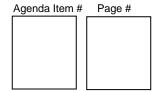


то:	CHAIR AND MEMBERS PLANNING & ENVIRONMENT COMMITTEE
FROM:	JOHN M. FLEMING MANAGING DIRECTOR, PLANNING AND CITY PLANNER
SUBJECT:	SERVICE REVIEW OF COMMUNITY IMPROVEMENT PLAN INCENTIVES MEETING ON APRIL 24, 2017

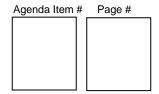
RECOMMENDATION

That, on the recommendation of the Managing Director, Planning and City Planner, the following actions **BE TAKEN** regarding the service review of the City's Community Improvement Plans (CIPs) and associated incentive programs:

- a) The Residential Development Charges Programs for Downtown and Old East Village Community Improvement Plan Project Areas **BE AMENDED** to require the payment of the residential development charge at the time of building permit ("up front") by the Applicant, and provide a phased grant-back program to re-pay the residential development charge, **IT BEING NOTED THAT** this program change will generate an estimated \$620,000 of operating savings per year and \$6,000,000 of one-time savings;
- b) The City-wide Industrial Development Charge Program **BE AMENDED** to distinguish between targeted and non-targeted industrial uses to provide a maximum development charge rebate of \$250,000 equal to 50% of the development charge for the first \$500,000 for non-targeted industrial uses;
- c) The Rehabilitation and Redevelopment Tax Grant Programs for the Downtown and Old East Village Community Improvement Plan Project Areas **BE AMENDED** to increase the value of the grants for the retention and rehabilitation of properties designated under the *Ontario Heritage Act*;
- d) The Rehabilitation and Redevelopment Tax Grant Program, as amended, **BE PROVIDED** for eligible properties located in the SoHo Community Improvement Plan Project Area, noting that this program was previously approved as part of the SoHo Community Improvement Plan, but not funded;
- e) The Upgrade to Building Code Loan and Grant Programs for the Downtown, Old East Village and SoHo Community Improvement Plan Project Areas **BE AMENDED** to increase the value of the loans available under these programs up to \$200,000 capped at 50% of the completed eligible improvements;
- f) The Upgrade to Building Code Loan and Grant Programs for Downtown and the Old East Village Community Improvement Plan Project Areas **BE AMENDED** to re-activate the "Forgivable Loan" programs for targeted uses within defined areas of the Downtown and Old East Village CIP project areas for a period up to three years;



- g) The Façade Improvement Loan and Grant Programs for Downtown, Old East Village and SoHo Community Improvement Plan Project Areas **BE AMENDED** to increase the value of the loans available under these programs up to \$50,000 capped at 50% of the completed eligible improvements;
- h) The Façade Improvement Loan and Grant Programs for Downtown and Old East Village Community Improvement Plan Project Areas **BE AMENDED** to re-activate the "Forgivable Loan" programs for targeted uses within defined areas of the Downtown and Old East Village CIP project areas for a period up to three years;
- Industrial Corridor Enhancement Grant Program BE FUNDED up to \$40,000 per year for eligible properties located within the Highway 401/402 Corridor, noting that this program was previously approved as part of the Industrial Lands Community Improvement Plan, but not funded;
- j) Staff BE DIRECTED to amend the Downtown Community Improvement Plan to expand the Community Improvement Plan Project Area boundary to include the Richmond Row area, and that the following programs be provided in the Richmond Row area:
 - Façade Improvement Loan Program
 - ii) Building Code Loan Program
- k) A portion of the savings generated by the Community Improvement Plan amendments described in Clause (a) above **BE IDENTIFIED** to potentially fund the following new programs pending the conclusion and Council adoption of the Hamilton Road and Lambeth Community Improvement Plans:
 - i) Façade Improvement Loan Program (Hamilton Road and Lambeth)
 - ii) Building Code Loan Program (Hamilton Road)
- I) That \$200,000 of annual net savings generated as a result of this service review of the Community Improvement Plan program BE DIRECTED to address the budgeted savings target for the 2016-2019 multi-year budget;
- m) Staff **BE DIRECTED** to consider Forgivable Loan Programs for the SoHo, Hamilton Road and Lambeth Community Improvement Plan Project Areas as part of the 2024-2027 Multi-year Budget process; and,
- n) That Community Improvement Plans for the following Community Improvement Plan Project Areas **BE AMENDED** to include performance measures and indicators of success to align with current City policies and Council strategic directions:
 - i) Airport Area Community Improvement Plan;
 - ii) Brownfield Community Improvement Plan;
 - iii) Downtown Area Community Improvement Plan (including the "Richmond Row" expansion area);
 - iv) Heritage Community Improvement Plan;
 - v) Industrial Community Improvement Plan;
 - vi) Old East Village Community Improvement Plan; and
 - vii) SoHo Area Community Improvement Plan;



IT BEING NOTED THAT the program changes recommended above (a through i, above) will come into effect on January 1, 2018 following the preparation of new program guidelines for these programs; and,

IT BEING FURTHER NOTED THAT these amended programs (identified in recommendations a through i, above) will expire no later than December 31, 2023 pending a Municipal Council review of the program results to be provided prior to the adoption of the 2024-2027 Multi-year Budget, and that the review identify interim funding for any programs recommended to be carried forward to ensure that there is not a gap in program delivery.

PREVIOUS REPORTS PERTINENT TO THIS MATTER

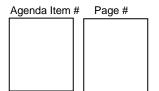
August 22, 2016	PEC – Information Report on Public Engagement process for the Evaluation of Community Improvement Plan Incentives
February 1, 2016	PEC – Evaluation of Community Improvement Plan Incentives
May 19, 2015	PEC - Development Charges Grant Program for Downtown and Old East Village CIP Areas
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

PURPOSE AND SUMMARY

The purpose of this report is to update Council regarding the evaluation of current Community Improvement Plan (CIP) programs and the results of the consultation process. This report concludes the service review of the current CIP incentives in London. This report also provides recommendations for Council's consideration on the range of financial incentives offered through the City's Community Improvement Plan (CIP) programs, and recommended changes to those programs. The report also identifies next steps, including budgeting for both the revised and future programs, and subsequent amendments to the City's Community Improvement Plans.

Executive Summary

- The CIP Service Review has identified \$620,000 in annual program savings and \$6 million in one-time savings, primarily as a result of changing the program requirements for the Residential DC Grant Program to require that the Applicant pay the required calculated DCs for the project "up-front" at the time of building permit
- The service review will provide an annual \$200,000 contribution by Planning



Services to the City's Corporate Services Review

- The service review has identified sufficient funds to implement the Rehabilitation Tax Grant Program in SoHo.
- The service review has identified sufficient funds to increase the value of the Building Code Upgrade Loans and Façade Improvement Loans.
- The service review has identified sufficient funds to reinstate the Forgivable Loan programs in Downtown and Old East for a period up to three years.
- The service review has identified sufficient funds within the current budget envelope to support new programs in the proposed Hamilton Road and Lambeth CIP project areas, and to extend some programs to the expanded Downtown/Richmond Row BIA area.

The chart below summarizes the savings and proposed program changes funded by these savings.

SAVINGS

Residential Development Charges Grant

Require that applicants pay for their full development charge, and then grant back the development charge over a scheduled period (10 years in most cases)

> Savings \$ 620k /year \$ 6 Million one-time

<u>Industrial</u> <u>Development Charges Grant</u>

Reduce the development charge grant offered to non-targeted industrial uses to 50% of the development charge on first \$500k in DCs (i.e. \$250,000 maximum cap)

Savings \$TBD

(*) CIP process currently underway

FUNDED BY SAVINGS

Façade Loans

- 1. Increase max value of loan to \$50k
- 2. Expand program to Richmond Row
- 3. Expand program to Hamilton Road (*)
- 4. Expand Program to Lambeth (*)
- 5. Re-establish forgivable loan portion for 3 years for some areas

Building Code Loans

- 1. Increase max value of loan to \$200k
- 2. Expand program to Richmond Row
- 3. Expand program to Hamilton Road (*)
- 5. Re-establish forgivable loan portion for 3 years for some areas

Tax Grant Program

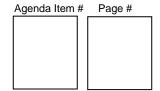
- 1. Apply Program to SoHo program area
- 2. Increase tax grant schedule for heritage designated properties (to create greater incentive for retention)

Fund Industrial Corridor Enhancement Grant Program

\$ 200k savings to 4-year budgeted savings target

Summary of Further Analysis/Future Reports

- Prepare revised program guidelines for the programs to be implemented on January 1, 2018, and report back to Council for information.
- Revise program guidelines for Airport, Brownfield, and Heritage CIP programs.

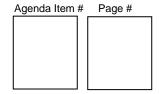


- Amend the current CIPs (Downtown, Old East Village, SoHo, Airport, Brownfield, Heritage and Industrial Lands) as required to provide performance measures/indicators of success.
- Amend the Downtown CIP and the Official Plan to expand the Downtown CIP project area to include Richmond Row. Sources of financing for potential new programs arising from the expanded CIP project area have been identified through this CIP service review.
- Possible future amendment to the Official Plan to add the Hamilton Road CIP and Lambeth CIP project areas, and to adopt new CIPs for those CIP project areas.
- Annual and 5-year monitoring reports of program activity and success.
- Sources of financing for potential new programs arising from the new Hamilton Road and Lambeth CIPs have been identified through this CIP program review.

