

Report to Planning and Environment Committee

To: Chair and Members
Planning & Environment Committee
From: John M. Fleming
Managing Director, Planning and City Planner
Subject: Draft Affordable Housing Community Improvement Plan and
Key Considerations for Program Guidelines
Meeting on: November 18, 2019

Recommendation

That, on the recommendation of the Managing Director, Planning and City Planner, the following actions **BE TAKEN** with respect to the draft Affordable Housing Community Improvement Plan (CIP):

- (a) That the draft Affordable Housing Community Improvement Plan **BE CIRCULATED** to stakeholders including market housing developers, non-profit housing developers, housing agencies and the general public for additional consultation.
- (b) That this report **BE RECEIVED** for the purposes of identifying key principles of the draft Affordable Housing Community Improvement Plan and program guidelines.

IT BEING NOTED that a public participation meeting of the Planning and Environment Committee will be scheduled in January of 2020 to consider the final Affordable Housing Community Improvement Plan and Program Guidelines.

IT BEING FURTHER NOTED that the Affordable Housing Community Improvement Plan has been identified within the 2019-2023 Council Strategic Plan and a business case for the incentive programs under the CIP will be submitted for evaluation through the 2020 Multi-Year Budget process.

Executive Summary

In June 2019, Council directed that a range of new tools, such as policies, incentives, and regulations, be prepared in order to address the need for affordable housing within the City. These tools were identified in the draft "Affordable Housing Development Toolkit". The Toolkit is a means to implement the Housing Stability Plan (HSP) and the Homelessness Prevention and Housing policies of *The London Plan*. One tool identified in the toolkit is a Community Improvement Plan that would provide financial incentives to encourage the development of new affordable housing.

Since June 2019, Staff have consulted with stakeholders and the public on the list of tools within the Toolkit, as well as the key considerations for introduction of an Affordable Housing Community Improvement Plan (CIP). A draft Affordable Housing CIP has been prepared, and Staff are seeking Council direction on the draft CIP, including the proposed incentive programs, in order to conduct a second round of consultations and finalize the CIP and associated incentive program guidelines early next year. Funding for incentive programs will be evaluated in the 2020 Multi-Year Budget process. A final Toolkit will also be brought forward as a separate report to Council.

Climate Emergency

On April 23, 2019, Council declared a Climate Emergency. The Affordable Housing CIP initiative supports the City's commitment to reducing and mitigating climate change by providing tools that will encourage land use intensification and 'inward and upward' residential growth at appropriate locations. It will support more intense and efficient use

of existing urban lands and infrastructure and the regeneration of existing neighbourhoods, will align with transportation planning to support public transit and active transportation options, and will serve to preserve farmland.

Background

1.0 Affordable Housing Development Toolkit

At the June 17, 2019, meeting of Planning and Environment Committee, a report was received which identified a range of planning tools that could encourage the development of new affordable housing units and help implement the City's Housing Stability Plan and the 'Homelessness Prevention and Housing' policies of *The London Plan*. The "Affordable Housing Development Toolkit" identified a number of City policies, regulations, and practices that are in effect, as well as a number of new initiatives to be considered within the City's work plan.

Through the June 17, 2019, report, Staff were directed to prepare and develop the new tools and to undertake public and stakeholder consultations. One of the tools, the "Affordable Housing Community Improvement Plan (CIP)", was identified as a priority. As such, a coordinated set of consultations has been conducted in order to gather feedback on the Toolkit and the Affordable Housing CIP at the same time.

The Affordable Housing CIP is identified as a priority tool within the Toolkit, in part because of the requirements of "co-investment" under the National Housing Strategy. In order to be eligible for Federal Canada Mortgage and Housing Corporation funding for affordable housing (termed "co-investment"), the City is required to be a financial partner and provide investment in affordable housing. Such municipal investment may include programs (like incentives) offered under a CIP that are specifically targeted to affordable housing. The Affordable Housing CIP therefore allows affordable housing developers to access affordable housing funding from other levels of government.

This report is an update on the Affordable Housing Community Improvement Plan project and the consultations to date, noting that a separate report will be brought forward with the final list of tools to be included within the broader Affordable Housing Development Toolkit.

2.0 Affordable Housing Community Improvement Plan (CIP)

2.1 What is a Community Improvement Plan?

A Community Improvement Plan (CIP) is a tool that allows a municipality to take actions to support improvements and redevelopment within a specifically defined project area. Section 28 of the *Planning Act* gives municipalities the ability to prepare CIPs. Through a CIP, municipalities can:

- Identify changes needed to land use planning policies, zoning, and/or other bylaws, policies, and practices;
- Direct funds for improvements to public infrastructure and public space;
- Acquire land, rehabilitate buildings or clear land, and sell land for community improvement;
- Provide or direct funds for the provision of affordable housing;
- Improve energy efficiency;
- Provide grants and loans to owners and tenants for specific actions; and
- Establish a vision, goals, and objectives to provide focus and direction for continuous community improvement.

Many of the above actions are not otherwise permitted by municipalities unless they have approved a Community Improvement Plan. Section 106 of the *Municipal Act* prohibits municipalities from directly or indirectly assisting private businesses unless they are identified within an adopted Community Improvement Plan.

2.2 Purpose of this CIP

The purpose of the Affordable Housing CIP is to:

- Define “affordable housing” needs based on household incomes and define “affordable housing” for the purpose of the CIP and its proposed programs, noting various tools under the “Toolkit” may define “affordable” differently or address different housing options;
- Establish CIP objectives to address the provision of affordable housing and other city-building objectives;
- Identify opportunities to develop incentives and/or programs to support the development of affordable housing; and
- Identify monitoring measures to assist with future housing monitoring reports and to identify successes of any programs offered under this CIP.

2.3 What is Not Addressed in the Affordable Housing CIP

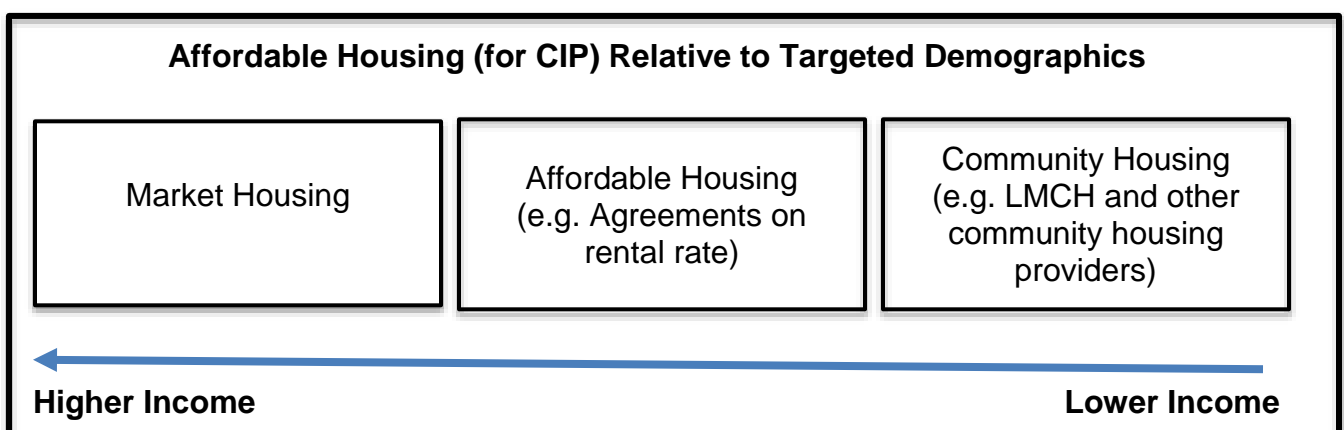
A team of City and Agency Staff, including from Housing Services, Homeless Prevention, City Planning, Development Services, the Housing Development Corporation (HDC), and London Middlesex Community Housing (LMCH) have been working in a coordinated effort to advance programs and supports for the entire range of housing options.

The Affordable Housing CIP is only one piece in a larger coordinated toolkit and policy framework that will address affordable housing and homelessness. As such, the scope of the Affordable Housing CIP addresses only certain aspects of housing affordability. This Community Improvement Plan does not directly address housing for those experiencing homelessness, which is included in the upcoming Housing Stability Plan.

The Affordable Housing CIP also does not directly plan for or fund the regeneration of existing LMCH housing or other community housing providers’ regeneration activities. The LMCH Regeneration Plan addresses this along with the need for community housing funding.

Other forthcoming initiatives outside of the Affordable Housing CIP but under the Affordable Housing Development Toolkit will support Community Housing in a variety of ways. This will include Official Plan Amendments to introduce a policy framework for LMCH regeneration sites and/or new LMCH developments.

At a high level, the graphic below shows Affordable Housing (for the purposes of the CIP) relative to other types of housing and target demographics.



2.4 Assessing Need and Defining Affordable Housing

As demonstrated in the draft Affordable Housing Community Improvement Plan (see Schedule 1 to Appendix ‘B’), there is a need for Affordable Housing in London.

The Canada Mortgage and Housing Corporation (CMHC) defines “affordable” housing as housing that costs less than 30% of the pre-tax income of low to moderate income households. Below is a table showing the City’s median incomes by household type, and what that median income can afford to pay each month in rent and/or ownership costs.

Median Incomes by Household Type

	Household Type			
	Renter Households	Owner Households	One-Person Households (Rent and Own)	All Households (Rent and Own)
Median Annual Pre-Tax Income	\$ 37,700	\$ 90,700	\$ 34,426	\$ 62,011
30% of Median Annual Pre-Tax Income	\$ 11,310	\$ 27,210	\$ 10,327	\$ 18,603
Maximum Monthly “Affordable”	\$ 943	\$ 2,268	\$ 860	\$ 1,550

Sources: Statistics Canada 2016 Census and 2018 Ministry of Municipal Affairs and Housing (MMAH))

The above table shows that owner households have relatively higher incomes and that renter and single-person households are in relatively greater need of affordable housing.

The greater need for affordable housing for renters is also demonstrated by the percentage of renter versus owner households who are in “core housing need”. “Core housing need” is defined as when housing does not meet one or more of the following standards:

- **“Adequate Housing”** is housing not requiring any major repairs (as reported by the residents);
- **“Affordable Housing”** is a shelter cost (i.e. rent, mortgage, condominium fees, property tax, utilities) that is less than 30% of the household’s pre-tax income; and
- **“Suitable Housing”** has enough bedrooms for the size and make-up of the household.

