

## Report to Planning and Environment Committee

**To:** Chair and Members  
Planning & Environment Committee

**From:** John M. Fleming  
Managing Director, Planning and City Planner

**Subject:** Affordable Housing – Planning Tools to Support the  
Development of Affordable Housing

**Meeting on:** October 29, 2018

## Recommendation

That, on the recommendation of the Managing Director, Planning and City Planner, the following actions be taken with regards to planning tools to support the development of Affordable Housing:

- (a) That the attached background report **BE RECEIVED** for information; and,
- (b) That Civic Administration **BE DIRECTED** to initiate an Affordable Housing Development Strategy to coordinate the various tools that support the development of affordable housing units; it being noted that the Strategy will also evaluate the potential opportunities, costs, and benefits of introducing additional tools to support the development of affordable housing.

## Executive Summary

### Executive Summary

- Recent legislative changes have provided municipalities in Ontario with new tools that can be used to support the development of affordable housing. This report provides an overview of those changes.
- The City of London has various tools in place that may be used to support the provision of affordable housing. This report provides an overview of those existing tools.
- The report includes a review of municipal best practices, and identifies other initiatives that may be used to support the development of affordable housing.
- This review indicates that there is a benefit to preparing an overall strategy that would coordinate and “stack” the various tools to support the development of affordable housing.
- The Affordable Housing Strategy could be prepared as a Community Improvement Plan, which could serve as the local “co-investment” requirements that would leverage and attract affordable housing initiatives of other orders of government.
- The development of affordable housing achieves other city-building goals such as supporting intensification, urban regeneration and the redevelopment of under-used sites, supporting rapid transit, building green forms of development, locating affordable housing close to employment centres, and the redevelopment of brownfield sites.

## Analysis

### 1.0 Background

#### 1.1 Review of Existing Programs and New Opportunities

Recently, a number of affordable housing initiatives have been introduced at various levels of government. In order to build upon existing affordable housing and housing regeneration initiatives offered by the City, the introduction of new tools and measures by other levels of government presents an opportunity to evaluate and potentially augment existing municipal policies and programs. These new measures have included Provincial policies requiring municipalities to enact policies and regulations to provide Secondary Dwelling Units, new regulations to support Inclusionary Zoning, the recent City policy for the municipal evaluation and acquisition of closed school sites, approval of the new Official Plan (*London Plan*), and changes to the Federal Government's recently announced National Housing Strategy (NHS) programs and requirements.

At the same time, increasing housing costs, reduced vacancy rates, and one of the highest levels of core housing need in urban centres in Canada have had an impact on housing affordability in the local London market.

