

Report to Planning and Environment Committee

To: Chair and Members
Planning & Environment Committee

From: Gregg Barrett
Manager, Long Range Planning and Sustainability

Subject: Affordable Housing Community Improvement Plan (CIP) and Program Guidelines

Public Participation Meeting on: January 20, 2020

Recommendation

That, on the recommendation of the Manager, Long Range Planning and Sustainability, the following actions **BE TAKEN** with respect to the application by the City of London relating to a Community Improvement Plan (CIP) for Affordable Housing:

- (a) That the proposed by-law attached as Appendix “A” **BE INTRODUCED** at the Municipal Council meeting on January 28, 2020, to designate lands within the City of London as the Affordable Housing Community Improvement Project Area pursuant to Section 28 of the *Planning Act* and as provided for under the Our Tools part of *The London Plan*.
- (b) That the proposed by-law attached as Appendix “B” **BE INTRODUCED** at the Municipal Council meeting on January 28, 2020, to amend Map 8 (Community Improvement Project Areas) in Appendix 1 (Maps) of *The London Plan* to **ADD** the Affordable Housing Community Improvement Project Area (as designated in part (a) above).
- (c) That the proposed by-law attached as Appendix “C” **BE INTRODUCED** at the Municipal Council meeting on January 28, 2020, to adopt the Affordable Housing Community Improvement Plan to outline objectives, programs, and monitoring of community improvement related to the development of new affordable housing units in the Affordable Housing Community Improvement Project Area (as designated in part (a) above).
- (d) That the proposed by-law attached as Appendix “D” **BE INTRODUCED** at the Municipal Council meeting on January 28, 2020, to adopt a by-law to establish financial incentive programs for the Affordable Housing Community Improvement Project Area (as designated in part (a) above).

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

IT BEING FURTHER NOTED that, subject to evaluation and funding through the 2020-2023 Multi-Year Budget, incentive programs introduced under the Affordable Housing Community Improvement Plan will come into effect the day after the multi-year budget is passed by Municipal Council.

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 Action Plan (HSAP) and the Homelessness Prevention and Housing policies of *The London Plan*.

One tool identified in the toolkit is a Community Improvement Plan (CIP) that would provide financial incentives to encourage the development of new affordable housing as

well as act as the City's contribution towards the "co-investment" that is required in order to access Federal affordable housing funding under the National Housing Strategy.

After stakeholder and public consultations in summer and fall 2019, a draft Affordable Housing CIP was prepared and presented at the November 18, 2019, meeting of the Planning and Environment Committee. The November 2019 report also included key principles of proposed incentive programs to be offered under the CIP.

Staff conducted additional public consultations in December 2019 to confirm the CIP's approach, identify measures for future monitoring, and to review the program guidelines for two (2) proposed incentive programs.

This report recommends: (1) designation of the Affordable Housing Community Improvement Project Area; (2) Amendments to mapping of *The London Plan* to identify the Affordable Housing Community Improvement Project Area; (3) Adoption of the Affordable Housing Community Improvement Plan; and (4) Adoption of two financial incentive programs within the project area, noting that funding for the incentive programs is to be evaluated through the 2020-2023 multi-year budget process.

The Affordable Housing Community Improvement Plan meets the test for community improvement, as defined in the *Planning Act*. Furthermore, the adoption of the Community Improvement Plan and London Plan Amendment is consistent with the Provincial Policy Statement and is supported by policies of *The London Plan*.

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 residential intensification and 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, and will align with transportation planning to support public transit and active transportation options.

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 Action 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. The "Affordable Housing Community Improvement Plan (CIP)", was identified as a priority within the Toolkit.

The Affordable Housing CIP is identified as a priority tool within the Toolkit, in part because of the requirements of municipal "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 would assist affordable housing developers in accessing additional affordable housing funding from other levels of government.

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 specific area, referred to as a Community Improvement 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 those programs and incentives have been identified within an adopted Community Improvement Plan.

The Affordable Housing Community Improvement Plan meets the test for community improvement as defined in the *Planning Act*.

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 “Affordable Housing Development Toolkit” may define “affordable” differently or address different housing choices;
- 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 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 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 Action Plan.

The Affordable Housing CIP also does not directly plan for or fund regeneration of London Middlesex Community Housing (LMCH) or other community housing providers’ sites. The LMCH Regeneration Plan addresses this along with community housing funding needs.

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.

2.4 Nature of Application

This report recommends:

- The designation of the Affordable Housing Community Improvement Project Area and related map amendments to *The London Plan*;
- Adoption of the Affordable Housing Community Improvement Plan; and
- Adoption of two financial incentive programs within the project area, noting that funding for the incentive programs is to be considered as part of the 2020 multi-year budget process.