The following table shows the City of London’s Core Housing Need based on household tenure type.

Core Housing Need by Household Tenure Type

	Number of households in core need	Percentage of households in core need
Renter Households	19,050	29.7 %
Owner Households	5,920	5.1 %
All Households total	24,965	13.8 %

Source: 2018 MMAH

Comparing incomes to housing costs then identifies Londoners' ability to pay for market-rate housing. Based on the CMHC 2018 London Rental Market Survey, an "Actual Asking Market Rent" has been identified for different sizes of units. The "actual average" rents for different unit sizes are as follows:

- Bachelor/Studio: \$ 859
- One Bedroom: \$ 1,021
- Two Bedroom: \$ 1,370
- Three Bedroom: \$ 1,787
- Four plus Bedroom: \$ 2,171

When compared to renter household incomes, the above market rents are shown to be unaffordable to many, including:

- More than 40% of renter households cannot afford the average Bachelor; and
- More than 50% of renter households cannot afford the average 1 Bedroom;

2.5 Goals and Objectives

Based on the need for affordable housing, as shown above, the goals of the Affordable Housing CIP are to:

- Reduce financial barriers to developing affordable housing units;
- Promote and encourage the creation of new affordable rental units (below Average Market Rent);
- Support implementation of *The London Plan*, including the Homeless Prevention and Housing section of the Plan;
- Support the policy framework of the Housing Stability Plan by addressing needs in different housing forms and housing options;
- Support the work of community housing providers, including LMCH;
- Promote and encourage the creation and maintenance of mixed-income, complete communities;
- Support opportunities for infill and intensification from small to large scale (i.e. from secondary suites to high-rise apartment forms);
- Assist in the regeneration of aging neighbourhoods and underutilized lands;
- Promote housing retention and promote aging in place;
- Encourage environmental, social, and financial sustainability for the City and its citizens through strategic City investments in affordable housing initiatives;

Objectives are specific and can measure the accomplishment of a goal. The following objectives are identified as means to achieve these goals:

- Encourage creation of more affordable housing units/provide relief from biggest financial barriers to construction of affordable units (e.g. through incentives);
- Enable creation of more mixed-income communities;
- Assist in regeneration of community housing by creating more affordable housing supply;

- Land sales (for affordable housing) and land acquisitions (e.g. surplus sites);
- Creating units to support the goals of the Housing Stability Plan and *The London Plan* (at various scales of intensification and affordability).

2.6 Monitoring

Monitoring and evaluation of the Community Improvement Plan and programs offered will be ongoing and based upon the program goals and objectives. Monitoring of the programs will occur in parallel to housing monitoring reports that review income levels and housing needs over time. Monitoring will be annual for matters such as program participation (e.g. how many new units created under the program, at what level of affordability, and value of incentives and construction), as well as longer-term monitoring to coordinate with multi-year budget cycles and the release of Canada Census data (e.g. household demographics and incomes). Monitoring can also include a “sunset clause”, which describes the success measures or criteria to be used to evaluate when the program should end or be adjusted.

2.7 Project Area

Community improvement provisions of the *Planning Act* require that municipalities describe a “Community Improvement Project Area” where the Community Improvement Plan will apply. The Community Improvement Project Area will be city-wide; however, eligibility for incentive programs within this Project Area will include additional conditions. Properties within the Project Area will be required to have an Urban Place Type under *The London Plan* that permits residential land uses to be eligible for any potential incentive programs. Eligibility for incentive programs will also be based upon any specific requirements identified in the forthcoming Program Guidelines.

The draft “Community Improvement Project Area” is shown in Schedule 1 to Appendix ‘A’ of this report.

2.8 Key Considerations for Continued Consultations

As part of initial stakeholder consultations, Staff sought input regarding what works well with existing CIP programs and what limitations exist that may be preventing more affordable units being developed. Through these consultations it was identified that the “up-front” costs and “up-front” financing of development are the largest costs to developing affordable housing and any relief available to lower or off-set such costs would be beneficial. Up-front costs include such things as:

- Land acquisition;
- Real estate transactions (e.g. legal fees);
- Construction costs;
- Development Charges (for capital cost recovery associated with services for new growth); and
- Other City fees (e.g. cash-in-lieu of parkland, building fees).

Recent changes through the *More Homes, More Choice Act, 2019*, have also sought to address some of the concern regarding the up-front costs of development and the municipal Development Charges (DCs) in particular. Through the Act, changes to City practices are required to take effect no later than January 1, 2021. Previously, Development Charges were collected for any costs that municipalities identified as related to new growth, except for a list of exempted activities. Now, under the *More Homes, More Choice Act*, DCs can only be collected for a prescribed list of “hard services” such as road and servicing infrastructure. “Soft services” are to be collected through a new Community Benefit Charge (CBC).

The timing of City collection of DCs has also changed. Previously the Development Charges were collected by the City before development occurred, at the time of building permit issuance. Now, under the Act, Development Charges will be collected at the time the building is occupied. Additionally, the new Provincial legislation has prescribed that the collection of DCs is staged in annual installments for some types of

development, rather than paid to the City in one lump sum. The installment payments for DCs (related to housing) are as follows: twenty-one (21) annual installments for non-profit housing developments; and six (6) annual installments for any purpose-built rental housing (which is not in the non-profit category).

Secondary dwelling unit policies have also changed. Secondary dwelling units are exempt from Development Charges and the *More Homes, More Choice Act* now identifies that a secondary dwelling unit may be permitted in the main building (e.g. a basement), and in an ancillary structure (e.g. a converted garage); whereas only one secondary unit in the main building or one in an ancillary structure was permitted.

The reduced DC, the change in timing of first payment, and the deferrals through installments are types of measures that would previously have required an incentive program adopted under a Community Improvement Plan to implement.

In order to recognize the concern regarding up-front costs, and within the context of the recent changes in Provincial legislation, two incentive programs have been proposed under the Affordable Housing CIP. Staff have begun consultations regarding these two programs along with consulting on the toolkit and Community Improvement Plan.

2.8.1 CIP Program #1: Affordable Housing Loan Program

The first program proposed is an affordable housing loan program to encourage the creation of new affordable housing units and to off-set the up-front costs of affordable housing development. Key principles for the Affordable Housing Loan Program include:

- Eligible works are development or redevelopment that creates new affordable housing units;
- A minimum of five (5) affordable units must be created;
- Through an agreement, the units must be rented at less than Average Market Rent (AMR) for a minimum affordability period of twenty (20) years;
- The value of the incentive (loan program) will vary based on the following three criteria:
 - Level of affordability of the units relative to AMR;
 - Whether the applicant pays City property taxes; and
 - Alignment with geographic location targets.
- The loans will only apply to the Affordable Housing units (if within a building that contains Affordable and Market units);
- Buildings must be mix of Affordable and Market if more than 10 units in the building;
- No more than two-thirds of the building can be affordable units;
- Loans are interest free;
- Loans are issued at the time of building permit (noting DCs now to be collected at building occupancy);
- Loans are to be paid back over a ten-year schedule;
- A lien will be applied on title of a participating property for the value of the loan;
- Timing of first repayment will be determined through continued public consultation.
- Loans may be stacked with programs of other CIPs (e.g. upgrade to building code)

The loans are intended to off-set the up-front cost of DCs. The loan value will vary depending on three variables, as noted above. The loans vary to recognize the following:

1. Level of affordability of the units relative to Average Market Rent (AMR):
 - There are three levels of affordability:
 - i. Less than 80% of AMR;
 - ii. 80 to 89% of AMR; and
 - iii. 90 to 99% of AMR.

2. Whether the applicant pays City property tax:
 - i. Recognition that by paying City property tax there will be a higher carrying cost while going through the planning and development process.
3. Alignment with geographic location targets:
 - i. Creating greater encouragement for affordable housing in coordination with areas of planned high intensity growth and development as well as employment nodes, services and higher order transit.
 - Alignment with the growth and policy framework of *The London Plan* and the City Structure Plan.
 - Recognition that surplus lands, such as closed school sites, provide a unique opportunity for affordable housing development within established neighbourhoods across the city.
 - ii. Alignment with the planned Rapid Transit network
 - Recognizing transportation costs are a significant household cost.
 - Aligning affordable housing with locations for higher-order transit so that households can access employment and services by transit or active transportation alternatives.
 - Reducing fuel consumption and assisting with response to the climate emergency.

The three loan value categories are as follows:

- “High” loan category (\$ 20,000)
- “Medium” loan category (\$ 15,000)
- “Low” loan category (\$ 10,000)

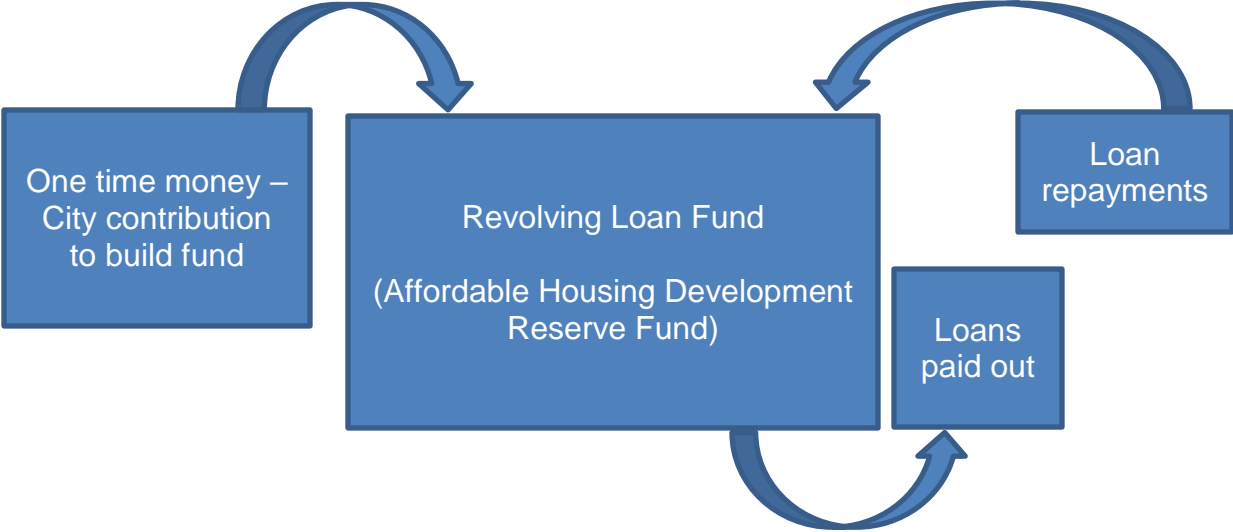
The Affordable Housing Loan Program is shown in the table below:

	Do <u>Not</u> Pay Municipal Property Taxes			Do <u>Pay</u> Municipal Property Taxes		
	Downtown, Transit Villages, Rapid Transit Corridor	Sites within Primary Transit Area or any Closed School Site	Other Sites	Downtown, Transit Villages, Rapid Transit Corridor	Sites within Primary Transit Area or any Closed School Site	Other Sites
< 80% AMR	HIGH	HIGH	MEDIUM	HIGH	HIGH	MEDIUM
80-89% AMR	HIGH	MEDIUM	LOW	HIGH	HIGH	MEDIUM
90-99% AMR	MEDIUM	MEDIUM	LOW	HIGH	MEDIUM	LOW

A business case is being prepared for the Affordable Housing CIP incentive programs and will be included within the multi-year budget. The loans are proposed to be supported through the establishment of an Affordable Housing Development Reserve Fund and revolving loans. The loans will be funded annually on a first-come, first-served

basis and the availability of funds within the Affordable Housing Development Reserve Fund. There will be ongoing monitoring and management of the reserve fund. The following graphic is intended to show the revolving loan fund of the Affordable Housing Development Reserve Fund:

Revolving Loan Fund



2.8.2 CIP Program #2: Secondary Dwelling Unit Loan Program

The Secondary Dwelling Unit Loan Program is proposed in order to address the affordability of home ownership and to also create more rental housing supply.

The Secondary Dwelling Unit Loan Program is proposed as follows:

New Secondary Unit Within an Existing Residence (Existing on the date the by-law is passed)

Value of Loan	<ul style="list-style-type: none"> • Up to \$ 20,000, based on the value of the works. • Interest free. • 25% forgivable (to be confirmed through continued consultations) • 10 year payback schedule (to be confirmed through continued consultations)
Conditions	<ul style="list-style-type: none"> • Owner-occupancy required; • Loan issued when works completed; • No short-term rentals (e.g. “Airbnb”); • Rental license required (RRUL);

The Secondary Dwelling Unit Loan Program will be included within the same business case as the other incentive program under the Affordable Housing CIP. The Secondary Dwelling Unit Loan Program is proposed to be capped at \$ 250,000 per year.

2.9 Consultations Are Continuing

Initial stakeholder consultations were held over summer 2019. Staff have also regularly met with Agency partners to ensure a coordinated approach to addressing affordability over all housing options. Public consultation meetings were held on September 26 and October 2, 2019.

Through these consultations Staff have sought feedback on the draft objectives and monitoring measures of the Affordable Housing CIP, the draft incentive programs, and the range of tools within the broader Affordable Housing Development Toolkit.

As part of the consultations, Staff have sought feedback on the following key considerations in order to develop the program guidelines:

- Are the geographic locational targets for the Affordable Housing Loan program appropriate?
- Are the levels of affordability (relative to Average Market Rent) achievable?
- Should a portion of the loan be 'forgivable'?
- Is the minimum number of 5 affordable units sufficient or should it be raised?
- What should the maximum building size be (in number of units) before a mix of affordable and market units is required?
- Will the same program address the needs of non-profit and for-profit developers of affordable housing units?

Feedback was also sought regarding the Secondary Dwelling Unit Loan Program, including the following considerations:

- Are the value of the loans for existing and new buildings appropriate?
- Is the timing of the issuance of loans appropriate?
- Should there be an owner-occupancy requirement within existing buildings?
- Should there be a 25% forgivable portion?
- Should a rental license be required throughout the affordability period?
- Should there be a prohibition on short-term rentals?
- Should the City monitor the rental rates of the new units created?

The following feedback has been received to date through stakeholder and public consultation meetings and through public responses:

- Concern that identifying categories for the Affordable Housing Loan program will complicate the program and may reduce participation;
- Concern that the Affordable Housing Loan Program's geographic targets will address the majority of the central urban area served by transit, but that there are significant commercial and service employment areas and main streets that are still outside of the "Primary Transit Area"
 - e.g. Smart Centres and Power Centres (Hyde Park and Fanshawe; Argyle Mall; Wonderland Road Enterprise Corridor); and Main Streets (Byron Village; Lambeth Main Street).
- Concern that a minimum of 3 units created may be too small a building. Under the *Residential Tenancies Act* a landlord has fewer obligations to tenants in buildings of less than 5 units.
- Also based on the *Residential Tenancies Act* and level of tenant protections, the CIP program should ensure that the new affordable units are self-contained without shared facilities (such as kitchens).
- Concern expressed that the Loan program's criteria do not include a criterion based on the size of unit, therefore affordable units may only be bachelors or 1-bedrooms and the draft program may not address affordable housing for families that require larger units;
- Concern that the Secondary Dwelling Unit program has an owner-occupancy component; however, non-profits may be interested in acquiring houses for the purposes of providing affordable rental units but would not be permitted to avail of the program if it required owner-occupancy.
- Concern that the draft programs identify a rent price relative to average market rent, but do not address "who" is living in the units or groups with specific needs (e.g. senior citizens population, ability to age in place, and universal design to adapt existing dwellings).

- Concern with financial management and costs of incentive programs, including: cost of staff resources to administer; cash-flow liabilities if programs not capped in budget; sunset program based on vacancy rate; loans should be self-financing, with repayments going back into reserve for the program; and that applicants to these new incentive programs should not be eligible under other CIP incentive programs as well (e.g. under Downtown or Old East Village CIPs)
- Concern that the secondary suite program cap of \$ 250,000 per year is too low and should be raised.

Noting that consultations are on-going, the following are responses to the comments and concerns raised above:

- The categories of loan were identified in order to both address concerns regarding up-front costs of developing affordable units and to also align with the growth, intensification, and rapid transit supportive development objectives of the City Structure Plan of the Council-approved *London Plan*. Options are to (1) maintain the proposed categories or (2) change and expand the geographic targets or (3) eliminate categories. Based on the stated objectives, Staff are recommending the geographic targets and categories remain. However, this is to be confirmed through ongoing consultations.
- Staff will also review and report back on the opportunity for increased incentives for larger unit sizes and ensuring a mix of sizes of affordable units. This will be done as part of continued monitoring of incentive program participation.
- Staff will review the minimum number of affordable units required. Units created will be required to be self-contained.
- Staff will report back on non-profits acquiring single detached homes and creating secondary suites for the purpose of creating affordable housing.
- The incentive programs intend to encourage the creation of new affordable housing supply and improving the affordability of home ownership through encouraging the creation of secondary suites. Certain populations and demographics may require housing with additional supports; however, these programs are intended to address the supply of affordable housing that may be provided by the market. Other tools within the Toolkit and actions of other agencies will address populations requiring supportive housing or other population-specific needs.
- The cost of programs, including cash-flow for loan programs and staff resources to administer this and other CIP programs, will be part of upcoming multi-year budget discussions. The proposed budget caps on the Loan and Secondary Suite programs are subject to the on-going public consultations as well.

3.0 Confirmation of Key Principles

This report is submitted to identify the key principles for the Affordable Housing Community Improvement Plan and incentive programs. This report is an opportunity for Council and the public to provide feedback so that Staff can consider modifications before a final CIP is brought forward in January 2020. Key considerations include:

- That varying loan levels for the Affordable Housing Development Loan Program be developed, and that the categories be based on: the level of affordability of the units created; the geographical location of units created; and whether or not the applicant pays City property taxes;
- That eligibility in the Affordable Housing Development Loan Program requires a minimum of five (5) affordable units created;

- That the Secondary Dwelling Unit Loan program requires owner-occupancy for units created within existing buildings; and
- That the Secondary Dwelling Unit Loan program prohibits short-term rentals, such as Airbnb.

While incentives are proposed across the city for new Affordable Housing units, the draft Loan program proposes an increased level of incentive in areas that align with growth objectives of the City, including for infill and intensification in proximity to the planned rapid transit system. This will encourage the creation of affordable housing in rapid transit-supportive developments which also have the potential to lower households' related transportation costs and reduce the need for personal automobile commuting to employment areas and services. As such, the geographic target locations of the Loan program intend to be a part of the City's response to the Climate Change Emergency by supporting infill and intensification that is coordinated with locations for public transit and active transportation options.

Based on initial consultations, some stakeholders have identified that the geographic location targets are not inclusive of certain main streets and "Power Centre" commercial areas (e.g. Byron Village, Lambeth Main Street, Fanshawe/Hyde Park, Wonderland Road South). The concern expressed is that the geographic targets should be expanded so that more of an incentive is offered in proximity to these commercial retail areas (i.e. so that people are able to live in affordable housing near those places of employment), as well as close to rapid transit which can provide access to employment throughout the city.

Providing a higher category of incentive for affordable housing in areas that also address city-building objectives will help to address various challenges the City is facing. This includes the primary need for Affordable Housing, but also to address climate change mitigation and environmentally-sustainable transportation options, to reduce household costs and other economic costs of car dependency and traffic congestion, and to improve public health through active transportation options. As such, Staff recommend that the geographic target locations be maintained in the draft Affordable Housing Loan Program, and that the locations are to be confirmed through the ongoing stakeholder and public consultation processes.

Staff also recommend that the owner-occupancy requirement for the Secondary Dwelling Unit Loan Program (for the existing buildings category) be confirmed through the ongoing consultation processes.

4.0 Next Steps

Following consultations, a public participation meeting will be held before the Planning and Environment Committee in January 2020 to designate the Community Improvement Plan Project Area and to adopt the Affordable Housing Community Improvement Plan and the Incentive Program Guidelines.

City Planning has been working with a coordinated Staff and agency team, including Finance and the Housing Development Corporation. A business case for the Affordable Housing CIP incentive programs will be part of the forthcoming 2020 multi-year budget. Funding of the loans is proposed to be through revolving loans established through an Affordable Housing Development Reserve Fund and initial one-time money to build the reserve fund.

