing reserve fund of almost \$4.9M per year are budgeted between 2016 and 2019 (including budgeted transfers and annual contributions). It is expected that approximately \$8M will be drawn from the fund to development charges in 2016 – 505 Talbot Street and 700 King Street.

**Figure 1**



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Planning Staff believe it would be beneficial to undertake a service review to consider amending the Residential Development Charges grant program to establish a capped funding envelope of \$10M for the years 2017 to 2019. Once this \$10M envelope is expended on development charge grants, no additional funds would be available within that period. Funds would be distributed on a “first come, first served” basis. After the \$10M funding envelope is spent, building permit applicants would be required to pay development charges. A \$10M envelope could likely support development charge grants for 2-4 large towers over this three year period.

This approach would have the following benefits:

1. It would eliminate the risk to the City of unforeseen, large draws.
2. It would provide budget certainty on the cost of the program over the 2017-2019 period.
3. This approach would bring some urgency for the development community to bring projects to the building permit issuance stage as soon as possible, so that they can receive the development charges grant while dollars remain in the reserve fund. Thereafter, they would be required to pay development charges within the 2017-2019 period.
4. Without the need to predict development activity and conservatively budget to ensure adequate funds are available in the account, the cost of the program can be reduced. Planning Staff believe that significant savings may be realized.

## 2. Brownfield Financial Incentives (City-wide)

In 2006 Municipal Council established the Brownfield Community Improvement Plan. The purpose of the program is to remove the constraints of brownfield contamination so that sites can be redeveloped for other uses. This program provides for grants that can cover up to 100% of the costs associated with the remediation (clean-up) of a brownfield site.

It is important to note that unlike other incentive programs offered by the City, brownfield incentives are provided on a discretionary basis. Proponents apply for these grants and Staff prepare a report and recommend which grants should be offered in each case, for Council to consider and ultimately decide. In all cases, the total of all grants that are provided for a site are not to exceed the cost of remediating the brownfield condition of the site.

The four grant programs are:

- i. Property Tax Assistance – in general, upon initiation of a brownfield remediation project, 25% of the municipal portion of the site’s property tax may be suspended until the remediation and development processes are completed. Since the CIP’s inception, the City has not processed a Property Tax Assistance application. The reasons for this are twofold: (i) the requirements for approval are more vigorous than the other two Brownfield programs; and (ii) the cost of remediation has historically been covered by the other programs, so Property Tax Assistance has not been required
- ii. Tax Increment Grant – this program provides a grant equal to the increase between the pre-development and post-development municipal portion of property taxes after rehabilitation and redevelopment has taken place. The City may provide a grant equal to the amount of the municipal property tax increase as a result of the rehabilitation and redevelopment for up to a maximum of three years from the date of the increase in assessed value. Since 2011, the City has had one Brownfield Tax Increment Equivalent application valued at \$361,790.

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- iii. Development Charge (DC) Rebate – this program relating to the payment of development charges, provides a grant that is equal to the development charges, provides a rebate for up to 50% of the charges that normally applies. In late 2015 an application valued at \$275,000 was approved. Prior to this application, the last approved DC Rebate application was in 2009.
- iv. Contamination Assessment Study Grant (currently not funded) – this program provides a grant to property owners to conduct Phase II Environmental Site Assessments, Remedial Action Plans and/or Risk Assessments. The amount of the study grants will be 50% of the cost of the environmental study, up to a maximum of \$10,000 per property. Prior to being discontinued, the City had five applications for study grants, valued at \$44,682 between 2011 and 2013.

**Ten Year Statistics – Tax Increment Program**

2006 to 2015	Total
Grant Applications Approved	1
Value of Grants Issued To Date	\$361,790
Residential Units Created	600
Remaining Value of the Grants To Be Paid	\$0

**Ten Year Statistics – DC Rebate Program**

2006 to 2015	Total
Grant Applications Approved	2
Value of Grants Issued To Date	\$162,000
Residential Units Created	52
Remaining Value of the Grants To Be Paid	\$275,000

**Ten Year Statistics – Contamination Assessment Grants**

2006 to 2015	Total
Grant Applications Approved	12
Value of Grants Issued To Date	\$93,970
Residential Units Created	N/A
Remaining Value of the Grants To Be Paid	\$0

***The Value of the Brownfield Incentive Programs***

Brownfield sites that have been contaminated are often dismissed as potential development sites by the development market. The costs of cleaning-up these sites undermines the financial feasibility of redeveloping them – particularly when considered relative to greenfield sites or sites that can be redeveloped without the need for costly clean-up of brownfield contaminants. In some cases, brownfield clean-up costs can be greater than expected, adding an element of risk to redeveloping these sites. In some cases, lending institutions avoid financing redevelopment projects on brownfield sites.

Brownfield sites also often pose a visual blight on neighbourhoods. They can reduce the value of adjacent properties and can undermine urban regeneration initiatives. Abandoned, they can become unsafe places. Brownfield sites are typically located within urban areas of the City where significant public services exist and when they remain undeveloped, they represent an underutilization of those services and lost opportunity for property tax generation that would occur if they were occupied by active uses.