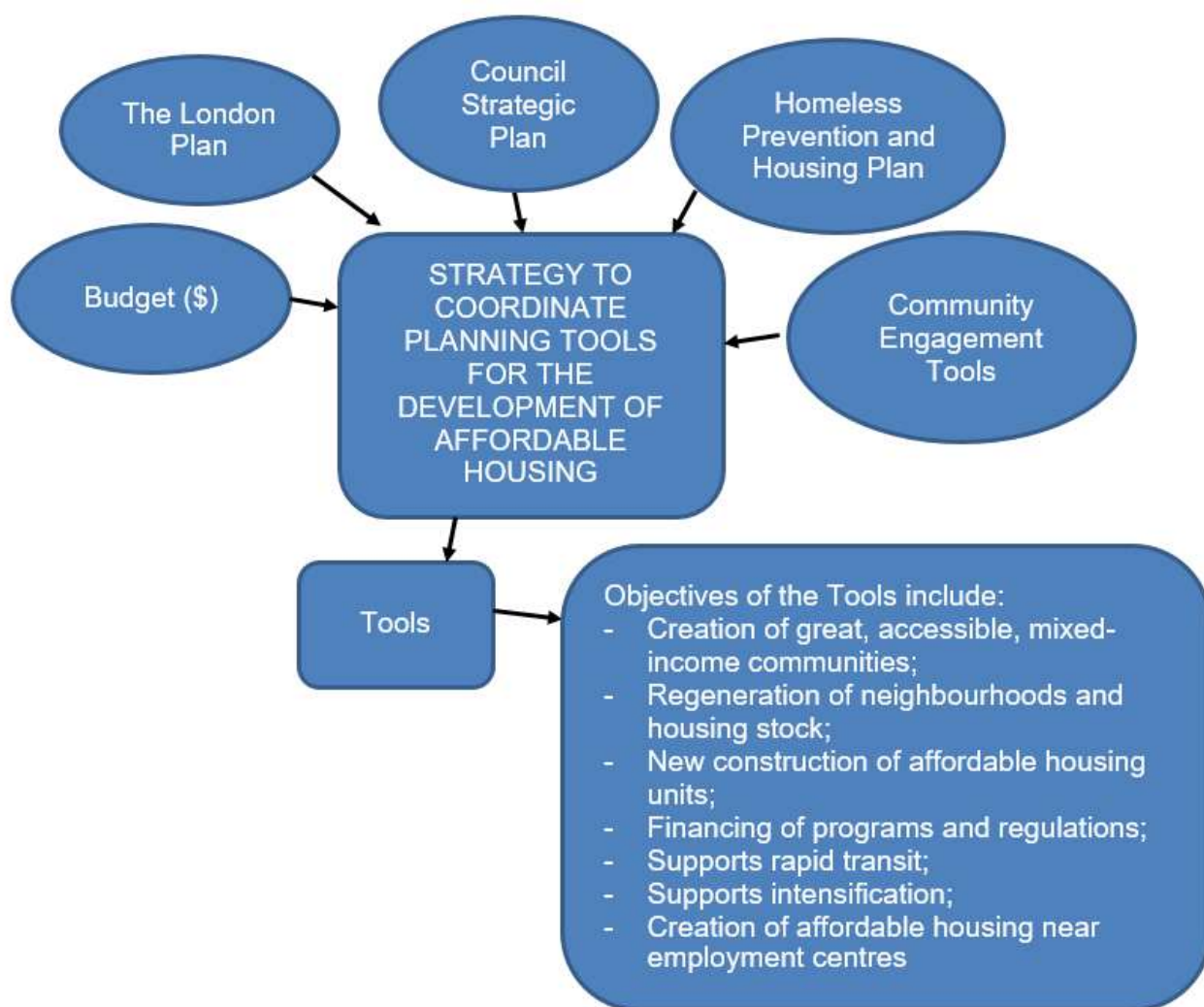
These factors highlight the importance of affordable housing, and provide the opportunity to identify, review and coordinate the various affordable housing programs, incentives and regulatory tools available, as well as the consideration of opportunities arising out of the recent policy changes at different levels of government. Coordinating the suite of tools available to support the development of affordable housing will assist with the creation of affordable units in a more strategic manner.

At the July 25, 2018, meeting of Council, it was resolved that:

*The Civic Administration BE REQUESTED to prepare a background report identifying the full suite of tools available to promote the development of affordable housing in London and providing recommendations regarding options to implementing and coordinating these tools to be most effective; it being noted that tools to be considered may include such things as Bonus Zoning under Section 37 of the Planning Act, Community Improvement Plans, Inclusionary Zoning, use of surplus property for affordable housing development, etc.*

The following report provides an overview of affordable housing tools and a review of practices in other jurisdictions that can be used to support the development of affordable housing. These would serve as the basis for the development of an implementation strategy to bring together the municipal tools to be used to provide affordable housing in London.

The overview of current City and agency practices and tools also identifies how the provision, regeneration, planning, and regulation of affordable housing is coordinated amongst municipal departments and agencies. The overarching housing goals of The London Plan, Council's Strategic Plan, Homeless Prevention and Housing Plan, and other corporate strategies work in unison. The strategy to support the creation of affordable housing will integrate with the objectives and actions of these other City strategies and plans. The result will be a set of tools, such as policies, programs, and regulations, that can support the objectives of the various plans to create, deliver, maintain and regenerate housing that is affordable. Figure 1, below, shows the relationship between these plans and strategies and their intended outcomes.