Summary of Proposed Programs

	Community Improvement Plan Area						
Program	Downtown	Old East Village	SoHo	Hamilton Road *	Lambeth*	Industrial- Targeted	Industrial- Non- targeted
Façade Loans	Х	Х	Х	Х	Х		
Forgivable Façade Loans	Х	Х					
Upgrade to Bldg Code Loans	X	Х	Х	Х			
Forgivable Building Code Loan	X	Х					
Rehabilitation and Redevelopment Tax Grant	Х	Х	X				
Residential DC Grant	X	Х					
100% Industrial DC						Х	
50% Industrial DC/maximum \$500,000							Х

^{*}CIP process currently underway



RECOMMENDED CHANGES TO FINANCIAL INCENTIVE PROGRAMS

Based on the results of public consultations and Staff review conducted throughout 2016, the following changes are recommended for incentive programs offered through the existing Downtown CIP, Old East Village CIP, SoHo CIP and Industrial CIP. The recommended changes to each program are shown below.

DEVELOPMENT CHARGE PROGRAMS

1. Residential Development Charges Grant (OEV and Downtown)

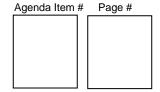
The current Residential Development Charges (DC) grant program provides a 100% rebate for residential development charges in eligible areas of the Downtown and Old East Village CIP project areas. There is currently no limit to the dollar value of the grant provided, that is, the value of the grant is equal to 100% of the development charge to be paid, and the grant is paid at the time of building permit application. There is no cost to the developer under this program, as the City pays the DCs owing on behalf of the developer. As discussed in previous reports, there is a risk associated with this approach, as Council must maintain a significant DC reserve fund to account for the potential for large (or multiple) draws that are tied to the number of and type of units to be developed in each eligible project, which can exceed several million dollars.

Under the recommended changes, applicants would pay all applicable DCs and apply to the City for the grant program at the time of building permit issuance. The City will then issue a Commitment Letter, including repayment schedules for the grant. The Residential DC Grant annual schedule is based on the tax increment associated with a development, that is, the municipal portion of tax lift that occurred as a result of the development. The scheduled grant-back will be equivalent to 100% of the municipal portion of the tax increment each year until all the DCs have been repaid to the eligible applicant.

For eligible properties, the DC grant program allows for a combined DC grant and a tax-back increment rebate simultaneously. The DC grant is capped at the amount of DCs paid by the applicant. The tax back grant and the DC grant will both commence in the same year, after a re-assessment

Rationale for Residential DC Grant Program Changes

- The recommended changes will eliminate the current risk of the City not having sufficient funds to pay for the development charges grant up-front.
- The recommended changes generate \$620,000 in annual savings.
- The recommended changes generate \$6 million in one-time savings.
- The recommended changes will add stability to the financial planning process by requiring the Applicant to pay the development charges up-front, and providing a window to pay back the development charges paid by the Applicant.
- The developer will still receive 100% of the value of the development charge as grants.
- If eligible, the developer would also receive a Rehabilitation and Redevelopment Tax Grant.



Illustrative Examples of the Recommended Changes to the Residential DC Grant Program

The City of London has three categories or levels of tax increment grants. Each level has a different sliding schedule allowing for a stepped introduction of the increase in municipal property taxes related to a new development's impact on assessed value. For illustrative purposes, a cleared site (i.e. a Level 3 grant starting at 60% tax-back) is shown in the Table below. When combined with the Rehabilitation and Redevelopment Grant, the DC grant schedule will create a rebate that is the equivalent to 100% of the municipal portion of the tax lift.

Recommended Downtown and OEV Residential DC Grant (Level 3 Example)

Grant	DC Grant in Percentage of Tax Increment				
Program	Tax Increment Grant	Remainder of Increment	Total % of		
Year	(Example of Level 3	to be granted from DCs	Annual Tax		
	Property)	paid	Increment		
1	60 %	40 %	100 %		
2	60 %	40 %	100 %		
3	50 %	50 %	100 %		
4	40 %	60 %	100 %		
5	30 %	70 %	100 %		
6	20 %	80 %	100 %		
7	10 %	90 %	100 %		
8	10 %	90 %	100 %		
9	10 %	90 %	100 %		
10	10 %	90 %	100 %		

The Rehabilitation and Redevelopment Tax Grant program is capped on a ten year schedule based on the 3 grant levels, however, the Residential Development Charges grant will be equal to the DCs paid at the time of building permit issuance, and could take fewer than (or more than) the ten years to pay back the value of the development charges.

The grant schedule will begin after a building has been constructed, the property has been re-assessed for property tax purposes, and the first year of property taxes have been paid to the City. Based on actual timelines of projects in the City, the financial assumptions are based on approximately four years from building permit issuance to Year 1 of the grant being paid. Commitment letters to the applicant from the City will be provided at the time of initial building permit issuance and DC payment.

As a further illustration of the DC grant program, a hypothetical apartment tower built under Level 3 (a cleared/vacant site) eligibility is shown below.

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Example of Level 3 Building's Residential DC Program Schedule

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Developm	nent Charges:	\$	4,000,000						
Tax Incren	ment:	\$	650,000						
Assessed	Value:	\$	55,000,000						
Year	Tax R	ebat	e (TIG)		DC R	Reba	te	Ann	ual Grant Amount
	Rate (%)	\$		Rate (%)		\$		(= 10	00 % of Increment)
1	60	\$	390,000		40	\$	260,000	\$	650,000
2	60	\$	390,000		40	\$	260,000	\$	650,000
3	50	\$	325,000		50	\$	325,000	\$	650,000
4	40	\$	260,000		60	\$	390,000	\$	650,000
5	30	\$	195,000		70	\$	455,000	\$	650,000
6	20	\$	130,000		80	\$	520,000	\$	650,000
7	10	\$	65,000		90	\$	585,000	\$	650,000
8	10	\$	65,000		90	\$	585,000	\$	650,000
9	10	\$	65,000		90	\$	585,000	\$	650,000
10	10	\$	65,000		90	\$	35,000	\$	100,000
Totals		\$	1,950,000			\$	4,000,000	\$	5,950,000

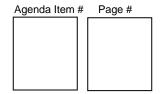
Residential DC Grant Program Implementation

- The recommended changes to the Residential DC grant program will take effect January 1, 2018.
- Building will administer the Residential DC grant program in coordination with Planning, Finance, and Development Services, as required.
- The program will end on December 31, 2023, with a review to be completed prior to the expiration of the program to confirm that the program will expire, or assess whether the program should be renewed or modified. All commitments entered into prior to any expiration would be honoured.

2. Industrial Development Charges Grant (City-wide)

The current Industrial Development Charges Grant program is a 100% rebate for DCs for eligible industrial uses in industrial buildings within the Industrial Lands CIP project area, which covers all lands within the Urban Growth Boundary. There is currently no maximum value of the grant provided. Grants are provided to offset the value of the DCs to be paid at the time of building permit application. The grant is a contribution by the City for the value of the DC to be paid.

To align with corporate economic development strategies, including the Industrial Lands Development Strategy, the recommended change to the program is to differentiate two categories of industrial uses: targeted and non-targeted. The Industrial DC Grant will remain a 100% grant for targeted industrial uses. For non-targeted industrial uses, a grant equivalent to 50% of the value of the DCs to be paid up to \$500,000 (maximum grant of \$250,000), with the remainder of the DCs above \$500,000 to be fully paid for by the applicant. As is the case under the current program, the DC grant for targeted uses will be applied at the building permit counter (meaning the 100% rebate is provided upfront and the applicant does not pay DCs).



To provide certainty to applicants under this program, the category of use (Targeted or Non-Targeted) will be established at the earliest possible stage (i.e. at Site Plan or at the outset of any required Planning/Building processes before the building permit is issued).

The categories "targeted" and "non-targeted" will be based upon existing definitions within the Industrial Lands Community Improvement Plan. The Non-Targeted Industrial Buildings will include, but may not be limited to: warehouses, transportation and logistics, businesses that store and process data for retrieval, and truck terminals. The Targeted Industrial Buildings will include, but may not be limited to: manufacturing, agri-food and beverage processing, defence and aerospace, and research, development and commercialization, consistent with the targeted uses identified in the City's Industrial Lands Development Strategy.

Rationale for Industrial DC Grant Program Changes

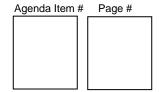
- The proposed changes to the Industrial DC Grant align with and implement Council's economic development and employment goals including those of the Industrial Lands Development Strategy.
- The City, in consultation with the London Economic Development Corporation (LEDC), has developed strategic plans that focus on key industrial sectors.
- This program proposes that new development for industrial uses relating to these targeted sectors would not pay development charges the City of London would pay for these development charges (as is currently the case);
- New development for industrial uses that are not targeted would receive a grant equal 50% on development charges with a maximum cap of \$250,000;
- Non-targeted industrial uses, such as warehouses, can be very large and their development charges can be very large as a result, noting that a 15 year average (using current DC rates) for warehouses is an average Development Charge of \$600,000;
- This approach strategically links incentives to targeted uses those that will generate more employment and multiplier employment (spin-offs) and also will have the largest impact on developing London's economy for the future.