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Brownfield incentives serve to help “level the playing field” between brownfield sites and non-contaminated sites in the City, so that they can become viable redevelopment opportunities. These incentives help to remove the barrier that contaminants can pose for such redevelopment and assist in promoting the constructive use of these properties. In doing so, such incentives can lead to the development of brownfield sites which can generate significant new tax revenues

**Opportunities for Savings**

On a preliminary basis, Staff believe that the Brownfield Incentive Program may not be a good candidate for generating savings in 2016-2019. However, this should be assessed through the service review process. The program already provides for safeguards against over-drawing on the fund – as noted above, brownfield incentives are not “automatically” offered. Rather, proponents are required to apply for such incentives and such application is brought to Council for a final decision on the grants to apply in each individual case. This is based on a number of considerations, including the availability of dollars in the applicable reserve fund.

Also as noted above, there have not been many grants issued for brownfield incentives since the program’s inception. However, it is expected that some significant grants may be forthcoming through the development of the McCormick site (1156 Dundas Street East) – pending action on plans submitted by Sierra Construction who recently purchased the property from the City.

Staff have had several enquiries relating to the brownfield Contamination Assessment Study Grants that are not currently funded by Council – discontinued by Council in 2013 in the pursuit of a 0% tax increase. The program remains in place, despite the fact it isn’t funded. These studies are important to identifying the extent of a brownfield problem and play an important role in leading a site towards remediation. The cost of offering such a program is limited and Staff believe that this program should be funded again in the 2016-2019 period.

**3. Airport Area Financial Incentives (Airport Area)**

The purpose of this program is to encourage aerospace-related industries to locate at, and around, the London International Airport. The Airport Area financial incentives are specific to both the area to which they apply, and to the types of uses that are be eligible for grants. The program provides a tax grant for eligible aerospace industries for up to 10 years that locate in the identified airport area.

Since 2011, the City has approved two Airport Tax Increment applications: 2480 Huron Street and 1979 Otter Place. The City has paid \$328,924 in grants to date, with an estimated \$870,189 remaining to pay (over the 10 year grant period). At this time, there are no active commitments for this program.

**Value of the Airport Area Financial Incentives Program**

The aerospace industry is important to London from several perspectives: an important manufacturing sub-sector; a complement to a burgeoning defence sector; and an important support to London’s mobility infrastructure. This incentive provides support for the growth of this sector and the properties that are developed to support it.

**Opportunities for Savings**

On a preliminary basis, Staff do not believe that this program is a good candidate for savings. However, this should be assessed through the service review process. The London Economic Development Corporation have emphasized the importance of maintaining the incentive which compares with the concept of phasing in the tax increases associated with new development. There are no development charge grants associated with this program and the costs of the program are not large by comparison to some other incentive programs where savings can be achieved.

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## 4. Heritage Property Incentives (City-wide)

The purposes of the programs are to encourage the retention and rehabilitation of designated heritage buildings as part of a redevelopment project where the heritage structure would otherwise be demolished. This program offers two grant programs:

1. Tax Increment Grant provides for a rebate on a portion of the tax increase associated with a new development, where a heritage building resource is conserved through rehabilitation. The property must be designated under Part IV of the Ontario Heritage Act, prior to, or as part of, a redevelopment project.
2. Development Charges Equivalent Grant – a grant equivalent to the development charges that would have been due if the heritage building had been built at the time of the redevelopment.

It is important to recognize that the total amount for both grants cannot exceed the cost of rehabilitating the applicable heritage building(s).

Only one application has been submitted in 2014 since the CIP's inception in 2007. The estimated cost to the City is approximately \$139,822 between the two incentives that were approved.

### ***Value of the Heritage Property Financial Incentives Program***

Council has identified the strategic goal of protecting and conserving London's heritage for current and future generations in its Strategic Plan for 2016-2019. Often heritage buildings can pose expensive barriers to positive redevelopment projects that can assist in regenerating urban neighbourhoods. However, demolishing London's heritage for such projects runs counter to Council's goals for conserving heritage over the long-term.

These incentives help strike a balance between preservation and new development, by offering dollars that help integrate older heritage buildings into new development concepts. These incentives improve the viability of retaining heritage buildings and lessen the pressure to demolish such buildings when new development is introduced.

### ***Opportunities for Savings***

On a preliminary basis, Staff do not believe that this program is a good candidate for savings. However, this should be assessed through the service review process. These incentives provide an important tool to support heritage building retention while also allowing for, and encouraging, new development. To date, there has not been a significant take-up of this program (projects within the Old East Village and Downtown areas don't generally need this program as well) and the costs have been modest. Furthermore, the grants for any property are capped at the costs of rehabilitating the heritage structure – thus the total cost of the program is modest relative to some other programs.

It is noteworthy that a significant heritage property grant may be applicable to the Colborne Building on South Street as part of the City's competitive disposition of land process. It is important that this future potential contribution is funded through the applicable reserve fund.