**Figure 1: Relationships between Plans and Strategies**

#### **Alignment with the 2015-2019 Strategic Plan and London Plan**

The goal of an accessible, affordable city with opportunities for housing for all Londoners is incorporated into Council's Strategic Plan as part of the strategy for Urban Regeneration, including the aim to "create new partnerships to build, and support the building of, new affordable housing" (Growing Our Economy Strategy 2.B).

These objectives are also part of the 20-year city-building vision of the *London Plan*, as identified in the Strategic Directions and Homelessness Prevention and Housing sections of the City Building policies of *The London Plan*.

The development of affordable housing supports the strategic objectives of building great neighbourhoods, revitalizing our urban areas, promoting affordable housing to revitalize neighbourhoods and ensure housing for all Londoners, developing affordable housing to attract a diverse population, promoting sustainable forms of development, providing a mix of housing types within our neighbourhoods, providing compact, contiguous patterns of growth, supporting mixed use development, and supporting rapid transit.

## **2.0 Current Legislation, Programs, Tools**

### 2.1 Overview of Ontario Municipal Legislation

Municipalities in Ontario have a number of important legislative levers that allow them to promote affordable housing. Such policy levers are included in the *Planning Act*, *Municipal Act*, and *Housing Services Act*. Below is a summary of the relevant sections within these various acts that could be used to support affordable housing.

### 2.1.1 *Planning Act* sections

#### a) Community Improvement Plans

Under Part IV, “Community Improvement”, of the *Planning Act*, a municipality may designate all or a portion of the municipality as a “Community Improvement Project area”. A Community Improvement Project Area is an area where Council considers improvements as being desirable because of age, dilapidation, overcrowding, faulty arrangement, unsuitability of buildings or for any other environmental, social or community economic development reason.”

Within the project area, a Community Improvement Plan may be prepared to address matters of community improvement, as defined in section 28.1 of the Act. Community Improvement is defined as:

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

In 2006, through the addition of section 28.1.1 to the *Planning Act*, “Affordable Housing” is also explicitly added to the defined reasons permitted for undertaking community improvement planning.

Through the Community Improvement Plan (CIP), policies, programs, and incentives may be created for the entire community improvement project area, or for a more scoped “subproject areas” within the broader CIP. Municipalities may, through incentive programs, provide grants and loans for eligible costs in the project area. Such eligible costs may include remediation, construction and development costs, subject to Incentive Program Guidelines.

#### b) Inclusionary Zoning

As part of the *Promoting Affordable Housing Act*, 2016, the Province provided a framework for municipalities to introduce inclusionary zoning policies into their Official Plans. Ontario Regulations 232/18 were released by the Province in April 2018 to assist with implementation of the policy framework. Inclusionary Zoning refers to zoning regulations that would require private development proposals with residential units to include affordable housing units as part of those proposals, and require that those units be maintained as affordable over a period of time. Inclusionary Zoning does not replace publicly-provided housing, nor is it a municipal incentive program; it is a regulatory tool that would require private developers to include affordable units into market development applications.

#### c) Secondary Dwelling Units

The Province enacted the *Strong Communities through Affordable Housing Act* in 2011. This amended Section 16.3 of the *Planning Act* to require municipal Official Plans to authorize second units (also known as “secondary suites”, “basement suites”, “granny flats” or “accessory apartments”). A secondary unit is a self-contained residential unit with a private kitchen, bathroom facilities, and sleeping area that is contained within a larger dwelling or within a structure accessory to a dwelling (e.g., above a detached garage).

Second units are permitted in detached, semi-detached, and row houses (if an ancillary building, such as a garage, does not contain a second unit). Likewise, an ancillary building may contain a second unit if the primary dwelling does not contain a second unit. Through the changes to the Act, second unit policies and zoning by-law provisions

are exempt from appeals to the Local Planning Appeal Tribunal (formerly the Ontario Municipal Board), unless the appeal is made by the Minister.