Example of Industrial DC Program Changes

Building (Category)	Applicable Development Charges (\$)	Applicable Grant (%)	DC Grant Amount	DCs Payable by Applicant
Agri-Food Manufacturer (Targeted)	\$ 600,000	100%	\$ 600,000	\$ 0
Shipping/ Warehousing (Non-Targeted)	\$ 600,000	50% /maximum \$250,000	\$ 250,000	\$ 350,000

Industrial DC Grant Program Implementation

- The recommended changes to the Industrial DC grant program will take effect January 1, 2018.
- The program will end on December 31, 2023, with a review to be completed prior to the expiration of the program to confirm that the program will expire, or assess



whether the program should be renewed or modified. All commitments entered into prior to any expiration would be honoured.

- Building will administer the Residential DC grant program in coordination with Planning, Finance, and Development Services, as required.
- The category for grant eligibility will be confirmed by the City by the earliest possible means i.e. through the planning and/or site plan process and/or building permit application.

TAX INCREMENT GRANT PROGRAMS

The City currently offers two tax increment grant programs; one under the Heritage Community Improvement Plan, and a Rehabilitation and Redevelopment Tax Grant program that is available in the Downtown and the Old East Village CIP project areas. Program changes are not recommended for the Heritage CIP tax increment grant program. Program changes are recommended for the Rehabilitation and Redevelopment Tax Grant, and are described below.

1. Rehabilitation and Redevelopment Tax Grant (OEV, SoHo, and Downtown)

The current Rehabilitation and Redevelopment Tax Grant is based on a sliding scale that phases in the payment of the municipal portion of property taxes associated with the increased value of a property after a new development occurs. This is through the provision of a grant to offset the increased property taxes arising from the development or redevelopment of a property. The increase in taxes caused by the development, that is, the tax lift or tax increment, is based on the pre- and post- development assessment values of a property.

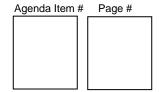
This Tax Grant program identifies three categories of development based on the type of property:

- "Level 1" is for developments that include retention and adaptive reuse of a heritage-designated property.
- "Level 2" is developments that include retention of a building that is not heritage-designated.
- "Level 3" is for development on vacant or under-utilized lots, such as parking lots
- Rebate period is 10 years for all three levels of the program.

The recommended program change is to increase the value of the grant for Level 1 properties to encourage the adaptive re-use of properties designated under the *Ontario Heritage Act*, and to activate the program for properties located within the SoHo CIP project area. This program was approved as part of the adoption of the SoHo CIP in 2011, but the program has never been funded. This Tax Grant program does not apply to the Old Victoria Hospital (OVH) lands.

Rationale for Program Changes

- There is a strong community desire to retain and incorporate heritage buildings into new development projects.
- Increasing the Level 1 (designated heritage property) grant would create a greater differential between retaining a heritage structure and demolishing a heritage structure (100% grant for the retention of a designated property in Year 1 vs. 70%

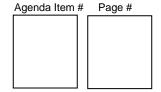


grant for a Level 2 development or a 60% grant for the development of property that is vacant (Level 3)), thus providing more incentive to retain and incorporate designated heritage properties into a new development.

- The program change is recommended to apply in the Downtown, Old East Village, and SoHo CIP project areas, areas with significant built heritage.
- The program is recommended to be activated in SoHo CIP project area. The tax grant program was approved by Council when the SoHo CIP was approved in 2011, however the program has never yet been funded. This program does not apply in the OVH lands.

Recommended Changes to Tax Grant Program, by Level

	Level 1		Level 2	Level 3
Year	Current	Proposed New	No Change	No Change
1	80%	100%	70%	60%
2	80%	100%	70%	60%
3	70%	100%	60%	50%
4	60%	90%	50%	40%
5	50%	80%	40%	30%
6	40%	70%	30%	20%
7	30%	60%	20%	10%
8	20%	50%	10%	10%
9	10%	40%	10%	10%
10	10%	30%	10%	10%



The chart below is an example to illustrate how the Level 1 tax increment grant applies under the current and proposed rebate schedules.

Example of "Level 1" (Heritage) Property under Revised Program (Annual Tax Increment is \$100,000)

	Existing Program			Proposed New Program			
Year	Grant (%)	Rebate (\$)	Year	Grant (%)	Rebate (\$)		
1	80%	\$80,000	1	100%	\$100,000		
2	80%	\$80,000	2	100%	\$100,000		
3	70%	\$70,000	3	100%	\$100,000		
4	60%	\$60,000	4	90%	\$90,000		
5	50%	\$50,000	5	80%	\$80,000		
6	40%	\$40,000	6	70%	\$70,000		
7	30%	\$30,000	7	60%	\$60,000		
8	20%	\$20,000	8	50%	\$50,000		
9	10%	\$10,000	9	40%	\$40,000		
10	10%	\$10,000	10	30%	\$30,000		
Total Grant		\$450,000			\$720,000		

Tax Grant Program Implementation

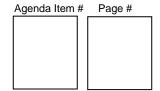
- The recommended changes to the tax grant program will take effect January 1, 2018.
- The program will end on December 31, 2023, with a review to be completed prior to the expiration of the program to confirm that the program will expire, or assess whether the program should be renewed or modified. All commitments entered into prior to any expiration would be honoured.
- Planning Services will administer the tax grant program.

GRANT AND LOAN PROGRAMS

1. <u>Upgrade to Building Code (Old East Village, SoHo, and Downtown CIP/Forgivable portion Downtown and Old East Village)</u>

The current Upgrade to Building Code program provides a loan up to \$50,000 or half the value of eligible works (whichever is the lesser) to upgrade existing buildings to more modern building code standards. The loan is provided to property owners once the works have been completed to cover 50% of the value of eligible works up to the maximum loan value of \$50,000. Eligible works include things such as upgrades to electrical and heating, ventilation and air conditioning (HVAC) systems, plumbing, windows and roofs. Loans are interest free and are amortized over ten years. Only one application is permitted per property in the program areas of the Downtown, Old East Village and SoHo CIP project areas.

Through the consultation process, program participants and the BIAs noted that the loan amount of \$50,000 has not changed in many years or kept up with costs of construction works over the years of the program. As a way to address building code issues



comprehensively throughout a building and avail of multiple loans for a property, some buildings were considered to have multiple units in order to receive additional loans under the current program in instances where there was physical separation between units within a building.

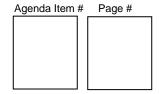
The recommended program changes are to increase the maximum Upgrade to Building Code loan amount from \$50,000 to \$200,000 per eligible property. This enriched maximum loan amount would remain at 50% of eligible works. It is also recommended that instead of one lifetime loan per property, that the program now permit one loan application per property every eleven years or one year after the previous loan is repaid to the City, whichever is less. Payments are waived for the first six months after the loan issued.

It is also recommended that the "forgivable" grant portion of the loan program be reactivated in the Downtown and Old East Village CIP program areas. This program was previously offered in the Downtown and Old East for a three year period that has since expired. The recommended program would provide a grant, or forgivable portion of the loan up to a maximum of \$25,000 per eligible property. Eligibility for the forgivable portion of the Upgrade to Building Code loan would be limited to properties that contained a defined "targeted use", and for a geographically defined area within the CIP project area. The Forgivable grant program would be for a three year period (January 1, 2018 to December 31, 2020).

Targeted uses and geographic areas eligible for the forgivable loans within the Downtown and Old East Village will be reviewed as part of the development of the program guidelines.

Rationale for Upgrade to Building Code Program Changes

- Feedback from property owners and Business Improvement Areas has indicated the Upgrade to Building Code loan program as very effective for stimulating improvements to existing buildings;
- The current maximum loan amount is too small, given the cost of interior improvements relating to the Building Code (the current cap was established over 15 years ago);
- The increased maximum loan will allow for more comprehensive building treatment and prevent unnecessary division of buildings (noting the program guidelines will be updated to ensure multiple loans are not permitted);
- Business Improvement Areas and stakeholders have indicated that the forgivable loans have been important in stimulating investment, including for smaller businesses.
- The forgivable portion of loans was previously offered in Downtown and Old East Village program areas – this recommended change would re-activate the former program for a limited (3 year) term.



Example of Building Code Loan Program Repayment

The following table shows an example property loan repayment schedule comparing the current and proposed programs.

Current F	Program	Proposed New Program		
Loan Year	Repayments	Loan Year	Repayment	
1 *	\$2,632	1*	\$10,526	
2	\$5,263	2	\$21,053	
3	\$5,263	3	\$21,053	
4	\$5,263	4	\$21,053	
5	\$5,263	5	\$21,053	
6	\$5,263	6	\$21,053	
7	\$5,263	7	\$21,053	
8	\$5,263	8	\$21,053	
9	\$5,263	9	\$21,053	
10	\$5,263	10	\$21,053	
<u>Total</u>	<u>\$50,000</u>		<u>\$200,000</u>	

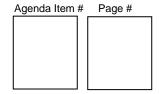
^{1*} Payments are waived for the first six months after the loan is issued

Example of Forgivable Building Code Loan Repayment

The following table shows an example property's loan repayment schedule and the "grant back" of the forgivable portion of the Upgrade to Building Code loan. The example property is based on an arts and culture facility (targeted use) in a heritage conservation district within the targeted area of the downtown.