This CIP is intended to be used to set objectives and identify future monitoring measures for the development of new affordable housing units. This CIP is also intended to implement policies of *The London Plan* and the *Housing Stability Action Plan*.

2.5 Update since the November 18, 2019 Report to PEC

At the November 18, 2019, Planning and Environment Committee, Council gave direction on the draft Affordable Housing Community Improvement Plan and draft principles for the incentive program guidelines.

The draft CIP identified objectives related to the creation of more new affordable rental units and an analysis of the need for affordable housing (e.g. household incomes relative to housing costs). The November 2019 report also identified that there are two proposed incentive programs, which are City of London loan programs to encourage the creation of affordable rental housing units and encourage the creation of “Additional Residential Units” (for home ownership affordability as well as increasing long-term rental supply). The term “Additional Residential Units” was recently introduced by the Province; it replaces the term “Secondary Dwelling Units”.

Community meetings were held on December 12 and December 17. Through this continued consultation, Staff have found there to be general public support for the Affordable Housing CIP’s Objectives, Monitoring Measures, and to recognize the need for Affordable Housing. There is also general support for a CIP project area that applies to the entire city.

Comments and discussion at the December 2019 community meetings centred on the financial incentive program guidelines and included the following:

- Questions regarding how the City would be able to track the rents of the Additional Residential Units and Affordable Units created as a result of the incentive programs;
- Concern about the availability to renters of the Additional Residential Units developed as a result of the incentive programs (e.g. how many months per year the unit is occupied);
- Whether the multi-unit residential incentive program should require a mix of market and affordable units or whether a mix of various levels of affordable units is also appropriate under the incentive programs;
- Whether the loan amount proposed (up to \$20,000) is sufficient to encourage the creation of affordable units, noting that the proposed loan amount is comparable to the dollar amount of current City Development Charges (and DCs were one of the up-front costs which were identified in earlier consultations as a barrier to affordable housing development);

- The cost of administering the incentive programs, including the initial “one time” budget cost to initiate, ongoing cost of the revolving loans, and administration of programs. It should be noted that the level of funding of incentive programs under all City Community Improvement Plans is subject to Council’s multi-year budget, and program funding can be adjusted with each new Council’s budget evaluation process.
- Concern was also raised that the applicant’s ten year loan repayment schedule (proposed to start after the building is constructed) would limit the ability to rent new units at affordable rates. It was identified that a repayment schedule at earlier milestone dates would allow a loan to be considered as part of the capital project, whereas later repayment would be viewed as an operating cost and projects may not have sufficient rental revenue to repay the City loan.

As a result of the continued consultations in December 2019, the program guidelines identified in Appendix ‘D’ to this report have been revised as follows:

- CIP Program #1: Affordable Housing Development Loan Program
 - In buildings with more than ten (10) units there must be mixed affordability (i.e. Affordable and Market Rent units or units with different levels of affordability relative to Average Market Rent (AMR), as defined by the CMHC).
 - Units must be rented below Canada Mortgage and Housing Corporation (CMHC) Average Market Rent (AMR), based on the average market rent by CMHC “Zone” (i.e. geographic area) of the City. If recent, reliable rental data by “CMHC Zone” is unavailable (data more than 1-year old), then the city-wide AMR will be applied for the purposes of establishing the loan level.
 - The applicant’s repayment period will begin sixty (60) days after the building permit is issued.
 - Loan repayment by owner will occur in three (3) equal installments (each is one-third of the value of the loan). The first repayment is due to the City sixty (60) days after issuance of the building permit. The second repayment is due when structural framing is complete, as confirmed by a letter from a Professional Engineer identifying completion. The final installment of the repayment is required at the time of building occupancy or ten (10) years after the date the building permit was issued, whichever is sooner.
- CIP Program #2: Additional Residential Unit Loan Program
 - The Additional Residential Unit Loan Program applies to eligible residences (defined as single-detached, semi-detached and street townhouses) that exist as of the date the by-law is passed by Council to adopt the Affordable Housing CIP (i.e. January 28, 2020).
 - Eligible works include servicing, recognizing that accessory structures (such as garages or coach houses) will require municipal servicing in order to convert to residential units.
 - Loans will be issued at the time the eligible works are completed and repayment will begin twelve (12) months after the loan is issued.
 - The loan will be repaid to the City in 108 equal monthly installments thereafter.
 - The owner-occupant will be required to declare the rental price of the Additional Residential Unit as part of annual renewals of the Residential Rental Unit License (RRUL) for the Additional Residential Unit.

3.0 Background and Policy Context

3.1 London Plan Amendment

The proposed amendment would add the Community Improvement Project Area to Map 8 (Community Improvement Project Areas) of *The London Plan*.