Secondary dwelling units provide residential intensification through “invisible density,” and are considered as a means of providing affordable housing, both through affordable home ownership by providing owners an opportunity to generate income to support the cost of home ownership, and as affordable rental accommodation.

#### **d) Bonus Zoning**

Under *Planning Act* s. 37, Council may authorize a Zoning By-law that increases the height and density of development beyond what is otherwise permitted, if the increase in height and density is commensurate with the public benefit provided in return by the developer. The facilities, services and matters that may be provided in return for the increase in height and density of development are established in a municipal Official Plan. In London, this includes affordable housing, as well as a range of building and site design community benefits, including the provision of public or accessible amenity space, exceptional building design, provision of childcare facilities, green and sustainable development technologies, cultural heritage/heritage designations, or other facilities, services or matters that provide substantive public benefit. A municipality may require the owner to enter into an agreement with the municipality dealing with the facilities, services, or matters provided.

### **2.1.2 Municipal Act Tools**

#### **a) Tax Financing**

Section 365.1 of the *Municipal Act* allows a municipality to cancel or defer taxes on eligible properties within a Community Improvement Plan in order to assist in the rehabilitation and remediation of such a property.

#### **b) Municipal Capital Facilities**

Section 110 of the *Municipal Act* allows the Municipality to offer certain concessions to Municipal Capital Facilities. Ontario Regulation 603/06 provides that housing facilities are municipal capital facilities provided the municipality has passed a Municipal Capital Facilities By-law, which includes a definition of “affordable housing”. Among the concessions expressly permitted by the Act are:

- Exemptions from property taxes (subject to Council approval of a by-law for such exemption);
- Exemptions from Development Charges (subject to inclusion in the City’s Development Charges By-law);
- Guaranteeing debt; and
- Leasing or selling land.

### **2.1.3 Housing Services Act**

The *Housing Services Act, 2011 (HSA)* focuses on the operation and management of social housing. The HSA provides the framework for the work of the HDC in supporting the London and Middlesex Housing Corporation (LMHC) in their site redevelopment plans. Approvals related to site redevelopment are required through the City as a partner in this regeneration work as well as in the role of local Service Manager and shareholder. In the event that social housing units are demolished, the units will have to be replaced and built to unit standards.

## 2.2 City of London Affordable Housing Initiatives

### a) Community Improvement Plans

The City of London offers a number of Community Improvement Plans (CIP) that include a residential component. These include CIPs for the Downtown, Old East Village, SoHo, Hamilton Road, Heritage and Brownfields.

All of these plans are geographically targeted (other than the Heritage CIP and Brownfields CIPS, which are city-wide plans), and include incentive programs to encourage revitalization and regeneration of core urban areas through support for residential development. The incentives support a range of housing options, from the small scale (e.g. above commercial main streets), to the large scale (e.g. encourage high-intensity residential development to activate underutilized sites, including surface parking lots). Programs include Development Charges grants, Tax Increment Grants to defer the “lift” in taxes after development/redevelopment, and Upgrade to Building Code and Façade Improvement programs. In some CIP areas the loan programs include “forgivable loan” portions.

Incentives in these areas are not specifically targeted to average market rent/price (or affordable units priced below average rent/price), but instead are geographically specific for the regeneration and revitalization of certain core neighbourhoods and main streets. The incentive programs are supportive of the creation of affordable units, although the programs do not specifically require the provision of affordable units.

The heritage incentive program applies city-wide and is intended to off-set certain costs of heritage buildings (e.g. a heritage DC grant for retaining a heritage building) with the grant equivalent to the DCs for the number of new units that could be built if the same structure were built as new construction.

Additionally, there are brownfield incentive programs under the Brownfields CIP. The incentive programs under this CIP work to off-set costs of brownfield clean up and site remediation, resulting in cleaned and cleared properties which can be revitalized through regenerative residential projects or other land uses.