Cı	urrent Forgivable	Program	Propos	ed New Forgivab	le Program
Year	Repayments	Grant Back	Year	Repayment	Grant Back
1*	\$2,632	\$1,316	1*	\$10,526	\$1,316
2	\$5,263	\$2,632	2	\$21,053	\$2,632
3	\$5,263	\$2,632	3	\$21,053	\$2,632
4	\$5,263	\$2,632	4	\$21,053	\$2,632
5	\$5,263	\$2,632	5	\$21,053	\$2,632
6	\$5,263	\$2,632	6	\$21,053	\$2,632
7	\$5,263	\$2,632	7	\$21,053	\$2,632
8	\$5,263	\$2,632	8	\$21,053	\$2,632
9	\$5,263	\$2,632	9	\$21,053	\$2,632
10	\$5,263	\$2,632	10	\$21,053	\$2,632
<u>Total</u>	<u>\$50,000</u>	<u>\$25,000</u>		\$200,000	<u>\$25,000</u>

^{1*} Payments are waived for the first six months after the loan is issued



Upgrade to Building Code Program Implementation

- The recommended changes to the Upgrade to Building Code program will take effect January 1, 2018.
- The program will end on December 31, 2023, with a review to be completed prior to the expiration of the program to confirm that the program will expire, or assess whether the program should be renewed or modified. All commitments entered into prior to any expiration would be honoured.
- The forgivable grant program will commence on January 1, 2018, and end on December 31, 2020.
- Planning Services will administer the Upgrade to Building Code grant program in coordination with Finance and Building.
- 2. <u>Façade Improvement</u> (Old East Village, SoHo and Downtown/"Forgivable" portion Downtown and Old East Village)

The current Façade Improvement program provides a loan of up to \$25,000 or half the value of eligible works (whichever is the lesser). The loan is for 50% of eligible works. Eligible works include windows and doors, building facades and lighting. Loans are interest free and are amortized over ten years. Only one application is permitted per property. Payments are waived for the first six months after the loan is issued.

Under the recommended program changes, the maximum Façade Improvement loan amount would increase from \$25,000 to \$50,000 per eligible property. The increased maximum loan amount would remain at 50% of eligible works. It is also recommended that instead of one lifetime loan per property, that the program now permit one application per property every eleven years or one year after the previous loan is repaid to the City, whichever is less.

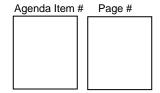
It is also recommended that the "forgivable" grant portion of the loan be re-activated in the Downtown and Old East Village program areas. This program was previously offered in the Downtown and Old East for a three year period that has since expired. The recommended program would provide a grant, or forgivable portion of the loan up to a maximum of \$12,500 per eligible property. The Forgivable grant program would be for a three year period (January 1, 2018 to December 31, 2020).

Eligibility for the forgivable portion of the Façade Improvement loan would be limited to properties that contained a defined "targeted use", and for a geographically defined area within the CIP project area.

Targeted uses and geographic areas eligible for the forgivable loans within the Downtown and Old East Village will be reviewed as part of the development of the program guidelines.

Rationale for Façade Improvement Program Changes

- Feedback from BIAs and property owners indicates this program is very effective at stimulating investment and façade improvements.
- Current loan cap is too small given the cost of façade improvements.
- Façade Improvement program guidelines will be amended so that decorative lighting, signage and awnings (in accordance with design guidelines) are included



as eligible "façade" improvements. These works were previously part of separate CIP program.

- Business Improvement Areas and stakeholders have indicated that the forgivable portion of loans have been important in stimulating investment, including for smaller businesses.
- The forgivable portion of loans was previously offered in Downtown and Old East Village program areas – this recommended change would re-activate the former program.

Example of Façade Improvement Loan Repayment Schedule

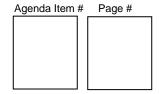
Current R	Repayment	Proposed Program		
Year	Repayments	Year	Repayment	
1*	\$1,316	1*	\$2,632	
2	\$2,632	2	\$5,263	
3	\$2,632	3	\$5,263	
4	\$2,632	4	\$5,263	
5	\$2,632	5	\$5,263	
6	\$2,632	6	\$5,263	
7	\$2,632	7	\$5,263	
8	\$2,632	8	\$5,263	
9	\$2,632	9	\$5,263	
10	\$2,632	10	\$5,263	
Total	\$25,000		<u>\$50,000</u>	

^{1*} Payments are waived for the first six months after the loan is issued

Example of Forgivable Façade Improvement Loan Repayment

Current Forgivable Program		Proposed New Forgivable Program			
Year	Repayments	Grant Back	Year	Repayment	Grant Back
1	\$1,316	\$658	1	\$2,632	\$658
2	\$2,632	\$1,316	2	\$5,263	\$1,316
3	\$2,632	\$1,316	3	\$5,263	\$1,316
4	\$2,632	\$1,316	4	\$5,263	\$1,316
5	\$2,632	\$1,316	5	\$5,263	\$1,316
6	\$2,632	\$1,316	6	\$5,263	\$1,316
7	\$2,632	\$1,316	7	\$5,263	\$1,316
8	\$2,632	\$1,316	8	\$5,263	\$1,316
9	\$2,632	\$1,316	9	\$5,263	\$1,316
10	\$2,632	\$1,316	10	\$5,263	\$1,316
Grant Total	<u>\$25,000</u>	<u>\$12,500</u>		<u>\$50,000</u>	<u>\$12,500</u>

^{1*} Payments are waived for the first six months after the loan is issued



Façade Improvement Program Implementation

- The recommended changes to the Façade Improvement program will take effect January 1, 2018.
- The program will end on December 31, 2023, with a review to be completed prior to the expiration of the program to confirm that the program will expire, or assess whether the program should be renewed or modified. All commitments entered into prior to any expiration would be honoured.
- The forgivable grant program will commence on January 1, 2018, and end on December 31, 2020.
- Planning Services will administer the Façade Improvement grant program in coordination with Finance and Building.

3. <u>Industrial Corridor Enhancement Grant Program</u> (Industrial properties abutting Highway 401 and/or Highway 402)

This program was approved by Council in 2014 under the Industrial Lands Community Improvement Plan. The program provides an incentive to property owners to enhance the landscaping of industrial lands, beyond the minimum zoning or site plan requirements, on properties directly abutting the Highway 401 and 402 corridors. The program provides an incentive for landscaping such as tree planting, as well as fencing, creation of berms, screening, and public art. The proposed incentive would be a grant to cover 50% pf the cost of eligible works, up to a maximum of \$20,000 per property. The program has not been funded.

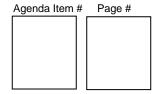
It is recommended that this program be activated, with funding of \$ 20,000 per property for industrial lands directly abutting the Highway 401 and 402 corridors. It should be noted that the program approved as part of the Industrial Lands CIP recommended a grant of \$25,000 per property. The proposed City of London funding of the program is not to exceed \$40,000 per year.

Rationale for Activation of Industrial Corridor Enhancement Grant Program

- This program supports the creation of a unified brand and comprehensive identity for the City of London along the Highway 401/402 investment corridors, in alignment with the Industrial Land Development Strategy.
- The program improves the aesthetics of industrial sites, and will provide effective screening of outside storage areas so as to mitigate the visual impact of industrial uses along these major transportation corridors through the city.

Industrial Corridor Enhancement Grant Program Implementation

- The recommended activation of the program will take effect January 1, 2018.
- The program will end on December 31, 2023, with a review to be completed prior to the expiration of the program to confirm that the program will expire, or assess whether the program should be renewed or modified. All commitments entered into prior to any expiration would be honoured.
- Planning Services will be responsible for administration of the program.



FINANCIAL CONSIDERATIONS FOR FUNDING RECOMMENDED PROGRAM CHANGES

Based on the changes recommended in this service review, it is estimated that the revised Residential Development Changes Grant would generate approximately \$620,000 in annual savings and \$6 million in one-time savings. The recommended revisions to this program will also provide stability in the financial planning process because Civic Administration will have a window of approximately four years to budget for the repayment draws from the Residential Development Charge Incentive Program Reserve Fund. Also, grants are not paid out in one lump sum at the time of permit application but rather through a grant repayment schedule set by the City, over 10 years.

Civic Administration will monitor the financial implications of the recommended changes to the Industrial Development Charges Grant. Targeted vs. non-targeted applications for this program will have an impact on the financial implications of the proposed changes to the Industrial DC Grant, but it is difficult to predict the number of targeted vs. non-targeted applications that will come forward and therefore, the proposed changes will be monitored to provide a more accurate estimate of annual savings.

It is estimated that the following program enhancements or additions would cost approximately \$420,000 annually:

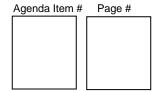
- Enriching the Upgrade to Building Code and Façade Improvement programs
- Reactivating the forgivable portion of these programs
- Activating the Industrial Corridor Grants program
- Enhancing the Rehabilitation and Redevelopment Tax Grant Program for Level 1 (heritage-designated) Properties
- Funding SoHo, the expanded Downtown CIP project area (Richmond Row), Hamilton Road and Lambeth

Note that the enrichment of the Upgrade to Building Code and Façade Improvement loans will also require one-time funding allocated to the CIP Loan Reserve Fund that was originally designated for the Residential DC Incentive Reserve Fund, but is no longer required because of the recommended changes to that program.

The remaining \$200,000 annually from the \$620,000 savings identified above will be allocated to the City's Service Review savings target, reflecting Planning Services' contribution to this target.

RECOMMENDED "INDICATORS OF SUCCESS" FOR MONITORING AND EVALUATION

The City of London has seven Community Improvement Plans (CIPs) through which financial incentive programs can be provided. All of the incentive programs provided by the City through the CIPs are implemented to provide a means of financial assistance to property owners who undertake redevelopment and building rehabilitation in identified areas of need. These programs are also intended to stimulate private sector investment within these CIP project areas.