Prepared by:	Travis Macbeth, MCIP, RPP Planning Policy
Submitted by:	Gregg Barrett, AICP Manager, Long Range Planning and Sustainability
Recommended by:	John M. Fleming, MCIP, RPP Managing Director, Planning and City Planner
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	

November 6, 2019
TM/tm

Y:\Shared\policy\CITY INITIATED FILES\9099O - Affordable Housing CIP (TM)\Reports\PEC - Nov 18, 2019\PEC - Nov 18, 2019 - Draft Affordable Housing CIP (File O-9099).docx

DRAFT BY-LAW TO DESIGNATE PROJECT AREA

Bill No. (number to be inserted by Clerk's Office)
2019

By-law No. C.P. **XXXX**
A by-law to designate the Affordable
Housing Community Improvement
Project Area.

WHEREAS by subsection 28(2) of the Planning Act, the Council of a municipal corporation may, by by-law, designate the whole or any part of an area as a community improvement project area;

AND WHEREAS *The London Plan*, 2016, the Official Plan for the City of London, contains provisions relating to community improvement within the City of London;

NOW THEREFORE the Municipal Council of the Corporation of the City of London enacts as follows:

1. The Affordable Housing Community Improvement Project Area, as contained in Schedule 1, attached hereto and forming part of this by-law, is designated.
2. This by-law shall come into effect in accordance with subsection 17(38) of the *Planning Act*, R.S.O. 1990, c.P.13.

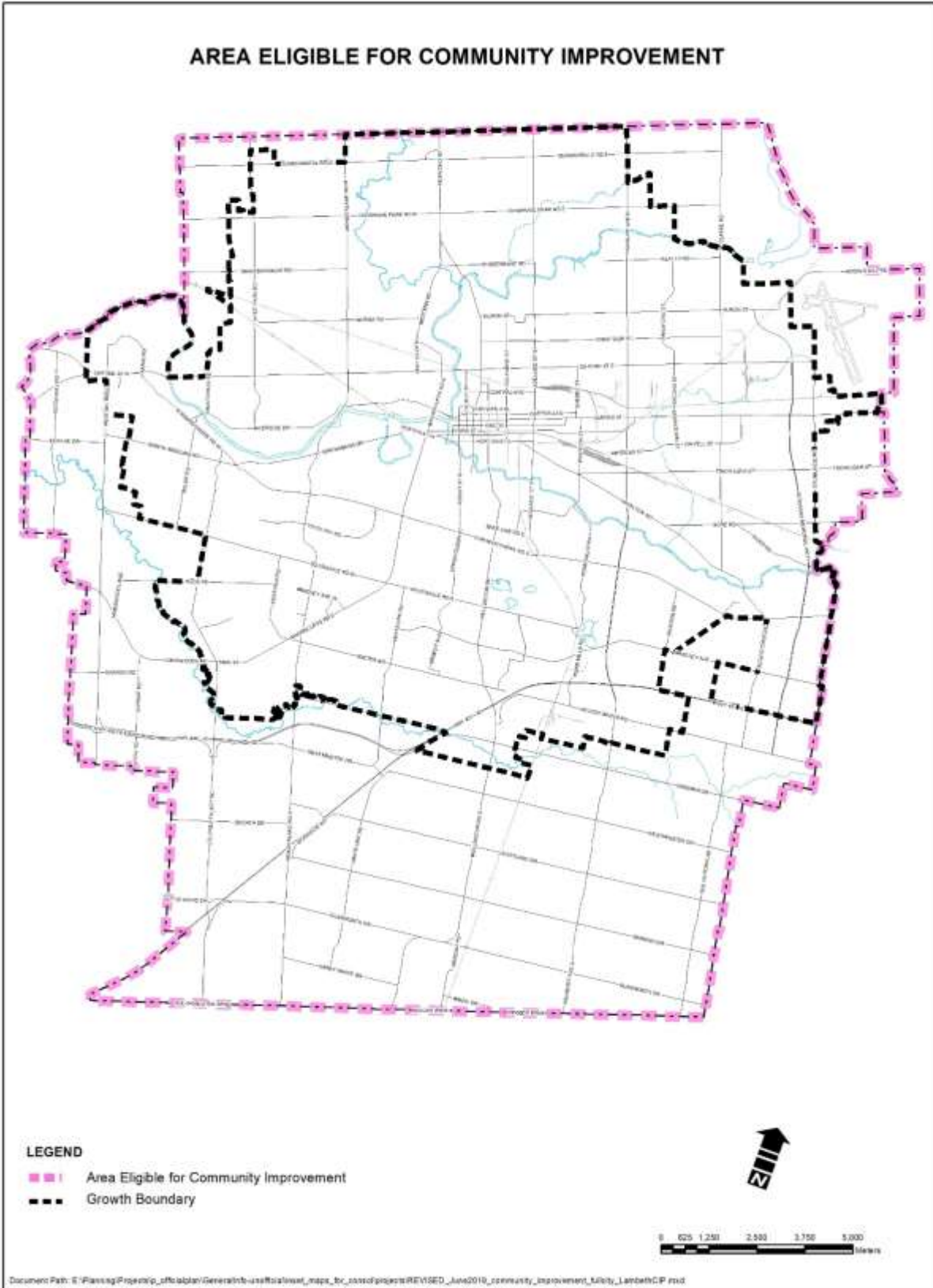
PASSED in Open Council on **(Insert Council Meeting Date)**.

Ed Holder
Mayor

Catharine Saunders
City Clerk

First Reading – **(Insert Council Meeting Date)**
Second Reading – **(Insert Council Meeting Date)**
Third Reading – **(Insert Council Meeting Date)**

Schedule 1 – Draft Affordable Housing Community Improvement Project Area



Appendix B – Draft By-law: Adoption of the CIP

DRAFT BY-LAW FOR ADOPTION OF CIP

Bill No. (number to be inserted by Clerk's Office)
2019

By-law No. C.P. **XXXX**
A by-law to adopt the Affordable Housing
Community Improvement Plan.

WHEREAS subsection 28(4) of the *Planning Act* enables the Council of a municipal corporation to adopt a community improvement plan for a community improvement project area;

AND WHEREAS the Council of The Corporation of the City of London has, by by-law, designated a community improvement project area identified as the Affordable Housing Community Improvement Project Area;

AND WHEREAS the Affordable Housing Community Improvement Project Area is in conformity with *The London Plan, 2016*, the Official Plan for the City of London;

NOW THEREFORE the Municipal Council of the Corporation of the City of London enacts as follows:

1. The Affordable Housing Community Improvement Plan, attached hereto, is hereby adopted as the Community Improvement Plan for the area defined therein;
2. This by-law shall come into effect on the day it is passed

PASSED in Open Council on **(Insert Council Meeting Date)**.

Ed Holder
Mayor

Catharine Saunders
City Clerk

First Reading – **(Insert Council Meeting Date)**
Second Reading – **(Insert Council Meeting Date)**
Third Reading – **(Insert Council Meeting Date)**

Affordable Housing Community Improvement Plan

Index

1. Introduction
2. Housing and Income Profile
3. Community Improvement Project Area
4. Goals and Objectives
5. Programs Under the Community Improvement Plan
6. Monitoring and Evaluation
7. Appendices
 - a. Appendix A: Legislative Framework
 - b. Appendix B: Policy Review

Section 1: Introduction

What is a Community Improvement Plan?

A Community Improvement Plan (CIP) is a tool that allows a municipality to take actions to support improvements and redevelopment within a specifically defined project area. Section 28 of the *Planning Act* gives municipalities the ability to prepare CIPs. Through a CIP, municipalities can:

- Identify changes needed to land use planning policies, zoning, and/or other bylaws, policies, and practices;
- Direct funds for improvements to public infrastructure and public space;
- Acquire land, rehabilitate buildings or clear land, and sell land for community improvement;
- Provide or direct funds for the provision of affordable housing;
- Improve energy efficiency;
- Provide grants and loans to owners and tenants for specific actions; and
- Establish a vision, goals, and objectives to provide focus and direction for continuous community improvement.

Purpose of this Community Improvement Plan

Development of the Affordable Housing CIP was directed by Council in June 2019, in coordination with other related affordable housing initiatives, including a broader “Affordable Housing Development Toolkit” and the Housing Stability Plan. The purpose of this CIP is to:

- Define affordable housing needs based on household incomes and define “affordable housing” for the purposes of the CIP and its proposed programs;
- Establish CIP objectives to address the provision of affordable housing and other city-building objectives;
- Identify opportunities to develop incentives and/or programs to support the development of affordable housing; and
- Identify monitoring measures to assist with future housing monitoring reports and to identify successes of any programs offered under this CIP.

How This CIP Was Prepared

The following tasks were completed to build a foundation for preparation of the CIP:

- Review of relevant Provincial and City policy documents;
- Review of existing CIPs in London and other Ontario municipalities;
- Analyze housing and household data;

- Consultation with the development industry, non-profits, City agency stakeholders, and the public to identify opportunities to develop affordable housing units;

Study Area

When a CIP is being prepared, a “Study Area” is established to focus the project scope and establish the community which is being considered for potential “improvement” through the various means identified under section 28 of the *Planning Act*, as noted above. From the Study Area, a Project Area is then identified as the specific area requiring improvement. The Project Area is included in the CIP which is adopted by Council. Provincial regulations state that the Project Area is based on an area that, in the opinion of Council, is desirable for improvement based on age, dilapidation, overcrowding, faulty arrangement, unsuitability of buildings, or for any other environmental, social, or community economic development reason, including affordable housing.

For the Affordable Housing CIP, the Study Area is identified below in Figure 1, and includes the entire municipality of the City of London.