## 5. Industrial Development Financial Incentives (City-wide)

This incentive program constitutes part of Council's Industrial Land Development Strategy, designed to make London competitive in attracting new industrial uses. As part of the strategy, and the associated community improvement plan, the City develops industrial subdivisions, purchasing land and servicing it, to sell to prospective industrial uses at highly competitive

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prices. The London Economic Development Corporation has expressed strong support for this program in the past, noting it is an important part of London’s recruitment program.

A best practices review prepared for the City of London in March of 2014 by RCI Consulting revealed that eight (8) CIP’s adopted by Ontario municipalities include inventive programs to stimulate the development of previously undeveloped industrial/employment lands:

- i. Niagara Gateway Economic Zone and Centre CIP
- ii. Windsor Economic Revitalization CIP
- iii. Toronto City-wide CIP
- iv. Port Colborne Industrial CIP
- v. Sault Ste. Marie Industrial CIP
- vi. City of Hamilton LEEDing the Way CIP
- vii. Halton Hills Comprehensive CIP
- viii. Bradford West Gwillimbury Industrial Areas CIP

Some other municipalities may exempt industrial uses from development charges, outside of a community improvement plan.

There are two incentives identified in Council’s current Industrial Community Improvement Plan – although only one program is funded at this time:

1. Development Charges Grants – this program provides a grant for 100% of development charges owing for industrial development (as defined in the Community Improvement Plan and the Development Charges By-law). The development charges are not paid by the developer and a municipal contribution is made to the City Services Reserve Funds. This 100% rebate applies equally to industrial uses such as manufacturing industries that may hire hundreds of employees as well as warehouses and large distribution centres that could hire a relatively small number of employees.
2. Industrial Corridor Enhancement Grant Program — This program was establish to provide a grant equal to 50% of the cost of eligible fencing, landscaping, tree planting and public art on industrial properties up to a cap of \$25,000 per property with a lifetime maximum of one application per property/project. The program is targeted at properties along primary corridors, such as Highway 401 and Veteran’s Memorial Parkway, where the outdoor storage and yards of industrial uses are unsightly and may convey a poor image to those travelling along such corridors. The goal of the program is to enhance these important and well-travelled corridors. However, there are currently no limitations on which industrial properties may apply for such a grant.

The program has never been funded and, as such, is not offered. The report that established this program recommended that a finite cap be placed on the amount offered by the City in each year.

***Value of the Industrial Development Financial Incentives Program***

The Industrial Corridor Enhancement Program is aimed at enhancing the visual quality of industrial areas in London. This in turn is to:

- Improve London’s image as presented to those using important corridors such as the Veterans Memorial Highway and Highway 401.
- Attract further private sector industrial development in London

The Development Grant Program is aimed at attracting new industrial uses to London. It is intended to attract industries that will stimulate job growth and have a significant positive uplift to London’s economy. When a new industrial business is established in London that creates significant employment, there is a “ripple effect” throughout London’s economy (also known as the multiplier effect) as indirect new job growth is stimulated.



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**Opportunities for Savings**

Table 3 shows that the development charges grant program for industrial uses is expensive and may not always align well with the goal of spending municipal tax dollars to attract industrial uses that stimulate major job growth and have a significant uplift on London’s economy. For example, a very large distribution centre/warehouse may generate a grant of as much as \$9M – for just one building.

**Table 3 - Illustrative Cost of 100% Development Charge Rebate For Different Types of Industrial Buildings**

Type of Industrial Building	Example of Building Size Recently Constructed (square metres)	Estimated Development Charge Rebate
Auto parts manufacturer	17,645	\$3.1M
Building materials manufacturer	18,564	\$4.2M
Food processing	12,083	\$2.1M
Research and development	8,536	\$1.5M
Large distribution centre/warehouse	53,015	\$9.2M

Tying a program such as this to an estimated level of employment for a specific proposed building would be problematic, as employment numbers are not known at the time that permit is issued, when development charges are due. Furthermore, hiring plans for any business are subject to change – at inception and over time – depending upon economic conditions.

However, tying the incentive to the types of industrial uses that tend to generate higher employment growth and/or gearing incentives to only a portion of total floor area for certain uses (eg. warehouses) is worth consideration.

London’s recently approved Economic Roadmap includes the following direction:

**“2.1. Review the city’s current financial incentives programs to ensure the effective use of the city’s resources in the attraction of targeted investment opportunities”.**

The Roadmap was prepared by a broad spectrum of experts in the community, including those from the development industry and the field of economic development.

Over 2016, the Development Charges Rebate Program should be reviewed to ensure that it is effective. The program is expensive and applies to all forms of industrial development equally. Staff believe that significant savings may be possible, but this should be assessed through the service review process. A significant amount of work was undertaken on this subject in 2014, which will be reviewed within the context of further evaluation and consultation on the subject.