The London Plan Amendment and designation of a community improvement project area for Affordable Housing is in conformity with the policy framework of *The London Plan*.

Community improvement plans are intended to provide City Council with the necessary tools to stimulate reinvestment and redevelopment, encourage appropriate infill and intensification, coordinate planning efforts, improve the physical infrastructure, support community economic development, preserve neighbourhood and cultural heritage value, and lead to the establishment of an improved neighbourhood. The tools to implement community improvement plans may include incentives and targeted private and/or public investment to achieve the vision, key directions and policies in The London Plan. Council may also acquire, clear and dispose of land to support community improvement and economic development, or use any other methods to support community improvement or environmental, social or community economic development including affordable housing, which is permitted by the legislation.

Policy 511_ of The Homelessness Prevention and Housing section of *The London Plan* identifies that CIPs may be used to create housing opportunities and new housing stock. Policy 511_ states that: “community improvement plans may be created to identify programs and funding that will encourage the improvement of the existing housing stock and the development of new housing stock.”

Additionally, The London Plan identifies that community improvement is intended to meet various objectives. Several of which relate to affordable housing, including:

- 1727_4. Stimulate private sector property maintenance, repair, rehabilitation, redevelopment and other forms of private sector investment and reinvestment activity.
- 1727_10. Upgrade social and recreational facilities and support the creation of affordable housing.

In order to identify areas for community improvement, City Council is required to consider various criteria, including several which relate to affordable housing:

- 1728_4. Vacant lots and/or underutilized properties and buildings which have potential for infill, redevelopment, expansion or development to better utilize the land base.
- 1728_9. Lack of or deficient affordable housing or mix of housing opportunities.
- 1728_13. Other significant environmental, social or community economic development reasons for community improvement.

3.2 Provincial Policy Statement, 2014

The Provincial Policy Statement provides policy direction on matters of provincial interest related to land use planning and development. As a key part of Ontario’s policy-led planning system, the Provincial Policy Statement sets the policy foundation for regulating the development and use of land. It also supports the provincial goal to enhance the quality of life for all Ontarians. In July 2019, the Province proposed updates to the PPS. These updates are part of the Province’s “Housing Supply Action Plan”, which identifies “increasing housing supply” and “ensuring the provision of sufficient housing to meet changing needs, including affordable housing” as Provincial priorities. The proposed changes also identify that the Province will require alignment

between an Official Plan's affordable housing targets and Municipal Homeless Prevention and Housing Plans (i.e. the City of London's Housing Stability Action Plan). Public consultation on the changes ended in October 2019. The proposed changes have not yet received royal assent.

Under Part V of the PPS, policies for "Managing and Directing Land Use to Achieve Efficient and Resilient Development and Land Use Patterns" include direction for municipalities to:

- Promote efficient development and land use patterns which sustain the financial well-being of the Province and municipalities over the long term (policy 1.1.1.a); and
- Accommodate an appropriate range and mix of residential (including second units, affordable housing and housing for older persons), [...] as well as other uses to meet long-term needs (policy 1.1.1.b).

Section 3 of the Planning Act requires that decisions affecting planning matters "shall be consistent with" the PPS. All municipal plans, including: Official Plans, Secondary Plans, and CIPs must be consistent with all applicable provincial policies.

3.3 Municipal Act and Planning Act

The *Municipal Act* prohibits municipalities from providing assistance directly or indirectly to any manufacturing business or other industrial or commercial enterprise through the granting of bonuses (Section 106(1)).

Section 106(2) states that the municipality shall not grant assistance by:

- Giving or lending any property of the municipality, including money;
- Guaranteeing borrowing;
- Leasing or selling any municipal property at below fair market value; or
- 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 the granting of bonuses. Municipalities can exercise powers under subsection 28(6), (7) or (7.2) of the *Planning Act* or under Section 365.1 of the *Municipal Act*, 2001. Section 28 of the Planning Act allows municipalities to prepare and adopt Community Improvement Plans if they have the appropriate provisions in their Official Plans.

As such, through section 28 of the *Planning Act* municipalities can identify community improvement project areas in order to undertake actions for community improvement. As noted above, community improvement can include planning and re-planning areas, directing funds for municipal infrastructure, public space or affordable housing, and providing municipal grants or loans.

4.0 Conclusion

This report recommends designation of the Affordable Housing Community Improvement Project Area and related amendments to London Plan mapping. Additionally, this report recommends adoption of the Affordable Housing Community Improvement Plan and adoption of two financial incentive programs within the project area.

The Affordable Housing Community Improvement Plan meets the test for community improvement, as defined in the *Planning Act*. Furthermore, the adoption of the Community Improvement Plan and London Plan Amendment is consistent with the Provincial Policy Statement and is supported by policies of *The London Plan*.