### b) Inclusionary Zoning

At the Council meeting on August 28, 2018, Council directed that a report be brought back to a future meeting of the Planning and Environment Committee, outlining options and approaches to implement Inclusionary Zoning. Inclusionary Zoning is zoning regulations that would require private development proposals with residential units to include affordable housing units as part of those proposals, and require those units to be maintained as affordable over a period of time. Inclusionary Zoning regulations may include such matters as: the percentage of units “set aside” as affordable, the length of tenure as affordable, definitions of affordability, geographic locations of units, and target demographics and prices/rents at which units are to be set during the “affordability period”. The Staff report is to be brought back following consultations with development industry stakeholders. At the August 2018 meeting, Council also directed a draft municipal assessment report be prepared concurrently with consultations to inform those discussions. The municipal assessment report will include demographic, housing market, income, and other population and real estate information, as prescribed in Ontario Regulations 232/18. These processes are ongoing, with reporting targeted for the 2019 work plan.

### c) Bonus Provisions

Council may authorize a Zoning By-law that increases the height and density of development beyond what is otherwise permitted, if the increase in height and density is commensurate with the public benefit provided in return by the developer. This is called “Bonusing” under Section 37 of the *Planning Act*. The facilities, services and matters that may be provided in return for the increase in height and density of development are

established in a municipal Official Plan. A Staff report is being prepared to provide background information on how Section 37 (bonusing) provisions are implemented in London. Council direction will also be sought for undertaking a comprehensive review of best practices across Ontario municipalities for implementing Section 37, including how to better reflect priorities of Council, including affordable housing targets, and the value of uplift of the “bonus” in relation to the development proposal.

#### **d) Secondary Dwelling Units**

In response to the Province’s *Strong Communities through Affordable Housing Act*, which enabled municipalities to permit secondary dwelling units, the City passed an Official Plan Amendment and Zoning By-law Amendment on July 25, 2017. The Official Plan policies are enabling policies, permitting the development of secondary units. Zoning By-law regulations identifying requirements for the Secondary Units were introduced in Zoning By-law Z.-1.

City of London zoning regulations to permit Secondary Dwelling Units are that the unit may be located within, or on the same property as, a single or semi-detached home or a street townhouse. The second unit must be at least 25 square metres (215.28 sq. ft.) and can be up to 40% of the gross floor area of the house (as it existed on July 25, 2017). The maximum number of bedrooms depends on the housing type and location, but the total number of bedrooms in both the primary and secondary units must not exceed the maximum number of bedrooms permitted in the zone. No zoning by-law amendment is required provide the house is within a zone that permits singles, semi-detached or street townhouses. Building permits and a rental licenses is required for the secondary unit, and for secondary units above a garage or in a separate structure a site plan is also required.

The price of rent is not stipulated in the by-law, however because of the smaller size and fewer number of bedrooms in the second units, these units are anticipated to be priced at a rate which is affordable. These units can also be integrated into any existing or new neighbourhood across the city as a form of “invisible” intensification.

#### **e) Closed School Strategy**

At the October 9, 2018 meeting of the Planning and Environment Committee, a City policy was recommended for the evaluation and potential acquisition of surplus school sites. The policy identifies that there are three municipal needs that closed school properties may satisfy: sites for affordable housing; sites for community facilities; and/or sites for park land. The policy includes evaluation criteria for each of the potential municipal purposes for possible site acquisition, as well as identifying a staff evaluation team, and the timing of the site evaluations relative to the School Board’s parallel Pupil Accommodation Review processes.

In alignment with *The London Plan* policies regarding housing and homelessness, the Policy identifies that the evaluation process will take an “affordable housing first” approach. Only if a surplus school site is evaluated and found to be unsuitable for an affordable housing development project will it be evaluated for its potential re-use as one of the other two municipal purposes.

#### **f) The Housing Development Corporation, London (HDC)**

In 2015, the City of London incorporated the Housing Development Corporation, London (HDC) as a municipal services corporation with delegated authorities to act on behalf of the City and its Service Management role for the purposes of affordable housing development. HDC is both a local mechanism and a service provider able to centralize knowledge, skills, expertise, and tools required to support sustainable, affordable housing development throughout the City (and Middlesex County).