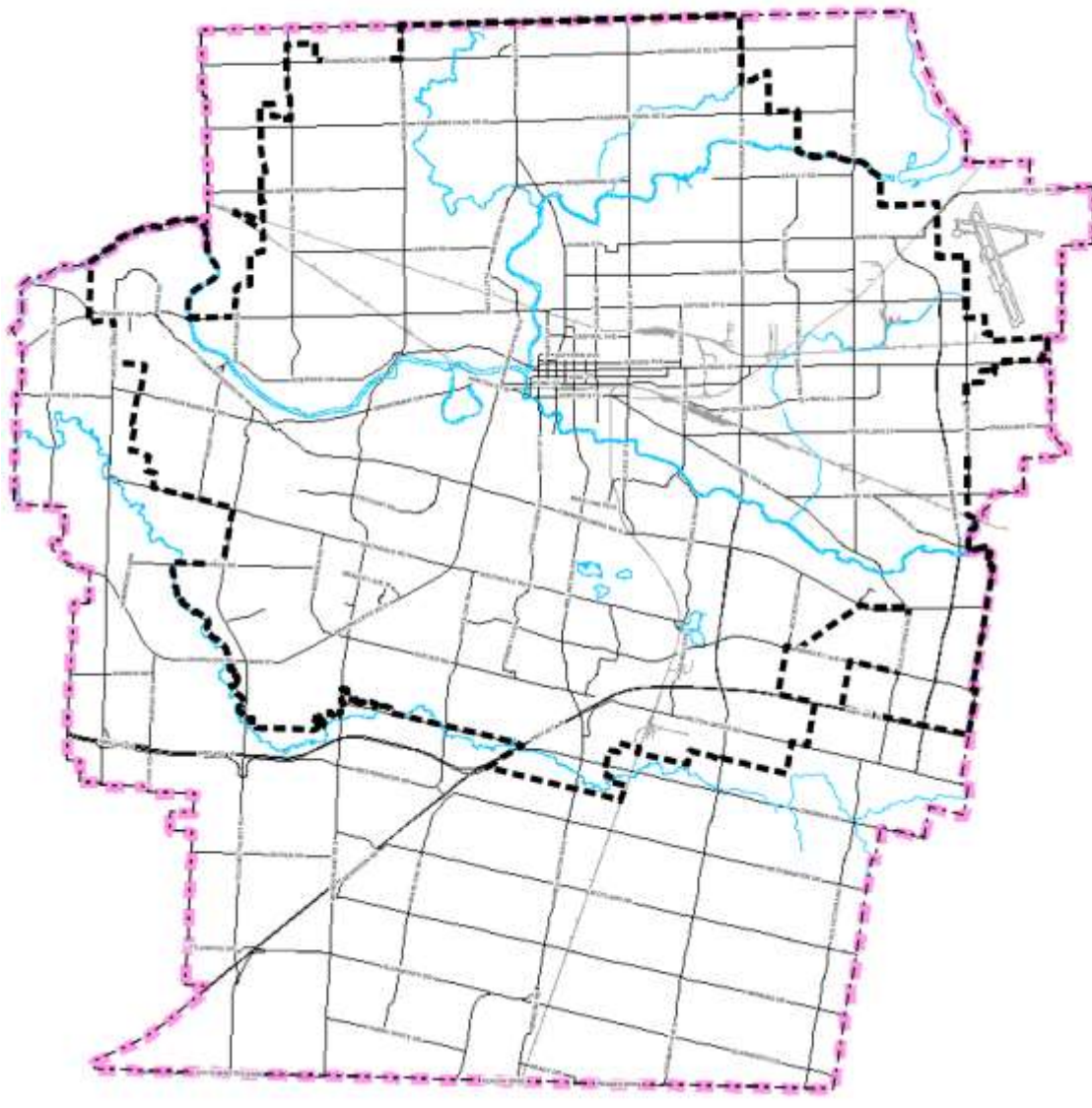


Figure 1: Study Area for the Affordable Housing CIP

Project Area

A more specific area within the Study Area where the CIP is applicable is then designated as the area of community improvement. This is known as the “Community Improvement Project Area”. The Project Area may be based on geographic boundaries as well as conditions such as applicable land uses within that geography. At the conclusion of a CIP review, the project area is established through Council’s passing of a by-law to designate the area of community improvement.

The Community Improvement Project Area is proposed to be city-wide.

Program Areas and Eligibility

Within the Project Area, there may be one or several new programs established, such as grant or loan incentive programs to encourage certain actions by landowners. Between various City CIPs there may be similar or overlapping incentives that relate to a specific property. Each financial incentive program has its own Municipal Council-approved program guidelines. The program guidelines explain program requirements and how the programs operate. Each program is available within a “program area”, which may or may not be the entire extent of the CIP’s “Project Area”. In addition to eligibility based on location within the “program area”, the programs may also have additional eligibility requirements, such as the use, intensity or form of development or other criteria. Applicants are to consult the specific program guidelines and confirm eligibility requirements with the City prior to undertaking any works.

Section 2: Housing and Income Profile

A. Defining Affordable Housing.

“Affordable Housing” can be defined in one of three ways:

1. Income-based definition: Affordable housing is housing that costs less than 30% of the pre-tax income for low-to-moderate income households. This Canada Mortgage and Housing Corporation (CMHC) definition is also known as the “shelter cost to income ratio”.
 - For renter households, this includes rent and any payments for electricity, fuel, water and other municipal services.
 - For owner households, this includes mortgage payments (principal and interest), property taxes, and any condominium fees, along with electricity, fuel, water and other municipal services.
2. Market cost based: affordable housing is housing that costs less than or equal to the “average market rent” or “average market price” of a city, and includes publicly-run Community Housing (such as London Middlesex Community Housing), and other housing options that are less than or equal to the average market rates.
3. Income security based: Affordable housing is based on the ability to pay market rents without the “income security” aspect of city-run housing programs. In this definition the term affordable housing may be used to define housing that costs less than or equal to the “average market rent” or “average market price” but does not include municipally-run Community Housing (formerly known as “social housing”) or other community housing programs. Under this definition, “affordable” means the range of housing for households that earn too much to qualify for “income security” programs, but who do not earn enough to be able to pay market rates without paying more than 30% of their pre-tax income.

“Affordable housing” for the purposes of this CIP is based on the third definition. For the CIP “affordable housing” is the range of housing targeted to be developed by the market and not-for-profits, and is defined as housing that costs less than or equal to “average market” rent or price, but does not include the “income security” aspect of housing associated with City programs. This definition is applied because the objective is the encouragement of more units built to be rented “at or below” average market rent, and the associated CIP programs are based on the market providing these units, generally. The intention is also to address the gap between municipal housing program eligibility and the income required to pay market rents.

Programs proposed under this CIP may further refine the definition of “affordable” based on the objectives of the specific program, and the definition of affordable along with other criteria will be included in the Program Guidelines.

B. Defining Core Housing Need

There are three (3) tests of whether a household is meeting their housing needs. The three standards are: “adequacy”, “affordability”, and “suitability”. A household is considered to be in “core housing need” if its housing situation does not meet one or more of the three standards of need, and the household would have to pay more than 30% of its pre-tax income to reach the median rent for alternative housing that would meet those three needs. The standards of need are defined as follows:

- **“Adequate”** housing is housing not requiring any major repairs (as reported by the residents);
- **“Affordable”** housing is a shelter cost (i.e. rent, mortgage, condominium fees, property tax, utilities) that is less than 30% of the household’s pre-tax income; and
- **“Suitable”** housing has enough bedrooms for the size and make-up of the household.

C. Determining Affordable Housing Need in London

The housing need in London is based upon household incomes and how well those incomes match the costs of the housing supply that meets households’ needs. As such, the “need” is defined by incomes, housing costs, and the number of units available. Income information can be divided into categories such as Renter Household Income and Owner Household Income.

Housing costs are based on the “average market rent” and “average market price” as well as the “actual asking” rent and price for units that are available. The “actual asking” price recognizes that the province of Ontario has rent increase guidelines, which are the maximum percentage a landlord can increase a tenant household’s rent each year without the approval of the Landlord and Tenant Board. “Actual asking” prices are more reflective of the housing marketplace, because they reflect that market units occupied by long-term tenants may potentially bring the average price down (because of the Guidelines’ maximum increases) and therefore the vacant units which are available may be at a higher price than the “average market rent”.

Vacancy rate of housing stock is also an important consideration when defining London’s housing needs. The vacancy rate helps demonstrate the existing available supply of housing, with low vacancy rates demonstrating less opportunity for households to move to alternative accommodation to meet their housing needs.

The following key income and housing data illustrate the housing need in London:

1. Affordability based on Median Household Incomes

Median Household Income	For All Households	For 1-person Households	For 2-plus person households
Annual median income	\$ 62,011	\$ 34,426	\$ 80,366
Annual Affordable (30% pre-tax)	\$ 18,603	\$ 10,327	\$ 24,109
Monthly Affordable (30% pre-tax)	\$ 1,550	\$ 860	\$ 2,009

Table 1: Median Income by Household Type (Source: Statistics Canada, 2016)

2. Affordability for Income Deciles (or Tenths of Population) by Tenure Type (Owner or Renter Households)

Table 2 and Table 3 below show the difference in ability to pay by tenure type. This illustrates the “income” based definition of affordable housing in London, where pre-tax income defines affordability. It includes households both within and outside of ‘income security’ programs. The table shows:

- Annual incomes by income group (shown in “deciles”);
- What “affordable” is annually (equal to 30% of yearly pre-tax income); and
- What annual “affordability” is equal to in monthly rent or ownership costs.

Owner Households Income Group	1 st decile	2nd	3rd	4th	5th	6th	7th	8th	9th
Owner Household Annual Income	\$34,500	\$49,500	\$62,800	\$76,600	\$90,700	\$105,700	\$124,100	\$150,100	\$193,900
30% of income, pre-tax (annual)	\$10,350	\$14,850	\$18,840	\$22,980	\$27,210	\$31,710	\$37,230	\$45,030	\$58,170
Affordable Monthly	\$863	\$1,238	\$1,570	\$1,915	\$2,268	\$2,643	\$3,103	\$3,753	\$4,848

Table 2: Owner Household Income (Source: 2018 MMAH)

Renter Households Income Group	1 st decile	2nd	3rd	4th	5th	6th	7th	8th	9th
Renter Household Annual Income	\$12,000	\$18,400	\$24,100	\$30,600	\$37,700	\$45,600	\$55,300	\$68,200	\$89,300
30% of income, pre-tax (annual)	\$3,600	\$5,520	\$7,230	\$9,180	\$11,310	\$13,680	\$16,590	\$20,460	\$26,790
Affordable Monthly	\$300	\$460	\$603	\$765	\$943	\$1,140	\$1,383	\$1,705	\$2,233

Table 3: Renter Household Income (Source: 2018 MMAH)

3. Rents: Average Market Rent and Average Asking Market Rent (for Available Units)

Average Market Rent is shown to demonstrate the costs associated with market rentals (the second definition of “affordable housing” being average market rent or less). The average market rent is calculated by the CMHC annually. The Housing Service Manager for City of London and Middlesex County has updated this rental average to reflect the 2019 “Asking” Average Market Rent by unit type. These rates are shown in Table 4, below.