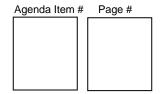
To date, none of the CIPs or Incentive Program Guidelines have included measurements or monitoring criteria to identify what is meant by "success" for the Plans or programs, or whether or not the incentive programs are helping to meet the rehabilitation and redevelopment goals of the Community Improvement Plans.

Part of this review has included the consideration of review criteria that can be used to determine what the success would look like for each CIP. These would serve as the indicators to show if the incentive programs were helping to achieve the goals of each CIP. In the August 22, 2016 PEC report, Staff identified preliminary criteria, measures and monitoring programs for each of the CIPs (a copy of the August 2016 Report is attached as Appendix "C").

Initial CIP Goals and Indicators of Success

CIP	Indicator of Success	Target	
Downtown	Encourage the coordination of municipal expenditures and planning and development activity	Downtown becomes a place where people are attracted to live, work, shop and play with a significant resident population	
Old East Village	Revitalization of the four districts of Old East Village	Creation of complete community with recreational/entertainment opportunities, and healthy and vibrant pedestrian-oriented commercial corridors	
SoHo	Stimulate reinvestment for infill and intensification	Facilitate the rehabilitation and redevelopment of a vibrant neighbourhood	
Heritage	Increase the retention and rehabilitation of heritage resources	Create a sense of place through the retention of the City's built heritage	
Airport Area	Increase in long-term economic viability of the aerospace industry in London	Reach and maintain a level of aerospace industry competitive with comparable municipalities	
Brownfield	Increase in site remediation	All brownfield sites remediated to encourage redevelopment	
Industrial Lands	Increase the market attractiveness and competitiveness of industrial land in London	One or more new targeted industrial uses per year locate in London	

Similar for the need to understand 'success' of a CIP, it is also important to ensure that the programs and incentives provided in each CIP are resulting in actions that support the goals of the CIP. Indicators of success for each program or incentive will provide a means to evaluate if a program or incentive is helping to achieve the goals of the CIP, and if the program or incentive should be retained, modified, or terminated/withdrawn. While none of the City's current incentive programs have specific indicators of success clearly identified within the program requirements, Staff and the BIAs do monitor the health and vitality of the BIAs through such measures as the number of new businesses added, the amount of active storefront/storefront vacancy rates, changes in municipal assessment, number of loans provided, etc. The "missing link" is that these indicators, while valid, are not tied specifically to any of the programs provided within these CIP project areas. As such, they are not set up to assess the success and performance of



the programs relative to the goals of the CIP area, or to assess whether any program modifications are needed.

Potential "indicators" be used for the incentive programs and to be monitored and evaluated annually are identified in Appendix "A". Some of these indicators would be monitored by staff through the administration of incentive programs, building permits and licensing data, while other indicators are provided through Statistic Canada census data or community audits conducted by the City.

As no baseline information has been included in any of the CIPs or Incentive Program Guidelines, 2017 will be used as the starting point to "ground truth" and collect the potential indicators. This approach aligns with the timing of the release of Statistics Canada's 2016 Census data and ensures one consistent year is used as the baseline to benchmark all program information. 2017 will also be used to complete building condition assessments, conduct pedestrian/active transportation counts in program areas and other activities required to establish appropriate baselines. This information will be included as part of updated program guidelines. It is from this baseline information that it will be able to measure program success.

This baseline information will be included within the amended program guidelines that are to be developed for each of the City's CIP programs. This will also serve as the basis of the recommended monitoring program to be established to annually report on and evaluate the City's various incentive programs.

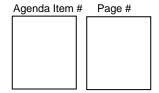
SUMMARY OF RESULTS OF SERVICE REVIEW

Through this service review we have:

- Deleted incentives from consideration that did not align with legislation
- Focused on incentive that had greatest impact on Council goals
- Found savings through new approach
- Sequestered savings for 4-year budget targets
- Used additional savings for updating loan amounts (increased loan value reflect current costs)
- Used additional savings to apply programs to new areas

NEXT STEPS

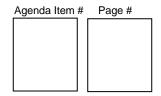
Staff will prepare new program guidelines for the amended incentive programs in the Downtown, Old East Village, SoHo and Industrial Lands CIPs described in this report. This will include the identification of any required sources of financing for the revised programs. As noted in the report, the recommended changes to the Downtown Residential DC program has an estimated annual cost saving of \$620,000. \$200,000 of these savings are recommended to be identified as an annual contribution to the City's Corporate Service Review Savings. The remainder of the estimated savings would be used to fund the amended, enhanced programs.



Staff will also initiate amendments to all of the City's CIPs to ensure that they align with the City's strategic goals, and to include indicators of success that will be able to be used to assess both the success of the CIP, but also to measure and evaluate the success of the programs available under the CIPs.

An additional amendment to be considered at a future date will be the expansion of the Downtown CIP project area to include Richmond Row.

It should also be noted that CIPs in the Hamilton Road and Lambeth areas are being prepared concurrently with this CIP program review. As part of the development of these CIPs will be the identification of potential CIP programs. While the potential programs have not been included as part of this review, potential funding for a limited range of programs has been identified through this process, and will be available to fund these future programs within the current overall program budget envelope.



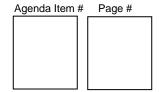
Acknowledgements

This report was prepared with the assistance of Louie Bruni, Manager, Financial Modelling, Forecasting & Systems Control, and with additional information from the Building Division and Finance Service Area.

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

April 13, 2017 TM/ABW/GB "Attach"

Y:\Shared\policy\URBAN REGENERATION\Projects\Measuring Financial Incentives\PEC Reports\2017 PEC Report(s)\Incentive Review PEC Report (April 8) GB Finance Edits.docx



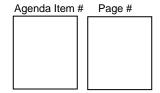
Appendix 'A': Initial Program Indicators and Measures (to be reviewed through 2017)

A. Downtown CIP

- Residential DC Grant indicators:
 - 1) Number of residential units constructed Downtown within a consecutive 5 year period
 - 2) % change in population over consecutive 5 year period (and/or __% of total city population residing downtown)
 - 3) Downtown population sufficient to support a grocery store.
- Facade Improvement Loan indicators:
 - 1) % façade and storefront in condition graded 'A' or 'B'
 - 2) % main floor occupied in key areas for 3 consecutive years
 - 3) % of buildings in program area availed of the program
- Upgrade to Building Code Loan indicators:
 - 1) % main floor commercial spaces occupied in key areas for 3 consecutive years
 - 2) % of continuous occupancy in key areas for 3 consecutive years
 - % of heritage buildings rehabilitated/renovated consistent with guidelines (and/or % of buildings in program area have availed of Upgrade to Building Code loan program, consistent w/ guidelines)
- Tax Increment Grant indicators:
 - 1) Number of units constructed Downtown within a consecutive 5 year period
 - 2) % change in population over consecutive 5 year period (and/or __% of total city population residing downtown)
 - 3) Downtown population sufficient to support a grocery store

B. Old East Village CIP

- Residential DC Grant indicators:
 - 1) Program area population stable or increasing over consecutive years
 - Sites with development capacity for high-intensity residential uses are built out
 - 3) Population sufficient for a Neighbourhood-serving grocery store
- Facade Improvement Loan indicators:
 - 1) % of façades and storefronts graded 'A' or 'B' condition
 - 2) % of main floor occupied in key areas for 3 consecutive years
 - 3) % of buildings improved and availed of program, consistent with guidelines
- Upgrade to Building Code Loan indicators:
 - 1) % of main floor occupied in key areas for 3 consecutive years
 - 2) % of building stock retained (renovation/rehabilitation versus demolitions)
 - 3) % of buildings upgraded consistent with guidelines
- Tax Increment Grant indicators:
 - 1) Population stable or increasing over consecutive years
 - 2) Population sufficient for a Neighbourhood-serving grocery store



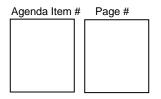
3) % of main floor occupied in key areas for 3 consecutive years

C. SOHO CIP

- Facade Improvement Loan
 - 1) % of façades and storefronts graded 'A' or 'B' condition
 - 2) % of main floor occupied in key areas for 3 consecutive years
 - 3) % of buildings improved and availed of program, consistent with guidelines
- Upgrade to Building Code Loan
 - 1) % of main floor occupied in key areas for 3 consecutive years
 - 2) % of building stock retained (renovation/rehabilitation versus demolitions)
 - 3) % of buildings upgraded consistent with guidelines
- Tax Increment Grant
 - 1) Population stable or increasing over consecutive years
 - 2) Population sufficient for a Neighbourhood-serving grocery store
 - 3) % of main floor occupied in key areas for 3 consecutive years

D. Industrial CIP

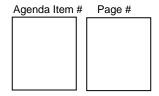
- Industrial DC Grant
 - 1) % of employment in "Targeted" Industrial Sectors stable and increasing
 - 2) % increase in number of units constructed and Gross Floor Area constructed
 - 3) Attraction of new, and Retention and Expansion of existing Industrial Buildings/Companies
- Corridor Enhancement Grant
 - 1) Number of eligible sites in Industrial areas along Highway 401/402 Corridor availed of program
 - 2) % of site availed of program along the gateway corridor



Appendix 'B'

Written Responses to Consultation - (Since staff's PEC Report of August 22, 2016)

Stakeholder	Submission	Date
Old East Village	Letter City of London Incentive Review Feedback Report October 20, 2016 Meeting Feedback.	October 19, 2016 October 19, 2016 November 18, 2016
Christ Butler 863 Waterloo Street	Email	October 20, 2016
Downtown London	Letter	November 14, 2016
Paramount Developments Inc.	Letter	November 14, 2016





October 19, 2016

Dear Mr. John Fleming, Managing Director, Planning and City Planner Re: Evaluation of Community Improvement Plan Incentives

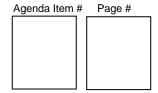
In response to the Evaluation of the Community Improvement Plan Incentive report presented to the Planning and Environment Committee on August 22, 2016, attached please find the Old East Village City of London Incentive Program Review Feedback Report. We request that this report, its information, and recommendations be considered by staff and council when reviewing and amending the current Community Improvement Plan Incentives.