To illustrate potential savings, the following table shows that a development charges rebate of 75% vs. the current 100% could save as much as \$2.3M in budgeted draws from the general Development Charges Incentives Reserve Fund and another \$3M in budgeted draws from the water and sewer Development Charges Incentive Reserve Fund over the 2016-2019 period. These are simply estimates for illustration. The actual savings that can be realized will be evaluated through the recommended service review and engagement process.

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**Table 4  
Development Charge Rebates for Industrial Development  
Impact of Reducing the rebate from 100% to 75%  
Illustrative Example Only**

	<b>Current Program 100% DC Rebate As submitted in 2016-2019 Budget</b>		<b>Assuming a 75% DC Rebate</b>	
General DC Incentive Reserve	Opening Balance	\$ 3,714	\$	3,714
	Contributions	\$ 5,919	\$	5,919
	Total Available	\$ 9,633	\$	9,633
	Draws	\$ 9,498	\$	7,124
	Balance at 2020	\$ 135	\$	2,510
Water DC Incentive Reserve	Opening Balance	\$ 5,249	\$	5,249
	Contributions	\$ 2,411	\$	2,411
	Total Available	\$ 7,660	\$	7,660
	Draws	\$ 3,407	\$	2,555
	Balance at 2020	\$ 4,253	\$	5,105
Sewer DC Incentive Reserve	Opening Balance	\$ 3,096	\$	3,096
	Contributions	\$ 8,341	\$	8,341
	Total Available	\$ 11,437	\$	11,437
	Draws	\$ 7,592	\$	5,694
	Balance at 2020	\$ 3,845	\$	5,743

The London Economic Development Corporation, the development community and others will need to be consulted to evaluate potential changes to this program and the possible implications of such changes. It is expected that such potential changes will raise a significant amount of feedback.

<p><b>PROGRAM CHANGES RECOMMENDED FOR CONSIDERATION THROUGH THE PUBLIC ENGAGEMENT PROCESS</b></p>
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Based on the preceding analysis, Staff believe that significant savings to existing incentive programs may be possible. While all the incentives should be evaluated through a service review, two specific opportunities are highlighted and should be considered through a thorough public engagement process. Following that process Staff can report to Council with proposed changes to the relevant Community Improvement Plans for consideration. The two areas recommended for consideration through the engagement program are:

1. Consider a maximum funding envelope of \$10M between 2017 and 2019 for the Downtown and Old East Village development charges grant program. Consider a similar cap and also consider stepping down the program in future years, dependent upon an evaluation of the health and regeneration of these areas over time.
2. Consider a more targeted approach to the development charges grants for industrial uses, such that the program aligns with the attraction of key industrial sectors and those types of industrial uses that generate the highest levels of employment. A stepping down of the development charge grant should also be considered

Significant savings could potentially be realized by such a review and these savings could be used to reduce taxes and/or fund additional programs that Council may wish to initiate over the next three years.

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**ADDITIONAL PROGRAMS RAISED BY COUNCIL FOR CONSIDERATION**

Over the past year, Council has received several requests for new financial incentives. In addition, Council has discussed the potential for community improvement plans for certain areas of the City. The following section identifies those various programs and provides a description of each and a very preliminary assessment of their pro's and con's.

**Hamilton Road and Lambeth Community Improvement Plans**

Council has directed that Staff initiated a Community Improvement Plan for Hamilton Road and Lambeth. According to the endorsed work program for Planning Services, both of these processes will begin in 2016. It is possible that one or more financial incentives may be recommended for consideration by Council when the community improvement plans are presented. Such incentives would clearly fall within the bounds of what is contemplated for CIP's in the Municipal Act and Planning Act. Incentives may serve as important tools to help achieve key goals identified in the Community Improvement Plan – leading to private sector investment, small business development, physical and economic improvement of the area, etc.

**Incentives to Encourage the Delivery of Recreational Facilities**

While the City provides the gross majority of recreational facilities in the City, there are certain types of facilities that may be delivered well by the private sector or by non-profit entities. Examples include such enterprises as the soccer dome or private gymnastics facilities. While further study and evaluation is needed, the private sector may be filling a gap in the provision of such services that may lead to a city-wide community benefit. It is not clear, at this time, whether this type of incentive would fall within the bounds of the definition of Community Improvement as cited in the Municipal Act and Planning Act. Further research is required. The definition of facilities that may be eligible for any grants would be important to control the costs of such a program.

**Incentives to Encourage the Delivery of Educational Facilities, Including Music Instruction**

This type of incentive is similar to that described above for recreational facilities. Similarly, there are issues relating to the ability of the municipality to provide such incentives under the definition of community improvement; further, such a program could be applicable to a large number of businesses which could lead to significant costs.

**Incentives to Support Small Business**

Council has briefly discussed the notion of incentives that could be offered to those who build new space that will house small businesses. This is consistent with Council's strategic initiative to support small business in London. A program such as this could be very expansive (ie. it could apply to a significant amount of floor space such as shopping centres, office buildings, industrial plazas, etc) and difficult to administer (all of the tenants of a multi-tenanted building is generally not known at the time that a building permit is issued and the tenant mix could change significantly over time).