Unit Type	Rental Range, as determined by 2018 CMHC Rental Survey	2018 CMHC Rental Market Survey	2019 London-Middlesex (CMA) Actual Average Market Rent
Bachelor / Studio	\$ 590 - \$ 1,185	\$ 854	\$ 859
One Bedroom	\$ 450 - \$2,000	\$ 983	\$ 1,021
Two Bedroom	\$ 520 - \$ 3,495	\$ 1,333	\$ 1,370
Three Bedroom	\$ 950 - \$ 3,090	\$ 1,636	\$ 1,787
Four + Bedroom	\$ 1,199 - \$ 4,000	\$ 2,283	\$ 2,171

Table 4: Average Asking Market Rents. (Source: CMHC 2018 data and London-Middlesex Service Manager)

4. Ability to Pay: Rents versus Incomes

Table 5 below shows Londoners’ ability to pay the “actual average market rents”. The table compares income deciles (tenths of the population) and 30% of their pre-tax monthly income against the monthly Actual Average Market Rents noted above.

Table 5 demonstrates that:

- More than 40% of renter households cannot afford the average monthly rent of a market bachelor unit;
- More than 50% of renter households cannot afford the average monthly rent of a market one-bedroom unit;

Recognizing that the lowest income households may avail of income security programs such as rent-geared-to-income or community housing, the table is illustrative that many thousand Renter Households are still within an affordability gap between the City’s “income security” initiatives and the costs of market rent (i.e. the definition of “affordable housing” used for this CIP).

	1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th
	\$300	\$460	\$603	\$765	\$943	\$1,140	\$1,383	\$1,705	\$2,233	
Bachelor/Studio					\$859					
One Bedroom						\$1,021				
Two Bedroom							\$1,370			
Three Bedroom									\$1,787	
Four + Bedroom									\$2,171	

Table 5: Ability to Pay: Rent versus Income

5. Vacancy Rate

- Rental Vacancy Rates have also been declining, from 4.8% vacancy in 2009 to more recently between **1.9%** and **2.1%** overall.

Vacancy Rate by bedroom Type:

Year	All Bedrooms	Bachelor	1 Bedroom	2 Bedroom	3+ Bedroom
2013	3.4%	4.9%	2.5%	3.7%	6.6%
2014	2.8%	4.6%	2.3%	3.1%	4.2%
2015	3.0%	3.0%	2.3%	3.4%	4.9%
2016	2.2%	2.4%	1.6%	2.5%	3.7%
2017	1.9%	3.6%	1.7%	1.9%	1.8%
2018	2.1%	2.8%	2.0%	2.1%	2.3%

Table 6: Vacancy Rate by Unit Size (Source: MMAH 2018)

6. Ownership costs for new homes

- Single-Detached housing ownership is also increasing in price in the city for new homes:

Year	Median Price	Average Price
2016	\$ 427,500	\$ 455,346
2017	\$ 500,000	\$ 536,395
2018	\$ 600,000	\$ 629,224

Table 7: New home costs (Source: CMHC "Housing Now", 2019)

7. Ownership costs for average homes

- Average costs of home ownership are also increasing overall (primarily re-sale homes):

Year	Average Price
2015	\$ 265,831
2016	\$ 283,778
2017	\$ 339,283
2018	\$ 380,139
2019 (to August)	\$ 415,808

Table 8: Average ownership cost (Source: LSTAR Market Updates)

8. Core Housing Need Overall

The overall core housing need in the City is **13.8%** of households; however, based on income levels and rising housing costs, Core Housing Need is higher than average for several household types, including Renter households and One-person households (regardless of tenure).

	Percentage of Households in Core Housing Need	Number of Households in Core Housing Need
Household Group		
Renter Households	29.7%	19,050
Owner Households	5.1%	5,920
Overall Households	13.8%	24,965
Household Size		
One-person Households	23.8%	12,670
Households of two or more persons	9.6%	12,300

Table 9: Core Housing Need (Source: Statistics Canada)

This housing and income information is intended to be illustrative of the housing need in the City of London, and will be updated periodically as part of on-going Community Improvement Plan monitoring and housing monitoring reports and programs.

Section 3: Community Improvement Project Area

The following map (Figure 2) shows the Community Improvement Project Area. Properties within this area are eligible under the Community Improvement Plan. Properties within the Project Area are required to have an Urban Place Type under *The London Plan* that permits residential land uses to be eligible for any potential incentive programs. Eligibility for incentive programs will also be based upon any specific requirements identified in the Program Guidelines.

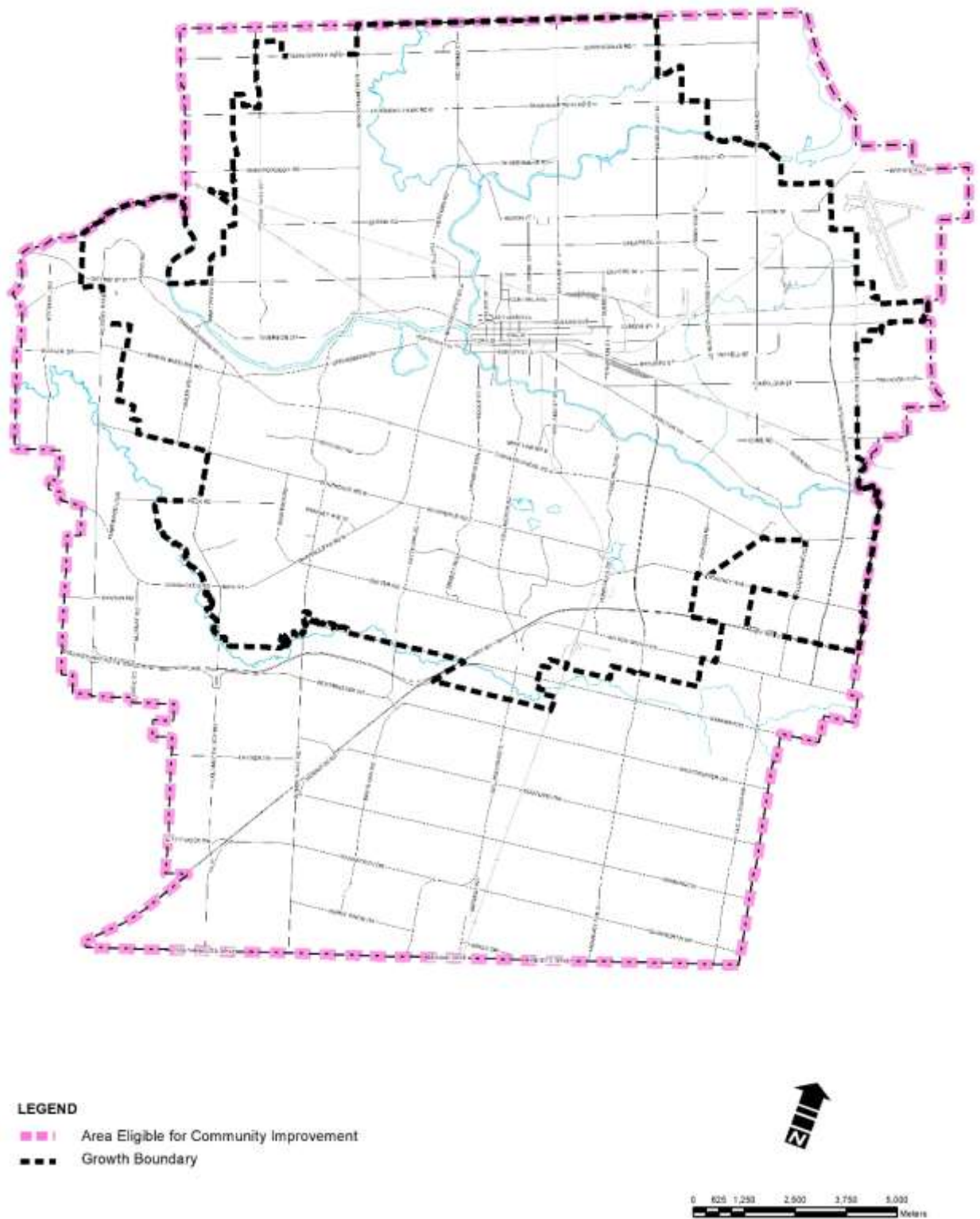


Figure 2: Community Improvement Project Area

Section 4: Goals, Objectives and Monitoring

Based on the Staff review and findings of the consultation, the goals of the Affordable Housing Community Improvement Plan are to:

- Reduce financial barriers to developing affordable housing units;
- Promote and encourage the creation of new affordable rental units (below Average Market Rent);
- Support implementation of *The London Plan*, including the Homeless Prevention and Housing section of the Plan;
- Support the policy framework of the Housing Stability Plan by addressing needs in different housing forms and housing options;
- Support the work of community housing providers, including LMCH;
- Promote and encourage the creation and maintenance of mixed-income, complete communities;
- Support opportunities for infill and intensification from small to large scale (i.e. from secondary suites to high-rise apartment forms);
- Assist in the regeneration of aging neighbourhoods and underutilized lands;
- Promote housing retention and promote aging in place; and
- Encourage environmental, social, and financial sustainability for the City and its citizens through strategic City investments in affordable housing initiatives.

Objectives are specific and can measure the accomplishment of a goal. The following objectives are identified as means to achieve the goals based on ongoing monitoring and measurement of the CIP:

- Provide incentives to encourage the creation of more affordable housing units and provide relief from biggest financial barriers to construction of affordable housing;
- Enable the creation of mixed-income buildings and communities (affordable and market);
- Assist in regeneration of community housing by creating more affordable housing supply;
- Evaluate land sales and surplus sites (e.g. closed school sites) for potential acquisition to deliver affordable housing;
- Create affordable units to support the goals of the Housing Stability Plan and The London Plan;
- Create affordable units at various levels of affordability and levels of intensification ('inward and upward' growth).