City of London Planning staff requested the input of our membership and BIA staff was pleased to provide the attached comments. The Old East Village BIA looks forward to continuing to provide feedback and work with City staff to support this review process.

Sincerely,

Maria Drangova Board Chair

Old East Village BIA



<u>City of London Incentive Program Review</u> <u>Old East Village BIA Feedback Report</u> Submitted by: Jen Pastorius, Old East Village BIA Manager

The Old East Village BIA appreciates the opportunity to provide input to the City of London Incentive Program review process. The feedback provided below was gathered during one on one meetings with property owners that accessed the programs, the ongoing management of incentive applications and at the Old East Village BIA Incentive Program review meeting held on September 28th, 2016.

This report will provide input to the review in two sections:

Section One will provide comment to the Incentive Programs that support building renovations including the Upgrade to Building Code Loan/Grant, the Façade Improvement Loan/Grant and the Tax Increment Grant. Pg 1-3.

Section Two will provide comment to the program that supports new residential developments and also supports the City's intensification targets for transit corridors: The Old East Village Development Charge Grant Program. Pg 3-4.

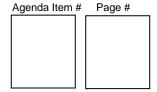
<u>Section One</u> - Feedback provided regarding the current Upgrade to Building Code Loan, Façade Loan and Tax Increment Grant programs as well as the previous Enhanced versions of these programs. The comments are categorized based on what property owners felt is helpful about the, what challenges they experienced using the programs and overall how the programs can be improved.

Feedback regarding what was useful about the programs:

It was clear from the user's comments that the programs contributed significantly to business attraction, retention and expansion and that the support of City Staff and the BIA was critical to successful projects.

- Improvement to properties as a result of these programs has resulted in a "snowball effect" of beautification that is visible on the corridor.
- "The interest free 10 year loan allowed us to invest in the building and keep \$100,000 out of our bank loan for which we pay interest."
- "The programs incentivised us to stay in the Old East Village. We were going to relocate to west London."
- "We had been in the area for over 20 years but it was after the façade improvements that our neighbours and customers began speaking of us as an "anchor business"."
- "When we travel to conferences to speak to others in our industry, our façade is highlighted as "what
 to aspire to" for other independent operators."
- "As a property owner it has assisted with the retention of tenants in my building."
- These programs made the difference between the decision to do or not do improvement renovations.
- "Our business was not financially able to fully invest in the costs of building upgrades. It was the
 availability of the loans and grants that made our building improvements a reality."
- · Good experience working with City Planning and BIA staff

Page 1 of 4



- "As a property owner whose first language is not English, without support it would have been difficult
 to use the programs. With the BIA and City staff's help we used the programs successfully and will
 use the loan money to purchase the things we require to open our business."
- "The OEV BIA and City Planning staff has always been very helpful and specifically so when we
 needed to split the Upgrade to building Code loan to expedite fixing a badly damaged roof. This
 major repair guaranteed no further water damage would affect the overall building improvement."

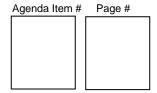
Challenges with the current programs:

- "The removal of the grant portion really limited the improvements I was able to make to my property."
- . "There were long delays on the release of funds which put a financial strain on my business."
- Some property owners who used the programs and/or Convert to Rent Affordable Housing funds
 prioritized residential units over the size of their commercial space consequently the commercial
 square footage is too small, is unattractive and therefore remains empty.
- Differences between standards needed to meet program requirements versus what is required to
 meet building code can create delays in projects and increased costs. A return to the practice of
 property owners meeting with the BIA, Planning and Building Code staff from the beginning of the
 work would eliminate this issue. Given that often departments' e.g Sign By-Law could also be
 involved it would be helpful to reinstate a point person with the knowledge to identify who else
 should be at the table.
- There is an opportunity to foster inter-departmental communication. The Incentive Programs are
 designed to support business development however other City department's processes can create
 delays in projects that often results in significant financial consequences for the property owner
 and/or business. An internal process that facilitates inter-departmental information sharing at the
 City of London would improve the efficiency of the programs.
- Program funding is based upon the number of units to be created. This has encouraged property
 owners to increase the number of units being created, sometimes at the expense of functional design
 of the commercial and/or residential components of the building.
- The City may want to consider other ways to monitor maintaining targeted uses to receive the grant
 portion of the program other than self-reporting.
- The City programs require two sets of quotes to be submitted for the application process. Some
 businesses struggled to get two quotes because tradespeople do not want to come out to quote
 when they may not receive the business. Others shared that they, as property owners were doing
 their own work and they felt uncomfortable about asking another tradesperson to provide a quote
 for work that will be completed by the property owner.

Suggestions for Improvements to the Programs:

Many businesses shared with the BIA that they did more improvements and at higher quality because
the grant portion was available. Because small businesses have such limited funding resources for
capital investment, the grant portion of the Upgrade to Building Code and Façade Loan program

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should be reinstated. Applications to the programs have slowed since the removal of the program's financial enhancements.

- We have heard that the City and Provincial requirements for the creation of accessible spaces
 requires the property owner to make investments in the buildings way beyond the costs of the
 current \$5000 allowance that can be accessed through the existing loan program. It would be helpful
 of the Planning staff could review incentive loan amounts to address this issue.
- Property owners have commented that the values of the loans do not reflect the current costs to
 properly renovate or restore aging buildings. An increase in loan amounts would better conform to
 industry costs of quality building improvements.
- Many businesses cannot afford a good quality designer whose work is guaranteed to conform to City Building Code. Providing funding specifically for design assistance would help property owners in the early stages of creating plans for their building improvements.
- Recognizing the upcoming redesign of the Old East Village Municipal Parking lots, programs should
 include the ability to support rear signage/façade improvement if front signage/façade improvement
 is also being done.
- Staged funding would help support long term projects, particularly those that require significant
 investment. Recognizing the risk that might be associated with this, it would be useful to ascertain if
 the "lean against the property" could mitigate this risk.

Section Two:

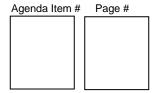
The question about the availability of the Development Charge Grant program has always been: Does the program incentivize or reward behaviour? After our consultations and with our experience, we can say with certainty that the new residential towers, built and under construction would not have occurred without the Development Charge Grant incentive. Concern about its possible removal is already having an impact on the possibility of future residential developments.

The Development Charge Grants currently provide the largest incentive to developers to invest; it is the most effective incentive that the Old East Village has to attract investment opportunities for high volume residential development in the area.

Feedback specifically regarding the Development Charge Grant proposed changes:

- To cap of the amount of funding available for the next three year budget term, and the first past the
 post system will not result in equitable distribution across existing and new CIP areas. Given that
 there are applications for incentives already in the queue or close to completion another system for
 resource allocation should be considered to ensure all CIP areas receive a fair share of the incentives.
- The Old East Village currently has 3 sites ready for development with two projects in the
 development phase. Given the time that it takes to develop a project to where the incentive can be
 applied for, our concern is that projects may not go forward if there is at least a three year wait time.
- It would be helpful if the City could establish with developers a percentage reduction in the current 100% grant that would still encourage development.

Page 3 of 4



- Our sister organization, the Old East Village Development Corporation has been in discussion with developers who are in the early stages of land acquisition and are waiting to see the results of this review in order to commit to build.
- A significant number of businesses decided, due to the three towers developed by the Medallion Corporation to locate in Old East Village. Many of those businesses also used the smaller incentive programs to improve their buildings.

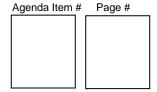
The incentive programs have been the foundation of the renewal efforts in the Old East Village. The spectrum of loans and grants both for large and small scale development and restoration has improved the built form, increased investment, population, business retention and attraction. We have many success stories but there are many buildings and building sites that still need significant support. The BIA and its membership were pleased to see that the Upgrade to Building Code (UTBC) and Façade Improvement (FI) loan programs remain in place. Our feedback and work to assist businesses clarifies that the Enhanced Incentives with the grant component encourages the purchase and renovation of buildings. It was one of the rare opportunities for owners who occupy their buildings to invest in brick and mortar through a partial capital investment grant.

The UTBC and FI loans and grants and the frequency of their use can be directly tied to larger residential development in the area. Businesses have stated that because of the increase in residents via residential development projects on and nearby Dundas Street, they decided to purchase a building and/or locate their business in the Old East Village. These same businesses used the UTBC and FI programs to improve their spaces. As a BIA we have seen the "ripple effect" that large scale development has had on Old East Village regeneration.