**Incentives for Environmentally Sustainable Buildings and Communities**

Certain developers have requested that Council consider development charge rebates and other incentives for the development of environmentally sustainable buildings and communities. It is argued that such developments can save the City infrastructure costs (eg. reduction in stormwater flows, reduction in road requirements, or reduction in water usage). It is further argued that such incentives could lead to more environmentally sustainable development forms that will meet Council's goals of protecting and enhancing the natural environment and reducing energy consumption.

**Fund the Existing Brownfield Contamination Assessment Study Grants**

Council may wish to consider funding the Brownfield Contamination Assessment Study Grants. They were previously funded at 50% of the cost of the study, up to \$10k. Over three years (2011 to 2013, almost \$45k in grants were distributed. Funding was cut by Council for these programs in 2014. These grants served an important purpose encouraging the owners of contaminated properties to evaluate what contaminants existed on their site, an assessment of the related risks

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and a plan for remediation of the contaminants. Staff have received several requests for these grants since the program funding was removed. Council may wish to cap the annual draws on this program at \$20k per year.

**Fund the Existing Industrial Corridor Enhancement Program**

Council approved this program, through the Industrial CIP, to help industrial property owners improve their properties (landscaping, screening, tree planting, etc), where such properties are visible from important corridors such as the VMP or Highway 401. Applied to the 401 corridor, this program could improve the aesthetic quality of those uses that back onto the highway, improving the aesthetic qualities of London to the millions of people who pass through the corridor every year.

**Expand the Boundary of the Downtown London Community Improvement Plan**

Representatives of the Downtown London BIA have asked that consideration be given to expanding the Downtown London Community Improvement Boundary so that it is consistent with the newly expanded Downtown BIA boundary. This could have significant financial implications as it would roughly double the land area that would be eligible for the current range of incentives. The affordability of any such change would need to be clearly understood. To date, Staff have emphasized the need to keep a sharp focus on incentives, directing them to the highest priority areas of the Downtown for regeneration.

**RECOMMENDED NEXT STEPS**

Based on the foregoing report, Staff recommend that the following next steps be taken:

1. Staff will begin a service review and associated engagement program in the second quarter of 2016 to:
  - a. Discuss and seek input on the potential changes to existing incentive programs with a focus on the Residential Development Charges Grant Program and the Industrial Development Charges Grant Program.
  - b. Discuss, and seek input on, the potential for new incentive programs – to develop a better understanding of their pro’s, con’s, strategic value, costs, affordability, and priority.
2. Staff will report back with recommended changes to existing Community Improvement Plans. This report will include an evaluation of potential savings and the implications of the recommended changes.
3. Staff will report back with an evaluation of the potential new incentive programs and a recommendation for new programs, if any, based on their value and affordability. Staff will recommend where any savings realized through changes to existing programs should be applied (eg. to South Street heritage incentives, to any new programs that are recommended or to reduce the tax rate for the 2016-2019 multi-year budget).

<b>SUBMITTED BY:</b>	<b>RECOMMENDED BY:</b>
<b>GREGG BARRETT, AICP MANAGER, LONG RANGE PLANNING AND RESEARCH</b>	<b>JOHN FLEMING, MCIP, RPP MANAGING DIRECTOR OF PLANNING AND CITY PLANNER</b>

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**Appendix “A”**  
**Façade Improvement Loan Program Summary**

**Applicable CIP Areas:**            Downtown, Old East Village and SoHo.

**Purpose:**                                Assist property owners with street front façade improvements;  
Bring participating buildings and properties into conformity with the  
City of London Property Standards By-law.

**Details:**                                The Program has been operating in Downtown since 1986, Old  
East Village since 2006 and SoHo since 2013;  
The Program provides up to \$25,000 in an interest free loan,  
repayable over 10 years, for improvements made to store fronts  
and building façade (such as windows, brick re-pointing, painting,  
etc.);

Additional funds may be available for designated heritage  
buildings and/or fully accessible projects consistent with the City’s  
Facility Accessibility Design Standards (FADS);  
Loans are secured through the registration of a lien placed on title  
for the total amount of the loan;

Loan is paid to the property owner upon receipt of invoices for all  
completed work and after the City inspection of all completed  
improvements has taken place. The City will inspect the work  
completed to verify that the proposed improvements have been  
completed as described in the application;  
Strong partnership with Downtown London and Old East Village  
BIA helps sell the program to property owners. No BIA or BA in  
SoHo.

**Ten Year Statistics:**

<b>2006 to 2015</b>	<b>Total</b>	<b>Downtown</b>	<b>Old East Village</b>	<b>SoHo</b>
Façade Loans Issued	51	35	16	0
Value of Loans Issued	\$983,631	\$692,900	\$290,731	\$0
Construction Value	\$3,033,221	\$2,282,188	\$751,034	\$0
Construction Value / Loan Value	3.08	3.29	2.58	-

Note: Statistics do not include the unfunded Non-Street Façade Improvement Loan Program

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**Upgrade to Building Code Loan Program Summary**

Applicable CIP Areas: Downtown, Old East Village and SoHo.