Monitoring of the CIP will be based on the following sets of measures and indicators, used to evaluate the level of success of meeting the goals and objectives:

Objective	City Lead	Monitoring/Measurements
Provide incentives to encourage creation of affordable housing units and provide relief from financial barriers to development of affordable housing	City Planning;	<ul style="list-style-type: none"> • Number of Affordable projects and number of units created that use the CIP programs (annual); • Number of new Secondary Suites created through program; • Vacancy rates; • Levels of affordability (% of A.M.R.) • Average Market Rents vs. Incomes (Census)
Enable creation of more mixed-income buildings and communities	City Planning; HDC London	<ul style="list-style-type: none"> • Number of Affordable projects and mixed-income/mixed-tenure projects created (annual)
Assist in regeneration of community housing by creating more affordable housing supply	LMCH	<ul style="list-style-type: none"> • Number of Community Housing households that leave Community Housing for new “Affordable” units; • Number of units made available to new Community Housing residents off of wait list
Evaluate land sales and surplus lands for potential acquisition and development of affordable housing	HDC London; City Planning	<ul style="list-style-type: none"> • Closed school sites evaluated for potential acquisition; • Property/Properties acquired for municipal needs (including affordable housing); • Number of units created; • Lands acquired and sold by City for affordable units
Creating units to support the goals of the Housing Stability Plan and <i>The London Plan</i> (at various scales of intensification/affordable)	Housing; City Planning; LMCH; HDC London	<ul style="list-style-type: none"> • Infill and Intensification projects; • New Secondary Suites; • <i>London Plan</i> monitoring/audit; • Number of affordable units using energy efficiency (environmental sustainability) and with accessible design (addressing supportive housing and different populations); • Levels of affordability;

Table 10: CIP Objectives, City or Agency Lead, and Monitoring Measures

Section 5: Programs under the Community Improvement Plan

An important part of supporting community improvement for affordable housing is engaging the private sector and others who develop residential units. One method of achieving this is by providing financial incentive programs to stimulate private investment in constructing new units and fixing up existing properties and buildings for affordable housing units.

Community Improvement Plans enable municipalities to establish financial incentive programs to target different community needs. In accordance with the *Planning Act* and the City’s Official Plan (*The London Plan*), the City may offer grants or loans to property owners and tenants to help cover eligible costs and advance community improvement goals. Once a CIP is adopted and approved, City Council is able to fund, activate and implement financial incentive programs. It is important to note that programs are subject to the availability of funding, and Municipal Council can choose to implement, suspend, or discontinue an incentive program. The Affordable Housing CIP is an enabling document, which means that Municipal Council is under no obligation to activate and implement any part of a CIP including the financial incentive programs.

Recognizing the above community objectives for affordable housing, the incentive programs proposed are:

1. Affordable Housing Development Loan Program

Description:

Providing financial assistance to off-set the up-front costs associated with the development of new affordable housing units. The focus of the program is to encourage private and non-profit housing developers to create new affordable housing units across the city and address other related city-building and strategic objectives.

Funding and Eligibility:

The funding will be in the form of loan program, repayable to the City over a specified number of years, in accordance with the program guidelines.

Duration:

Subject to Municipal Council's direction.

2. Affordable Secondary Dwelling Unit Loan Program

Description:

Providing financial assistance to off-set costs associated with creating new secondary dwelling units that are affordable rentals.

Funding:

The funding will be in the form of a partially forgivable loan program, in accordance with the funding and eligibility requirements of the program guidelines.

Duration:

Subject to Municipal Council's direction.

These programs are subject to funding through the City budget and the requirements of each program's guidelines. Council considers funding incentive programs, alongside other priorities, through its Strategic Plan exercise and the four-year Multi-Year Budget process. Program Guidelines identifying eligibility criteria for the individual incentive programs are found in **Appendix XXXX** to this CIP.

Council may also identify other incentive programs under this CIP that would support the goals and objectives identified in Section 4. This may include, but is not limited to, programs such as grants or loan programs for building permit or planning application fees (e.g. Zoning By-law Amendment application), parkland dedication fee, rehabilitation/tax programs, or façade or building code upgrade programs. The value of any programs prepared under this CIP may be changed by Council to reflect current data as described in Section 2 of this CIP (or in related Housing Monitoring Reports) without amendment to this CIP.

Section 6: Monitoring and Evaluation

Monitoring and evaluation of the programs offered under the Affordable Housing Community Improvement Plan will be ongoing. Monitoring of the programs will occur in parallel to housing monitoring reports that review income levels and housing needs over time. Monitoring will also ensure program compliance for each project, subject to the program guidelines.

Program Monitoring will include the following objectives and targets, measurements (to indicate the success of the programs), and frequency of reporting.

Program Monitoring

Objective	Indicators (to monitor and measure)	Reporting Frequency
Encourage creation of more affordable housing units/provide relief from biggest financial barriers to construction of affordable units (e.g. through incentives)	Number of Affordable projects and number of units created that use the CIP programs; Vacancy rates; Levels of affordability (% of A.M.R.) Average Market Rents vs. Incomes.	Align Reporting with Multi-Year Budget; Five-year reporting through Census
Creation of mixed-income communities	Number of Affordable projects and mixed-income/mixed-tenure projects created (annual)	Annual reporting
Enable creation of more mixed-income communities	Number of Affordable projects and mixed-income/mixed-tenure projects created (annual)	Annual reporting
Assist in regeneration of public housing stock by making available units for new residents into community housing	Number of units created that use the CIP programs (annual); Number of community housing households who move to Affordable Housing; Number of new community housing households.	LMCH reporting
Evaluate land sales (for affordable housing) and potential acquisitions (of surplus sites)	Property/Properties acquired for affordable housing projects; Number of units created; Lands acquired and sold by City for affordable units	Annual reporting
Creating units to support the goals of the Housing Stability Plan and <i>The London Plan</i> (at various scales of intensification/affordable)	Infill and Intensification projects; New Secondary Suites; <i>London Plan</i> monitoring; Number of affordable units using energy efficiency and with accessible design; Levels of affordability; Unit sizes vs household sizes	Annual reporting

Affordable Housing CIP Evaluation and Monitoring Report

Housing Monitoring Reports will be prepared regularly by Civic Administration. CIP monitoring reports on the number of applications received and processed for this CIP will be prepared at least every four years, to align with Council's Strategic Planning and multi-year-budget cycle. There is significant need for affordable housing in the City. If monitoring finds programs have been successful, a 'sunset date' may be introduced in future or monitoring may result in specifying unit targets or changes to program guidelines based on changing demographics or other changing housing needs. Based on experience administering other CIPs in London, the time span for monitoring is long enough to:

- Accumulate sufficient information on the uptake and monitoring of the CIP incentive programs;
- Start, build, and assess impacts of individual projects;
- Incorporate projects into staff work plans; and
- Align with the four-year budgeting cycle.

Based on monitoring of housing market trends and affordability, the following actions may occur to ensure the CIP remains responsive to London's affordable housing needs:

1. Amendment to the Affordable Housing Community Improvement Plan
 - Changes to any of the content of the CIP, including goals, objectives, and boundaries of project areas or clarifications of the financial incentive programs must follow the process described in the *Planning Act*. Consequential amendments to *The London Plan* and/or Zoning By-law may be required.
2. Adjustments to the Financial Incentive Programs
 - Changes to the terms, conditions, processes, and requirements associated with the financial incentive programs may be made through Council direction without the need for an Official Plan Amendment that amends the Affordable Housing CIP. The addition of a new incentive program would require an amendment to this Plan.
3. Adjustments to Funding
 - Council has the authority to approve funding for financial incentive programs specified in London's Community Improvement Plans and may approve budgets necessary to carry out other CIP actions. Funding will be timed to occur as part of multi-year budgets and any amendments made in consultation with the City Treasurer to the approved four-year budgets.

Section 7: APPENDICES

Appendix A: Legislation Framework (for Community Improvement Plans)

This section provides a summary of the legislative authority for preparing and adopting the Affordable Housing Community Improvement Plan (CIP).

Municipal Act, 2001

Section 106 (1) and (2) of the *Municipal Act, 2001* prohibits municipalities from directly or indirectly assisting any manufacturing business or other industrial or commercial enterprise through the granting of bonuses. This prohibition is generally known as the "bonusing rule". Prohibited actions include:

- giving or lending any property of the municipality, including money;
- guaranteeing borrowing;
- leasing or selling any municipal property at below fair market value; and,
- giving a total or partial exemption from any levy, charge or fee.

However, Section 106 (3) of the *Municipal Act, 2001* provides an exception to this "bonusing rule" for municipalities exercising powers under Subsection 28(6), (7) or (7.2) of the *Planning Act* or under Section 365.1 of the *Municipal Act, 2001*. This legislation

states that Municipalities are allowed to prepare and adopt Community Improvement Plans (CIPs) if they have the appropriate provisions in their Official Plan.

Subject to Section 106 of the *Municipal Act*, 2001, Section 107 of the *Municipal Act*, 2001 describes the powers of a municipality to make a grant, including the power to make a grant by way of a loan or guaranteeing a loan. In addition to the power to make a grant or loan, the municipality also has the powers to:

- sell or lease land for nominal consideration or to make a grant of land;
- provide for the use by any person of land owned or occupied by the municipality upon such terms as may be fixed by council; and,
- sell, lease or otherwise dispose of at a nominal price, or make a grant of, any personal property of the municipality or to provide for the use of the personal property on such terms as may be fixed by council.

Section 365.1 of the *Municipal Act*, 2001 operates within the framework of Section 28 of the *Planning Act*. A municipality with an approved community improvement plan in place that contains provisions specifying tax assistance for environmental remediation costs will be permitted to provide said tax assistance for municipal property taxes.

Municipalities may also apply to the Province to provide matching education property tax assistance through the Province's Brownfields Financial Tax Incentive Program (BFTIP).

Planning Act

The *Planning Act* sets out the framework and ground rules for land use planning in Ontario, and describes how land uses may be controlled and who may control them. Section 28 of the *Planning Act* provides for the establishment of Community Improvement Project Areas where the municipality's Official Plan contains provisions relating to community improvement and the Community Improvement Project Area is designated by a by-law pursuant to Section 28 of the *Planning Act*.