HDC works in close partnership with the City as well as with developers and other community stakeholders, within its corporate objectives that include:

- Assisting in addressing affordable housing of low-income households;
- Engaging in housing development activities including but not limited to the design, financing, and construction management of housing;
- Seeking out new resources, funding and partnerships to support the housing stock needs of local low-income households;
- Developing housing projects and/or programs to address affordable housing needs of local low-income households;
- Promoting co-operation, partnerships and initiatives between community agencies, the private sector and governments to improve access to affordable housing stock for low-income households;
- Receiving, purchasing, transferring, selling or disposing of any property necessary to attaining the objects of HDC; and
- Bringing together governance tools, resources, and funding to advance sustainable community based affordable housing.

As a member of the Staff evaluation team for Closed School Sites, the HDC may identify potential funding options and tools that are not available to the City due to different legislative requirements, mandates, and budget considerations.

### **g) Local Housing Plans and Strategies**

The *Housing Services Act* regulates the requirement for local community housing plans established through municipal Service Managers. The City's *Homeless Prevention and Housing Plan 2010-2024* updated the long-existing local (London and Middlesex) strategies and initiatives under the new legislative requirement. This Plan identifies the second Strategic Priority focus of "Providing an integrated mixture of affordable and adequate housing options for the greatest number of people in need". Amongst its objectives, this Strategic Priority identifies focus on:

- Creating a mix within larger scale redevelopments; aligning new affordable housing development with neighbourhood planning and ensuring affordable housing is distributed throughout the city and county;
- Creating mixed income neighbourhoods, including through secondary suites, etc.; and
- Maintaining, retrofitting and redeveloping where appropriate the existing stock of public and private housing stock.

These activities within the City's housing plan were aligned with the similar strategies concurrently developed under the London Plan and together, these were further advanced within the City's Strategic Plan and Multi-Year Budget.

In 2019, the City of London will be updating its local housing plan which is anticipated to further identify the need to address solutions to issues related to the diminishing availability of affordable rental housing stock. Ongoing changes to the local housing market, labour force, demographic growth, and economy are influencing housing affordability.

Based on these changes, Council has directed Civic Administration to take action through: acquiring buildings and property from other governments (e.g. the Closed School Evaluation and Acquisition Strategy); engaging community in local plans of action (e.g. London For All: A Roadmap to End Poverty); creating mixed tenure within larger scale developments and across the city (e.g. activation of sites by HDC), and the ongoing development of new policies (such as the Inclusionary Zoning review).

The recommendations within this report and future related reports will align and inform local housing plan revisions but may still require ongoing advocacy that municipalities be provided the tools to respond to Provincial and Federal Government planning and policies, and that their continued funding of affordable housing is sustained and flexible to meet the needs of local plans.



### 2.3 National Housing Strategy Programs and Municipal Partnerships

Partnerships including those with local governments are a central feature of the National Housing Strategy (NHS). In 2018 the NHS Co-Investment Fund (NHCF) was initiated supporting new construction through low-cost loans and/or financial contributions in mixed-income/use developments. The Co-investment Fund prioritizes projects that support partnerships between governments, non-profits, private sector, and others noting that the Federal Government will favour projects with partnerships and municipal engagement through tools and funding that expedites affordable housing development.

Partnerships and the engagement of local government is understood to help maximize and leverage government investments including through the coordination of efforts and removal of barriers to the development process. Examples of such contributions include services of HDC as well as incentive programs (such as under an affordable housing CIP).

### 2.4 Policies, Programs, and Incentives from Other Municipalities

In addition to the existing legislation, policies, incentives, and regulations, there may also be opportunities for the City of London to expand the range of tools and incentives supportive of creating affordable housing. The following examples are the result of a scan of practices from other municipalities. These programs could be considered for evaluation and potential implementation by the City as part of the preparation of a coordinated strategy for planning affordable housing. Costs, benefits and opportunities/constraints under Ontario legislation, as well as the programs' ability to synchronize with existing programs offered will require further assessment as part of the preparation of the strategy. Potential tools and programs to be considered may include the following examples:

- a) Alternative development standards/community design solutions
  - flexible design, planning, and engineering standards that can reduce the cost of housing, while ensuring public health and safety (e.g. smaller setbacks, narrower lots, reduced road allowances and requirements for on-street parking, etc.); reduces the infrastructure and land area required for a dwelling unit (e.g. Town of Markham's Cornell development).
- b) Bluefields, Brownfields and Greyfields
  - Intensifying and redeveloping land by developing "brownfields" (abandoned or under-used industrial and commercial land), "greyfields" (older commercial lands such as shopping malls or parking lots), and "bluefields" (older, unused institutional lands or buildings). (e.g. Municipality of Chatham-Kent, City of Mississauga).
- c) Community Land Trusts
  - Locally-based private non-profit organizations created to acquire and hold land for the specific purpose of making it available for affordable housing (they hold permanent title to land for the benefit of the community). (e.g. Burlington Land Trust).
- d) Community Planning Permit System (CPPS)
  - The CPPS is an alternate planning and development approvals system that can integrate Zoning, Site Plan, and Minor Variance approvals into one application and approval process. CPPS can provide a more flexible approval process where municipalities can incorporate a specified range of variation for development standards (e.g. ranges of intensities, certain land uses only permitted if certain conditions are satisfied). This system may significantly improve review and approval timelines, provide more certainty and cost savings through early public participation upfront and, once the system is in place, may reduce the number of appeals to the Local Planning Appeal Tribunal (formerly Ontario Municipal Board). (e.g. Town of Carleton Place, Township of Lake of Bays).

- e) Development Charges Grants for Affordable Housing
  - Municipalities apply development charges on new housing developments to recover the capital costs resulting from the new residential growth. This includes new hard infrastructure (e.g. roads, water/waste/sewer services) as well as contributions to 'soft' infrastructure (e.g. fire departments, libraries). Provision of grants to fully or partially off-set development charges for specific forms of affordable housing can be an incentive to attract affordable housing investment. (e.g. York Region, City of Toronto, City of Saskatoon).
- f) Land Supply Incentives
  - Some municipalities make land available at reduced costs to stimulate development of rental, affordable, and ownership housing supply (City of Regina, City of Saskatoon).
- g) Leveraging Philanthropic Contributions
  - To leverage philanthropic contributions for development (e.g. Calgary Homelessness Foundation's Bob Ward Residence; Centretown Citizens Ottawa Corporation's Beaver Barracks).
- h) Multi-Unit Acquisition Strategies
  - Stella's Circle (in St. John's, Nfld.) acquired seven houses through the Surplus Federal Real Property for Homelessness Initiative and then mortgaged these properties to purchase other properties.
- i) Parkland Dedication Grants
  - Municipalities can tailor their parkland dedication and cash-in-lieu requirements to facilitate the development of affordable housing (e.g. by providing a reduction in parkland requirements in specific geographic areas (downtown/transit nodes) to help reduce the cost of affordable housing developments (e.g. City of Orillia).
- j) Planning and Building Permit Fee Grants
  - Some municipalities waive or provide grants-in-lieu of planning and building permit fees as incentives for affordable housing development (e.g. City of Toronto).
- k) Prohibiting Rezoning to reduce density/intensity permitted
  - Prohibiting the reduction of density allowed on a certain property under a zoning by-law, such as prohibiting changes from "high density" to "medium density" residential uses (e.g. City of Ottawa).
- l) Property Tax Reductions
  - Imposing lower municipal tax rates on new multi-residential buildings, which will reduce the costs of affordable housing (e.g. Cities of Toronto, Ottawa, Kingston, Guelph, Hamilton, Orillia, Sudbury and Timmins; Town of Parry Sound; Region of Waterloo).
- m) Second Unit Incentive Programs
  - Some municipalities provide grants to upgrade second units to ensure they are safe, such as meeting required codes, or incentives for homeowners to add a secondary suite that is to be rented below the average market price (e.g. Waterloo Region).
- n) Surplus Government Lands Policy for Affordable Housing
  - Where surplus land from different levels of government (or public agencies) is evaluated for affordable housing purposes first before it is evaluated for any other potential re-use (e.g. City of Saskatoon, City of Pembroke). The City of London's approach to Closed School Sites also identifies that the City's first municipal need to be evaluated (before other municipal land needs) is affordable housing.