Purpose: Assist property owners with financing of building improvements that are often necessary to ensure older buildings comply with today’s Building Code Requirements;  
 The costs associated with these improvements frequently pose a major issue for building owners wanting to upgrade their properties. This issue is amplified in the Downtown and Old East Village where much of the building stock is older and needs major improvements to meet present-day Building Code standards. Support the maintenance, improvement, beautification and viability of the historic building stock in Downtown and Old East Village. This stock is an integral feature of the core and offers a unique built environment that cannot be replicated.

Details: The Program has been operating in Downtown since 1999, Old East Village since 2006 and SoHo since 2013;  
 The Program provides up to \$50,000 in an interest free loan, repayable over 10 years, for code related improvements made to building (such as fire protection, HVAC, plumbing, electrical, reinforcement of floors and walls, barrier-free accessibility etc.);  
 Additional funds may be available for fully accessible projects consistent with the City’s Facility Accessibility Design Standards (FADS);

Loans are secured through the registration of a lien placed on title for the total amount of the loan;  
 Loan is paid to the property owner upon receipt of invoices for all completed work and after the City inspection of all completed improvements has taken place. The City will inspect the work completed to verify that the proposed improvements have been completed as described in the application;  
 Strong partnership with Downtown London and Old East Village BIA helps sell the program to property owners. No BIA or BA in SoHo.

Ten Year Statistics:

<b>2006 to 2015</b>	<b>Total</b>	<b>Downtown</b>	<b>Old East Village</b>	<b>SoHo</b>
Upgrade to Code Loans Issued	92	61	31	0
Value of Loans Issued	\$3,236,695	\$2,161,204	\$1,075,491	\$0
Construction Value	\$8,876,405	\$6,233,667	\$2,642,738	\$0
Construction Value / Loan Value	2.74	2.88	2.46	-

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**Rehabilitation and Redevelopment (Tax) Grant Program Summary**

Applicable CIP Areas: Downtown and Old East Village

Purpose: To provide economic incentive for the rehabilitation and redevelopment of residential and commercial properties in the Downtown and Old East Village.

Details: The annual grant amount is calculated based upon the increase in the municipal portion of property taxes that is directly related to a rehabilitation or redevelopment project (i.e. tax increase that results from the increase in assessment relating an improvement project);

Three grant levels: (1) Rehabilitation of designated heritage properties, (2) Rehabilitation/Renovation of non-designated heritage properties, and (3) Redevelopment grant for new buildings developed on vacant or cleared sites.

Annual grants are provided to property owners over a ten-year period. Annual grant amounts decline over this ten-year period. While it is not structured as a tax rebate program, the effect of this program is to phase in the tax increase, which results from a rehabilitation or redevelopment project, over a period of ten years; Another perspective is that this program will provide those who perform Downtown or Old East Village rehabilitation and redevelopment projects with a ten-year revenue stream that they can use to address the financing of their projects; The Program has been operating in Downtown since 1996 and Old East Village since 2006;

Strong partnership with Downtown London and Old East Village BIA helps sell the program to property owners. No BIA or BA in SoHo.

Potential for long lag time between when the application is made and the property is reassessed makes budgeting and tracking active commitments more difficult.

Ten Year Statistics:

<b>2006 to 2015</b>	<b>Total</b>	<b>Downtown</b>	<b>Old East Village</b>
Grant Applications Approved	19	14	5
Value of Grants Issued To Date	\$6,094,613	\$5,962,527	\$132,086
Residential Units Created	1,453	1,381	72
Remaining Value of the 19 Grants To Be Paid		\$1,361,192	\$184,507

Note: Statistics do not include the Medallion redevelopment project at 700 King Street in Old East Village as the grant agreement has not been signed and no grant payments have been made to date. Approximate ten-year grant value is estimated at \$4 million.

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**Brownfield Property Tax Assistance Program Summary**

Applicable CIP Area:	Brownfield (City-wide)
Purpose:	To promote investment in brownfield properties by encouraging both the rehabilitation and redevelopment of contaminated sites.
Details:	<p>Provides for the cancellation of up to 25% on the municipal component of property taxes and a freeze on tax increases resulting from new development, for up to 18 months during the rehabilitation period, and up to 18 months during the development period;</p> <p>In addition to the tax assistance provided by the City, the property would also be eligible to receive matching education tax assistance from the Province, subject to available funding and approval by the Minister of Finance;</p> <p>The rehabilitation period would commence when tax assistance begins and end after 18 months, or on the date a Record of Site Condition (RSC) is filed with the MOE, whichever comes first; The development period would commence on the date the rehabilitation period ends;</p> <p>Council is required to adopt a by-law to authorize the provision of tax assistance under section 365.1 of the Municipal Act, 2001; The cumulative value of incentives provided for property tax assistance, development charge rebate grants and/or tax increment equivalent grants, cannot exceed the eligible remediation costs.</p> <p>The City has never processed a Property Tax Assistance application.</p>
Ten Year Statistics:	N/A



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**Brownfield Development Charge (DC) Rebate Program Summary**

Applicable CIP Area:            Brownfield (City-wide)

Purpose:                                The majority of brownfield sites within the Brownfield CIP have full municipal services. Redevelopment of these sites provides a public benefit by reducing urban sprawl and taking advantage of the City’s existing servicing infrastructure. Reducing the DCs will provide an incentive to the owners after site remediation has been undertaken and prior to the commencement of development. This financial benefit, together with the other incentives that are offered for brownfields, will lower the “up-front” development costs and encourage investment by landowners.