Section 28(1) of the *Planning Act*, defines a Community Improvement Project Area to mean "a municipality or an area within a municipality, the community improvement of which in the opinion of the council is desirable because of age, dilapidation, overcrowding, faulty arrangement, unsuitability of buildings or for any other environmental, social or community economic development reason. There are a variety of reasons that areas can be designated as an area in need of community improvement. Criteria for designation includes physical deterioration, faulty arrangement, unsuitability of buildings, and other social or community economic development reasons, including affordable housing.

Section 28(1) of the *Planning Act*, also defines "community improvement" to mean "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".

Once a Community Improvement Plan (CIP) has come into effect, the municipality may:

- i) acquire, hold, clear, grade or otherwise prepare land for community improvement (Section 28(3) of the *Planning Act*);
- ii) construct, repair, rehabilitate or improve buildings on land acquired or held by it in conformity with the community improvement plan (Section 28 (6));
- iii) sell, lease, or otherwise dispose of any land and buildings acquired or held by it in conformity with the community improvement plan (Section 28 (6)); and,

- iv) make grants or loans, in conformity with the community improvement plan, to registered owners, assessed owners and tenants of land and buildings within the Community Improvement Project Area, and to any person to whom such an owner or tenant has assigned the right to receive a grant or loan, to pay for the whole or any part of the eligible costs of the Community Improvement Plan (Section 28 (7)).

Eligible Costs - Section 28(7.1)

The *Planning Act* specifies that eligible costs for the purposes of carrying out a municipality's Community Improvement Plan may include costs related to:

- environmental site assessment;
- environmental remediation; and,
- development, redevelopment, construction and reconstruction of lands and buildings for rehabilitation purposes or for the provision of energy efficient uses, buildings, structures, works, improvements or facilities.

Maximum Amount - Section 28(7.3)

Section 28(7.3) restricts the maximum amounts for grants and loans made under the *Planning Act* from exceeding the eligible costs defined in the CIP. Specifically, the *Planning Act* directs that the "total of the grants and loans made in respect of particular lands and buildings under subsections (7) and (7.2) and the tax assistance as defined in section 365.1 of the *Municipal Act*, 2001 or section 333 of the *City of Toronto Act*, 2006, as the case may be, that is provided in respect of the lands and buildings shall not exceed the eligible cost of the Community Improvement Plan with respect to those lands and buildings".

Registration of Agreement - Section 28 (11)

The *Planning Act* allows the City of London to register an Agreement concerning a grant or loan made under subsection (7) or an Agreement entered into under subsection (10) against the land to which it applies. The municipality shall be entitled to enforce the provisions thereof against any party to the Agreement and, subject to the provisions of the *Registry Act* and the *Land Titles Act*, against any and all subsequent owners or tenants of the land.

Tariff of Fees – Section 69

The *Planning Act* allows the City of London reduce or waive the amount of a fee in respect of a planning application where it feels payment is unreasonable. Municipalities can use this tool to waive all matter of planning application fees to promote community improvement without the use of a CIP. Alternately, a municipality can collect fees and then provide a rebate of fees in the form of a grant through a CIP.

Ontario Heritage Act

The purpose of the *Ontario Heritage Act* is to give municipalities and the provincial government powers to conserve, protect and preserve heritage buildings and archaeological sites in Ontario. While the Heritage Property Tax Relief Program under Section 365.2 (1) of the *Municipal Act*, 2001 is designed to assist property owners in maintaining and conserving heritage properties, Section 39 (1) of the *Ontario Heritage Act* allows the Council of a municipality to make grants or loans (up-front or tax-increment basis) to owners of designated heritage properties to pay for all or part of the cost of alteration of such designated property on such terms and conditions as the Council may prescribe. In order to provide these grants and loans, the municipality must pass a By-law providing for the grant or loan. Grants and loans for heritage restoration and improvement can also be provided under a CIP.

One of the key administrative advantages of Section 39 of the *Ontario Heritage Act* is that it requires only the passing of a By-law by the local Council rather than the formal public meeting process under Section 17 of the *Planning Act* required for a CIP. One of the disadvantages of the *Ontario Heritage Act* is that unlike the *Planning Act*, it does not allow municipalities to make grants or loans to assignees who wish to undertake heritage improvements (e.g. tenants).

A second advantage of the *Ontario Heritage Act* is that the interpretation of Section 39 (1) suggests that grants and loans are not restricted to heritage features. Section 39 (1) of the *Ontario Heritage Act* refers to "...paying for the whole or any part of the cost of alteration of such designated property on such terms and conditions as the council may prescribe." Consultations with provincial Staff and legal experts have confirmed that this section of the Act does not restrict grants and loans to heritage features.

Section 39 (1) of the *Ontario Heritage Act* can also be used to provide grants and loans for the undertaking of professional design studies as these can be considered "part of the cost of alteration". A design study is certainly an important precursor to, and key component of any alterations to major heritage features. Section 39 (2) of the *Ontario Heritage Act* allows the Council of a municipality to add the amount of any loan (including interest) to the tax roll and collect said loan in the same way that taxes are collected, for a period of up to 5 years. This section of the Act also allows the municipality to register the loan as a lien or charge against the land.

Development Charges Act

Section 5 of the *Development Charges Act* allows a municipality to exempt types of development from a Development Charge, but any resulting shortfall cannot be made up through higher Development Charges for other types of development. This allows upper and lower tier municipalities to offer partial or total exemption from municipal Development Charges (also known as a reduction of Development Charges) in order to promote community improvement. Because this financial incentive is normally offered before construction, it is very attractive to developers and is a very powerful community improvement tool.

Through Bill 108, the *Development Charges Act* will also be changed so that municipalities may only collect Development Charges for a prescribed list of services, such as roads, servicing and infrastructure. Other "soft services" such as parks and community facilities have been removed from Development Charges and added to new "Community Benefit Charges" under the *Planning Act*. The payment of Development Charges has also changed from the time of building permit issuance to the time of building occupation. The City's collection of Development Charges is also now deferred through installment payments. Non-profit developers of housing will pay their Development Charges over 21 annual installments, and other purpose-built rental buildings (which are not in the non-profit category) will pay the Development Charges over 6 annual installments.

Appendix B: Policy Review

Policy Framework

1989 Official Plan

Chapter 14 establishes that the City can designate community improvement project areas and prepare associated Community Improvement Plans (CIPs) to address identified community needs and improvement goals in these areas. Some of the community improvement goals that can be addressed by a CIP include: supporting private property (re)investment and maintenance; addressing compatibility of land uses; supporting the creation of Affordable Housing; and, supporting the retention of heritage properties/areas. The 1989 Official Plan also outlines criteria for designating community improvement project areas and potential initiatives which Council may use to implement specific CIP recommendations, like federal and provincial government programs and financial incentive programs (grants and loans).

The London Plan

Consistent with the 1989 Official Plan, *The London Plan* establishes that community improvement project areas can be designated anywhere in the municipal boundary, and that Council may adopt an associated Community Improvement Plan (CIP) for the area to support and achieve community improvement goals. Goals for community improvement are consistent with the focus and goals for Affordable Housing, Intensification, and Urban Regeneration and include: stimulating (re)investment and redevelopment; inspiring appropriate infill; creating and maintaining affordable housing; coordinating planning efforts; improving physical infrastructure; supporting community economic development; preserving neighbourhood and cultural heritage value; and, establishing an improved neighbourhood. *The London Plan* also identifies that CIPs can provide City Council with the tools to achieve these goals which can include grants, loans and other incentives intended to support community improvement.

CIPs in London

At present, the City Council has adopted eight (8) CIPs. The CIPs are intended to stimulate targeted reinvestment, encourage select infill and intensification opportunities, coordinate planning efforts, preserve neighbourhood and heritage character, enhance industrial and other business opportunities, and aid in the cleanup of contaminated sites. The geographically-based CIPs include: the Airport, Downtown, Hamilton Road, Old East Village and SoHo CIPs; the criteria-based CIPs include the Brownfield, Heritage and Industrial CIPs.

Appendix C – Public Engagement

Public liaison: Notice of Application was published in the *Public Notices and Bidding Opportunities* section of *The Londoner* on August 15, 2019 and circulated to City Planning’s official circulation list, including prescribed agencies as well as stakeholder groups, and advisory committees. A webpage was also added to the “Community Improvement Plans” section of the City of London website.

Notice of Community Information Meetings was published in *The Londoner* on September 19, 2019, and circulated through the circulation list and to interested parties, as well as published on the City’s website.

Meetings with development stakeholder groups were also held in July and August of 2019.

Responses to Public Liaison Letter and Publication in “The Londoner”

Telephone	Written
Robert Sexsmith	Mike Brcko Revera Inc. 600 – 5015 Spectrum Way Mississauga, ON, L4W 0E4
	Chris Butler 863 Waterloo Street

Appendix D – Sources

Planning Act, R.S.O. 1990, c P.13

Municipal Act, 2001, SO 2001, c. 25

Ontario Heritage Act, R.S.O. 1990, c. O.18

Development Charges Act, 1997, S.O. 1997

Bill 108, *More Homes, More Choice Act, 2019*. Royal Assent June 6, 2019.

City of London. *Official Plan*, 1989.

City of London. *The London Plan*, 2016.

Statistics Canada. Canada Census 2016, City of London.

Ministry of Municipal Affairs and Housing (MMAH). 2018 Custom Data Run for City of London, based on 2016 Canada Census.

Canada Mortgage and Housing Corporation (CMHC). “Housing Now: Absorbed Single-Detached Units by Price Range, First Quarter 2018 and First Quarter 2019”. 2019.

London-St. Thomas Association of Realtors (LSTAR), Market Updates.

Appendix E – Relevant Background

Additional Reports

June 17, 2019. “Affordable Housing Development: Planning Toolkit Update”, Planning and Environment Committee.

June 17, 2019. “Homeless Prevention and Housing Plan 5 Year Review and Update – Process”, Community and Protective Services Committee.

March 18, 2019. “Update on Response to Provincial Consultation on ‘Increasing Housing Supply in Ontario’”, Planning and Environment Committee.