The Development Charge Grant provides the single largest financial incentive to invest in the Old East Village. Currently there are 7 sites between Adelaide and Charlotte which have potential for significant residential development. Three sites have investors considering development. The remaining four will be promoted once there is clarification about how the program will be administered and the percentage of development reimbursement. When speaking with interested developers we have learned they are hesitant to develop in the area without the support of the Development Charge Grants.

The Old East Village welcomes the day that we will no longer need UTBC, FI and Development Charge Incentives however; we have not reached the tipping point in our renewal efforts. Guaranteed access to these programs is necessary to protect the investment that the City and others have already made in the Old East Village and to ensure ongoing regeneration.

The BIA appreciated the opportunity to participate in this important review and we look forward to continued dialogue so that any new or revised programs works in our area's and London's interests.



October 20, 2016 City Planning Incentive Review meeting – Old East Village BIA Feedback.

Provided by Jennifer Pastorius, Old East Village BIA Manager

Thank you for accepting this feedback as an addition to the Old East Village BIA's input submitted on October 19th, which spoke specifically to the August 22nd Incentive report. The comments below will respond to the information provided at the October 20th Incentive Review meeting held at City Hall.

It is understood that the intention of the October 20th meeting hosted by Planning was to speak specifically to the incentive programs alone and not to the funding that may or not be attached to these programs. Respectfully, we believe it is integral to understand the way in which the Residential Development Charge Grants and Improvement programs will be funded and for how much. It is with this information will we fully appreciate how the proposed changes will or will not be beneficial to the further revitalization of Old East Village and all of London's urban CIP areas.

BIA Staff reviewed the proposal presented at the October 20th meeting, and would like to request further information from City Planning staff. The below questions have been provided by the BIA Board and staff to City staff as a response to the October 20th meeting, to better understand how the proposed changes would affect our area in and to provide thorough comment:

Funding Envelopes

- Please confirm if Upgrade to Building Code/Façade Improvement Programs will be funded from a separate funding envelope that the Residential and Industrial Development Charge Grants. At the June 7th meeting Staff stated grant funds would be allocated from a separate envelope than the loan funding, however at the October meeting it was stated all Incentive funds would be drawn from the same funding envelop regardless if they are loans or grants.
- 2. If there is one funding envelope responsible for all the programs how will applications be prioritized? If funding runs low, what is the plan for prioritization? For example, will an Upgrade to Building Code/Façade Loan be denied to provide an Industrial or Residential development grant or vice versa? The increase to the Upgrade to Building Code and Façade Improvement Loans and the addition of the Grant portion is needed and welcomed however creates less certainty that the funds will be available over the entirety of the funding term.

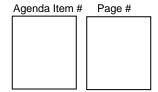
Allocation

Can Financial Models be provided that will demonstrate when the funding will be allocated? Specifically:

- 3. Will the funding be parcelled per year or whether the entirety will be made available first come first serve over a multi-year term?
- 4. It was explained in the February 2016 Report that the funds would stretch over a 3 year term, 2017 to 2019. In the October meeting, it was stated that the changes will not come into effect until the next budget cycle. Can you confirm when changes to the Incentive programs will be initiated?
- 5. If the changes are not implemented until 2020, does that mean that the 10 mil funding envelope will be for a 4 year and not a 3 year term?

It is important that further details be provided. The Residential Development Charge Grants are the largest single investment incentive provided to potential developers in the Old East Village. The Development Charge Grant incentivized Medallion Corporation to locate in the area. Medallion found value in building on the commercial corridor because of the revitalizing neighbourhood but chose to be development leaders in the area because the

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incentives made the project fiscally effective. This project was incredibly important for the revitalization of the area and there are more sites ready for development.

In recent days there has been exciting announcements regarding a significant number of development projects interested in locating downtown London. This is great news for our city, as further intensified development is needed in our urban neighbourhoods. However, if there is a 10 million dollar cap as previously suggested and it is distributed in a first come first serve basis, these new downtown developments will use the bulk of the incentive funding leaving little or nothing for areas also in need of development and/or improvement incentives.

Qualitatively, we have significant data via the experiences of property owners which shows that access to incentive funding is vital to the future development of the Old East Village. However we also maintain quantitative data that details our progress to date and highlights the areas that still require attention and support:

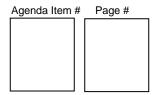
- Old East Village BIA has leveraged \$27.5 million in public investment (CIP Grants and Loan, Municipal and Federal investment in Affordable Housing, and Residential Development Charges exemptions) to realise over \$193 million of overall investment in the Old East Village. This will increase further with the completion of the 3rd Phase of Medallion's Revo on King Development at King St and Lyle St.
- Since 2008 the Old East Village has realised \$6 in private investment generated by every \$1 in public investment.
- Municipal parking revenues have more than doubled from 2008 to 2015. This is set to increase even
 further with the upcoming parking lot improvements and adjacent property renovations bringing in more
 tenants and businesses.
- The Old East Village Commercial Corridor has 140 Commercial Units on it, with a vacancy rate that has dropped from 34% in 2002 to 16%.
- 17 Commercial Properties have renovated their facades using the Façade Improvement Loan Programs, and 3 more are currently undergoing renovation.
- 18 Commercial Properties have renovated their interiors using the Upgrade to Building Code Loan Program, and 6 more are currently under renovation.
- There are 23 vacant properties, at least 11 buildings are currently in disrepair and require renovations in order to be brought up to code, or restore the façade.
- The Old East Village's tax base has increased 41% from 2002 to 2012. This is less than half of the increase seen in the downtown and shows that investment has been increasing but would be vulnerable to removal of incentives.

Conclusion

The request from Council to evaluate the Incentive Programs and the funds associated is understandable in order to budget future costs. However, the measure of these incentives cannot be solely focused on the funds being granted. Focus needs to be paid to the spectrum of benefits which they provide to fulfilling the vision of the London Plan and to the realization of successful urban CIP areas. Letters have been previously submitted from Old East Village businesses that chose to locate on Dundas Street with the announcement of the confirmed Medallion project. Those same businesses have utilized the smaller incentives producing new viable spaces and attractive facades and celebrate the direct benefit of other surrounding investment. The Revo Medallion Development has had an identifiable ripple effect on the greater revitalization of the commercial corridor. This stimulation has translated into greater tax revenue from previously vacant and under-utilized properties; therefore the Residential Development Charge Grants and Improvement Incentive Programs provide a long term return on the City's investment while simultaneously fulfilling the intentions of the London Plan and our urban CIPs.

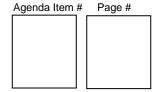
Included in this review process was a request for identifiers of "success" in order to understand the value of the incentives to each of the CIPs. Our office is pleased to work with Planning staff to create measures which will

Page 2 of 3



assist the ongoing evaluation of the incentive programs available in the Old East Village. We recognize that CIPs are by nature designed to improve an area to the point that the CIP is made redundant. There is still much work to be done in the regeneration of the Old East Village, therefore we are pleased to provide by way of measures both good news of our revitalization as well as further opportunities for improvement. Effective evaluation tools will provide the information to keep the incentives relevant and therefore better assist all CIPs in reaching success.

Many thanks to City staff for providing the opportunity for comment at each stage of this review process. We look forward to continue working with City Planning in the ongoing regeneration of the Old East Village commercial corridor.



From: Chris Butler

Sent: Thursday, October 20, 2016 4:29 PM

To: Watson, Amanda-Brea

Cc: Philip Squire

Subject: Re: Notice of Public Meetings re: City Incentive Program Review

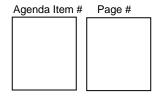
Amanda - Brea;

THXS for your support today in set up and facilitation of the CIP Program meeting public input process today - please note the following three bullet points as my official feedback - comments for improvement as a London residential taxpayer;

- The clear combination of the recent approval of the City of London Official Plan and Shift has already
 backstopped development risk in downtown and providing further DC Grants in this area after 2018 and when
 SHIFT is fully funding approved is like throwing taxpayer money into Niagara Falls It's already happening and
 will continue to happen without these grants. Shift the grant priorities to the unfunded SOHO area ASAP.
- As a taxpayer, I'm already paying for DC Grants on the SHIFT impacted corridors and will be asked to pay again
 in for any unfunded capital costs for London's portion of SHIFT as SHIFT is planned to be fully funded by DC
 charges. How does the City of London remove this double impact / risk to taxpayers when the people that
 benefit most in property appreciation value are the same developers on the SHIFT corridors that get the DC
 grants?
- The City of London through this CIP program needs to do a much better job of communicating the R.O.I of taxpayers support to the DC Grants Program (only) to both Council & taxpayers. Keep it simple (KIS) metrics what is the R.O.I of \$100 of taxpayers DC Grant funding over a cumulative 10 years forward, continuously updated annually on the net- delta increase in tax revenue from the DC Grant sites. This is just a simple spreadsheet updated annually. If this is less than 10 %, fold your hand on the DC Grant Program.

As a sub-note - I will not be supporting ANY DC Grants on the SOHO - Old VIC Hospital site , as I have already paid for the site development cleanup and " get ready to sell costs" and the COMBO of a City Of London internally selected **one** preferred developer with a DC Grant to follow would not pass any smell test .