Details:                                On the payment of development charges, a rebate is provided for up to 50% of the charges that normally apply. The cumulative value of incentives provided for property tax assistance, development charge rebate grants and/or tax increment equivalent grants, cannot exceed the eligible remediation costs.

Ten Year Statistics:

<b>2006 to 2015</b>	<b>Total</b>
Grant Applications Approved	2
Value of Grants Issued To Date	\$162,000
Residential Units Created	52
Remaining Value of the Grants To Be Paid	\$275,000

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**Brownfield Tax Increment Equivalent Grant Program Summary**

Applicable CIP Area:            Brownfield (City-wide)

Purpose:                                In addition to encouraging environmental site assessments and remediation, the ultimate objective of redeveloping brownfield sites can only be achieved if reinvestment is considered to be financially attractive. Since 1996, development on vacant or underutilized sites in the Downtown area has benefited from redevelopment grants, established through the adoption of a Community Improvement Program, which reimburse part of the municipal portion of tax increases for new development on vacant or underutilized sites. This program, together with the other incentives, has been instrumental in attracting reinvestment in the Downtown area of the City. A similar program would also support new development on brownfield sites that have been through the environmental site assessment and site restoration process.

Details:                                A rebate is provided for up to three years on the municipal portion of the net tax increase for new development that has taken place after remediation;

Year "1" of the program is defined as the first full calendar year that taxes are paid after the project is completed and the property is reassessed;

Rebate grants would be provided on payment of the taxes; The rebate grant will not exceed the amount of the incremental portion of the municipal tax increase that is levied for the new development;

Rebate grants are not provided for the education portion of taxes; The cumulative value of incentives provided for property tax assistance, development charge rebate grants and/or tax increment equivalent grants, cannot exceed the eligible remediation costs.

Ten Year Statistics:

<b>2006 to 2015</b>	<b>Total</b>
Grant Applications Approved	1
Value of Grants Issued To Date	\$361,790
Residential Units Created	600
Remaining Value of the Grants To Be Paid	\$0

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**Brownfield Contamination Assessment Study Grant Program Summary**

Applicable CIP Area: Brownfield (City-wide; program is no longer funded)

Purpose: The lack of information on the existence, type, extent and location of site contamination is a key barrier to the redevelopment of brownfield sites. Contamination Assessment Grants are designed to stimulate private sector investment by providing accurate information on the extent of contamination that may be present, and the remediation costs that may be incurred to facilitate redevelopment. In other words, such studies reduce risk for potential investors.

Although site restoration and redevelopment is the ultimate goal of the Brownfield Incentives CIP, there is value in completing contamination assessment studies to provide information to both landowners and prospective purchasers. This information will remove the barrier associated with “unknown” site condition and remediation costs, providing potential investors with accurate information on remediation costs, associated risks and development potential.

Details: This grant is no longer funded.

This grant is provided to property owners for 50% of the cost to conduct a Phase II Environmental Site Assessment (ESA), Remedial Action Plan and/or Risk Assessment in accordance with the requirements under the Environmental Protection Act, 2001. The maximum grant provided is \$10,000 per property.

To be eligible, a Phase I ESA must have been completed which confirms that the subject property is suspected of containing designated substances or contaminated soils, and confirms that a further assessment is required.

A summary of the proposal and quote from the consultant undertaking the study must be provided to the City prior to commencing the assessment. Grants are not provided retroactively.

Copies of the ESA, Remedial Action Plan and/or Risk Assessment must be provided to the City and may be accessed by members of the public.

This grant is offered to all properties that meet the general and specific eligibility criteria, as outlined in the Community Improvement Plan.

Ten Year Statistics:

2006 to 2015	Total
Grant Applications Approved	12
Value of Grants Issued To Date	\$93,970
Residential Units Created	N/A
Remaining Value of the Grants To Be Paid	\$0

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**Airport Area Tax Increment Grant Program Summary**

Applicable CIP Areas:            Airport Area;

Purpose:                                Encourage the Redeveloped, Rehabilitation and/or Renovation and upgrading of existing buildings in the Airport Area and to provide incentive for Redeveloped, Rehabilitation and/or Renovation of underutilized lands by way of a grant that offsets the increased assessment arising from the property improvements.

Details:                                The Program has been operating since 2006;  
The Program provides 100% grant of the municipal portion of property taxes payable over 10 years;

All existing aerospace related companies that are located within the Airport Area CIP Area are eligible; as well as new aerospace companies that choose to redevelop, rehabilitate and/or renovate facilities on underutilized lands within the CIP area.