- o) Affordable Housing Community Improvement Plans
- A number of Ontario municipalities have prepared Community Improvement Plans for the provision of affordable housing or attainable housing (e.g. Cambridge, Greater Sudbury, Peterborough). Certain municipalities identify project areas based on targeting core area regeneration, whereas others identify locational criteria through the urban area of the municipality targeting locations for the development of affordable housing (e.g. transit oriented areas, within the built area boundary, serviced areas). Programs may also establish the definition of “affordable” rent/price, the affordability period (number of years at the set “affordable” rent/price), and building and unit design criteria for affordable units versus market units. Some CIPs define themselves as the municipality’s “affordable housing strategy”, because the CIP can adjust programs to target key geographic areas and target incomes/demographics. Examples of programs under Affordable Housing CIPs are: Development Charges grant programs for affordable housing projects (including buildings with a minimum number of affordable units); tax increment grants to offset the “lift” in municipal property taxes after the residential development on the property; rebates for Planning and/or Building fees; grants or loans to encourage creation of secondary dwelling units

### 3.0 Next Steps

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There are many tools, including policies, incentive programs, and regulations, which the City currently applies in support of the creation of residential units and affordable units. Other tools, such as Inclusionary Zoning and Section 37 (Bonusing) are being reviewed to determine their appropriateness and potential for implementation in London. Based on practices in other municipalities, there is also a wide array of potential new tools which could be evaluated for potential introduction to complement existing City tools and enhance the creation of affordable, accessible communities.

Given the broad range of existing and potential tools, it is recommended that a coordinated strategy for the provision of affordable housing be prepared, identifying how these various programs interrelate (with existing City strategies, plans, and planning tools) and evaluating the potential for introduction of new programs to address any identified gaps.

Public and stakeholder consultation will contribute to a review of existing practices and potential opportunities to supplement existing tools. If any potential gaps and/or opportunities for new tools are identified through consultations, they will require a cost/benefit analysis and work program to determine prioritization for budgeting and introducing any new practices, policies, programs or regulations (or augmenting existing ones).

Such a strategy will ensure coordination of different tools available to provide affordable housing, and improve the City’s integration of the delivery of housing-related functions. The strategy will seek to maximize the community benefit of investments in order to build strong communities for all Londoners. It will also assist the City in identifying other resources, finances, and partnerships to assist in the provision of affordable housing.

As part of this affordable housing strategy, a Community Improvement Plan for Affordable Housing may be prepared. The Community Improvement Plan (CIP) could assist with the identification and implementation of local affordable housing goals and targets of the Strategy, and the introduction of incentive programs could be permitted, should any new programs be identified as a means of implementing or satisfying any objectives of the Strategy or other City plans or initiatives. Any new incentive programs offered or targeted towards affordable housing could be structured to help satisfy other level of government requirements for municipal contributions.

The City's current tools include permissive policies for unit creation (e.g. Secondary Dwelling Units) and incentive programs with implicit affordability based on program areas' geographic locations, demographics of those neighbourhoods, and unit sizes in those areas (e.g. CIP programs in core area neighbourhoods); however, an Affordable Housing CIP can explicitly identify market, demographic, and housing objectives that support affordability. Such an approach is in keeping with the requirements of "co-investment" funding eligibility.

The draft Affordable Housing strategy will be brought back to a future Council meeting, anticipated in 2019.

## Acknowledgements

This report was prepared with the assistance of Dave Purdy, Manager, Housing Services; Brian Turcotte, Development Manager, Housing Development Corporation London; and Stephen Giustizia, CEO, Housing Development Corporation London.

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<p>Note: The opinions contained herein are offered by a person or persons qualified to provide expert opinion. Further detail with respect to qualifications can be obtained from Planning Services</p>	

October 12, 2018

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