THXS - Chris Butler





November 14, 2016

Amanda-Brea Watson Planning – Urban Regeneration City of London 300 Dufferin Ave London, ON

Dear Amanda-Brea:

Re: Community Improvement Plans - Incentive Program Review

The Incentives that are provided in support of the Downtown Community Improvement Plan (CIP) have been invaluable in encouraging private investment in the downtown and in turn, have resulted in meaningful growth in the downtown tax base. Following closely on the public investment from the Millennium Plan, we have seen a 5:1 return on the public and private investments made in the heart of our city, growing the taxable assessment by over 60%. Are these important measures of success? We think so. While we have achieved great progress, our work is far from done!

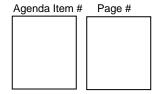
Downtown London appreciates the opportunity to respond to the City's review of the current incentive programs. This letter expands on the survey responses we provided to City staff.

In general, we can unequivocally say that without the incentives, London's downtown would not have enjoyed many of the improvements that we have achieved. The incentive programs have helped us to:

- Motivate property owners to make the necessary storefront and interior improvements to attract and retain quality tenants;
- Leverage the incentives to attract new investors for downtown properties;
- Meet expectations of the public and visitors for a unique, well maintained core
 district, with storefronts that reflect our heritage character while meeting the
 needs of modern businesses and customers;
- Improve our ability to achieve adaptive reuse and revitalization by applying Heritage and Urban Design guidelines for our district;
- Increase the values of the downtown properties, providing more tax dollars to the general tax base in support of growing London budget demands;
- Create compelling reasons for new business owners and property owners to work with the BIA and City staff to influence a higher caliber of façade work than may have been in the owner's original scope.

In reality, without the incentives, many of our property owners could not afford the work that needs to be done to retain their unique downtown buildings that are recognized as assets in our city.

123 King Street, London ON N6A 1C3 | 519.432.8389 | www.downtownlondon.ca



Incentive Program Review November 14, 2016 Page 2

Downtown London, as an organization, believes wholeheartedly in the value of incentives to encourage property owners to make the necessary improvements to their buildings to maintain the unique characteristics of our neighbourhood. In fact, our organization has invested over \$1.1 Million between 2001-2015 to support these renovations, in addition to property owners' investments. We partner with the City of London to leverage all of the funding available to make great projects happen.

The programs are so important to us that they deserve more explanation than we were able to provide in the survey, so what follows is a capture of our reasons for some of our responses to the survey.

Upgrade to Building Code Loan

This program is essential in maintaining the vitality of our heritage building stock. As new uses occupy previously vacant or underutilized spaces, code requirements often change and this program has been instrumental in helping owners adapt to the needs of new tenants, both commercial and residential. The new maximum amount makes sense for the larger scale projects, and we appreciate the ability to scale up the loans when needed to support this important work.

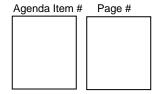
Façade Improvement Loan

There is no more visible evidence of improvement in our downtown than we find with façade improvements. Citizens and visitors alike comment on the instant, visual impact of these revitalization projects. These improved properties convey investor confidence, and are important to help us attract investors and businesses to the downtown. There are many facades left to improve, but we are pleased with progress to date and have a number of projects in development. The increased maximum loan amount is appropriate. We would ask that the new maximum should be specified per address, as some storefronts are significantly larger than others when two buildings are combined, and these projects require more investment when improvements are proposed.

Non-Street Front Façade Loan

Our Move Forward, the City of London's Downtown Plan, outlines the opportunities for creating active occupancy in spaces that are accessed from alleys. We have had conversations with property owners about this type of project, with the goal to create leasable space in the backs of their buildings. Often the main floor retail footprint is much larger than their tenants need, but sub-dividing the property into narrow units doesn't meet the needs of the tenants. Dividing the main floor into front and rear spaces often provides a better floor plan for tenants. For us, visibility from the street, or down the alley, isn't the only factor to consider. It's more about creating revenue for the property owners, affordable spaces for businesses, and unique experiences for customers. From our perspective, it's important that the non-street front projects adhere to Crime Prevention Through Environmental Design (CPTED) principles and encourage you to include this requirement in the program criteria.

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Incentive Program Review November 14, 2016 Page 3

Awning, Signage and Lighting Grant

This program has been helpful not only for new businesses, but also for established businesses to update their business identification to better attract customers. We have also used this grant to address CPTED principles, adding lighting to storefronts to increase perceptions of safety for pedestrians. Given the cost of professional signs, we suggest that a \$5,000 maximum (half the total value) would be preferred to ensure that businesses can afford quality sign designs and invest in materials that last.

Forgivable Loans

As the City's partner in selling the incentive programs to property owners, we can tell you without question that the forgivable loans are one of the most popular programs the City has ever offered. We still get asked about them on a regular basis, as previous recipients move forward to purchase new properties and renovate them. We are confident that reinstating these programs would be a welcome addition. Our preference would be to keep the grant amount at 50 percent of the total loan value.

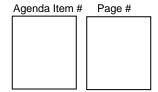
Tax Grant

The rehabilitation and redevelopment tax grant is incredibly important to property owners. The program guidelines presume that property owners are notified about this program prior to completing renovations. That is not always the case, although our staff and Planning staff work in partnership to promote the programs and maximize their benefits for downtown property owners. In some instances, where property owners don't consult with BIA or Planning staff, they go ahead with the renovation work and miss the opportunity to apply for a program they didn't know about. They get a tax increase that the tax grant could have helped them transition up to the higher tax rate. In these instances, there are a variety of remedies. We would ask you to allow people to retroactively qualify for this program. There is also an opportunity to educate other departments of the City (e.g. Building, By-Law/Sign Permits) to check with downtown owners who have buildings in the CIP area to check with BIA staff when they are doing façade or code-related works. It may also be helpful to add a prompt on the permit application to have people check with BIA staff about the various incentives that may be available for the proposed work.

Residential DC Grant

Recent and ongoing conversations with residential developers have convinced us of the tremendous value of the residential D.C. grant program. Without this program, we would not have seen many of the residential towers that have already been built, or the many proposed residential projects currently in proposal or development stage. This grant is vital to the achievement of residential density in our downtown, which supports The London Plan, Our Move Forward, and a variety of other strategic priorities for both the City of London and Downtown London. We strongly believe that this is not the time to take away this essential incentive. Instead, we propose a three-to five-year sunset clause on the 100% DC grant, to encourage forward movement with the current proposed projects. After that period is over, we can agree that a stepped D.C. grant program would support ongoing development of residential units.

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Incentive Program Review November 14, 2016 Page 4

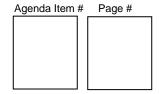
In addition, there is an opportunity with the residential DC grant to provide an incentive for developers to offer a targeted number of affordable, geared-to-income units within their proposed developments. We encourage you to consider how this might work to address the City's housing goals.

It's important when looking at the incentive programs to do a cost-benefit analysis, looking beyond just the costs of the incentives to the targeted outcomes these programs help us to achieve. Buildings that are updated and adapted for new uses are more attractive to targeted use tenants; in turn, we are better able to grow the number of targeted tenants, reduce vacancy rates and increase the downtown tax base. It is also important to project the value in additional property taxes collected in perpetuity with new developments, and with redeveloped properties.

We appreciate the opportunity to comment on the proposed changes to the existing incentive programs, and remain eager to partner with the City of London to create lasting, visible transformations and growth in London's original neighbourhood.

Sincerely,

Janette MacDonald CEO and General Manager



PARAMOUNT DEVELOPMENTS (LONDON) INC.

44 Paddington Avenue London Ontario N6J 2S6 PH. (519) 433-8181 FAX (519) 679-0268

November 14, 2016

Ms. Amanda-Brea Watson Planner II, Urban Regeneration City of London 206 Dundas St. London, ON N6A-4L9

via email: awatson@london.ca

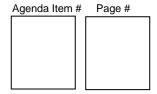
Dear Ms. Watson,

I am forwarding this correspondance in relation to your request for input pertaining to existing City of London Grant Programs and specifically to the Development Charge Grant program for the Old East Village Area.

My company has just purchased a large parcel of land at 809 Dundas Street and is in the process of developing conceptual plans to develop the site for a joint residential/commercial development consisting of approximately 700 residential units and 20,000 square feet of commercial space with onsite parking.

One of the reasons for our interest in the site, among others, is the fact that the site was in the DC exempt zone. I believe this to be a major reason that will allow units to be built more affordably and provide much needed new housing in the Old East Village Area of London. I firmly believe that apart from the fact that it is undergoing significant renewal, in order to continue the rejuvenation of this area, programs like the exemption of DC's will continue to play a major role. If the Old East Village Residential Development Charge Grant Program is removed or altered significantly, it would result in a significant reduction in our proposed development.

Cont



Page 2

I want to make it very clear, Paramount Developments (London) Inc., is very excited for the future of the Old East Village area. Steps which have been taken by the City of London to exempt DC's in the past will continue to help enhance this area and help restore it to it's former place as a significant area for residents to live and shop if these programs are maintained and possibly enhanced. One of our projects main focus is the commercial aspect to the development which will help support local, homegrown, economic development initiatives.

In conclusion, I would like to advocate for the retention of the Old East Village Residential Development Charge Grant Program's continuation. It is, by far, the best incentive program to attract new development to an area which is in great need of redevelopment. Paramount Developments (London) Inc., wants to play a major role in this area. Without these incentives, our project may be in jeapordy.

Sincerely,

Ian Stone President.

Paramount Developments (London) Inc.

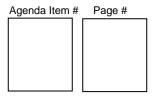
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Appendix "C"

August 22, 2016 Report to Planning and Environment Committee