For the purpose of calculating the annual tax increment, the pre-improvement assessed value of the property is subtracted from the post-improvement assessed value;

Applications are to be submitted with reference to a related building permit application;  
Property owners shall be required to enter into a grant agreement with the City

The annual tax increment is fixed for the ten-year duration of the grant seclude. Changes to the mill rate, general reassessments or changes in tax legislation will not be considered for the purpose of calculating the annual tax increment;

At the end of each tax year the Planning staff will provide a list of grant properties to the Finance & Corporate Services requesting confirmation that all taxes are been paid for the past year. Upon receiving confirmation and noting that there are no outstanding loans or properties issues, planning will request the grant cheques be prepared and provide each applicant with the grant cheque.

Ten Year Statistics:

<b>2006 to 2015</b>	<b>Total</b>
Grant Applications Approved	2
Value of Grants Issued To Date	\$328,924
Residential Units Created	N/A
Remaining Value of the Grants To Be Paid	\$870,189

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**Heritage Tax Increment Grant Program Summary**

Applicable CIP Areas: Heritage (City-wide)

Purpose: To maintain the unique identity for our City by preserving our inventory of distinctive heritage buildings, establishing a sense of place by preserving local heritage structures and ensuring that our history is retained for future generations to enjoy.

To encourage the retention of existing designated heritage buildings in the City by removing some of the cost disincentives associated with preservation

Details: The Program has been operating since 2007; It is intended that the owner preserve the heritage features and/or historic context of the designated buildings. The Program provides an annual grant of the municipal portion of property taxes which declines over a 10 year period; Annual Tax Increment Grant Proportion

Year	Level Factor %	Year	Level Factor %
1	50%	6	30%
2	50%	7	20%
3	40%	8	20%
4	40%	9	10%
5	30%	10	10%

Applications are to be submitted prior to work taking place and are evaluated by a staff review committee; An agreement is executed between the City and the applicant outlining the terms and conditions of the approved incentive(s). If the applicant does not comply with all conditions of the agreement and other relevant municipal requirements, all financial incentives, assistance and grants provided under this program will be repaid to the City, with interest;

A copy of the agreement is provided to the City's Finance & Corporate Services who will determine and record the pre-approved assessed value of the property to be used for the purpose of calculating the annual tax increment; The annual tax increment is fixed for the ten-year duration of the grant schedule. Changes to the mill rate, general reassessments or changes in tax legislation will not be considered for the purpose of calculating the annual tax increment; At the end of each tax year the Planning staff will provide a list of grant properties to the Finance & Corporate Services requesting confirmation that all taxes are been paid for the past year. Upon receiving confirmation and noting that there are no outstanding loans or properties issues, planning will request the grant cheques be prepared and provide each applicant with the grant cheque.

Ten Year Statistics:

2006 to 2015	Total
Grant Applications Approved	1
Value of Grants Issued To Date	\$0
Residential Units Created	11
Remaining Value of the Grants To Be Paid	\$112,100

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**Heritage Development Charge Equivalent Grant Program Summary**

Applicable CIP Areas:            Heritage (City-wide)

Purpose:                                    To maintain the unique identity for our City by preserving our inventory of distinctive heritage buildings, establishing a sense of place by preserving local heritage structures and ensuring that our history is retained for future generations to enjoy.  
 May offer an additional enticement to protect designated heritage buildings from destruction when faced with a development proposal.

Details:                                    The Program has been operating since 2007;  
 The grant seeks to offer an incentive to registered owners by offering a grant in the amount of the development charges rate that would have applied to the heritage building, had it been built today, when that structure is rehabilitated or incorporated into a development project.  
 It is intended that the owner preserve the heritage features and/or historic context of the designated buildings.  
 The combined benefits provided through the tax increment grants and the development charge equivalent grants as result of this CIP cannot exceed the costs of rehabilitation.

Ten Year Statistics:

<b>2006 to 2015</b>	<b>Total</b>
Grant Applications Approved	1
Value of Grants Issued To Date	\$0
Residential Units Created	11
Remaining Value of the Grants To Be Paid	\$27,722

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**Industrial Corridor Enhancement Grant Program Summary**

Applicable CIP Areas: Industrial Area (City-wide)

Purpose: This program provides a financial incentive to promote improved landscaping (including tree planting), fencing, berming, screening and public art in the development, redevelopment, rehabilitation and/or adaptive reuse of buildings for industrial use,

Details: The Program has not been funded;

This program provides a grant equal to 50% of the cost of eligible fencing, landscaping and planting on industrial properties with the maximum grant per property/project capped at \$25,000, with a maximum of one application per property/project;

The following costs are eligible for a grant under grant program: material and labour costs of landscaping (including tree planting), fencing, berming, screening and public art that conforms to applicable City urban design guidelines, and any other applicable City guidelines;

Applicants applying for this program will be required to submit urban design briefs, studies and/or professional design drawings that are in conformity with any applicable urban design guidelines.

Ten Year Statistics: N/A