Consultation regarding the draft Affordable Housing CIP and incentive program guidelines took place in December 2019.

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 is part of Council's multi-year budget. Funding of the loan programs 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.

Eligibility for the financial incentive programs within the Community Improvement Project Area is based upon criteria within the program guidelines. The program criteria have been established to meet multiple City objectives of Council's Strategic Plan and *The London Plan*.

Prepared by:	Travis Macbeth, MCIP, RPP Planning Policy
Submitted and Recommended by:	Gregg Barrett, AICP Manager, Long Range Planning and Sustainability
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	

January 9, 2020
TM/tm

Appendix A – By-law to Designate Community Improvement 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 covered by an official plan 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*.

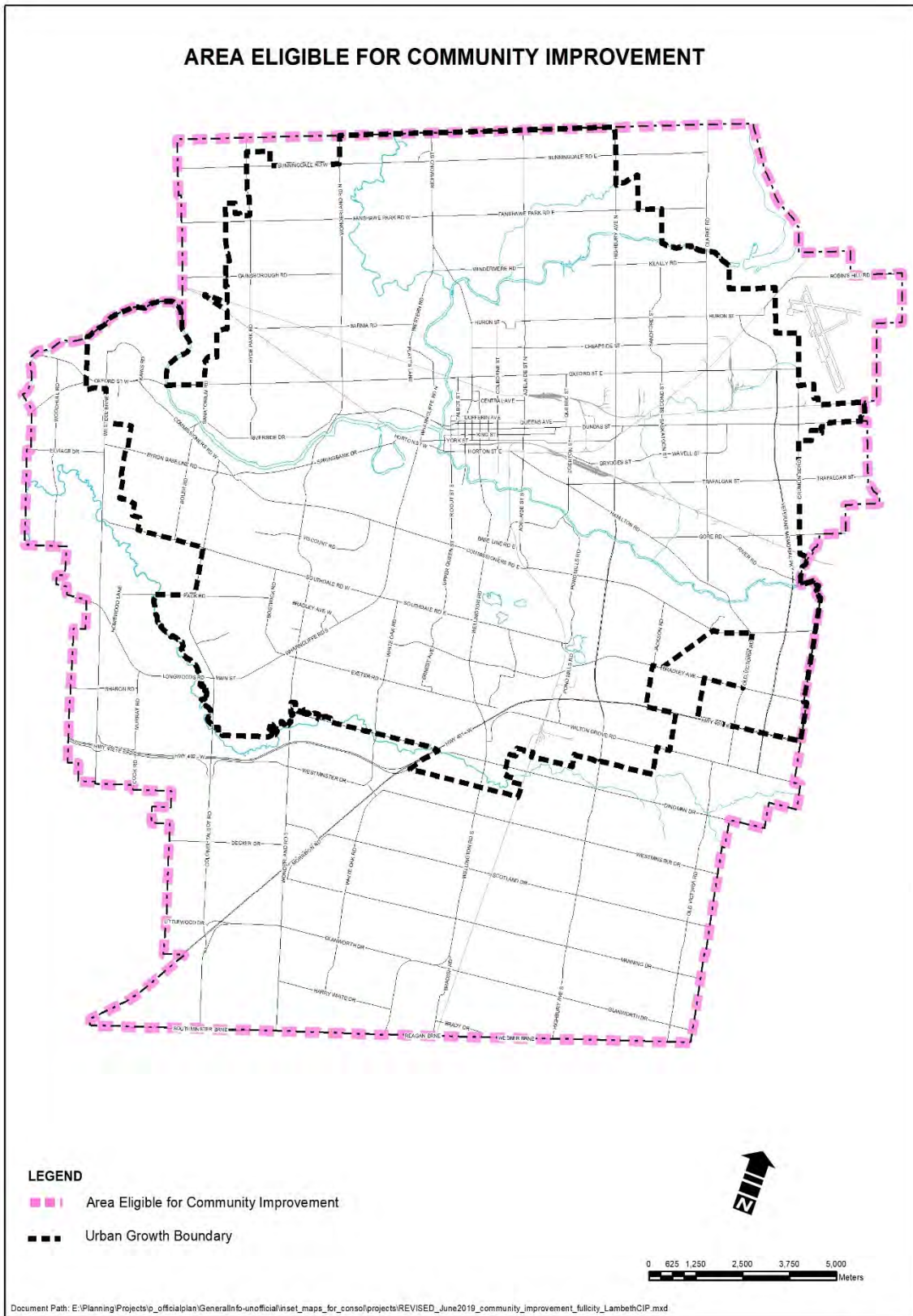
PASSED in Open Council on January 28, 2020.

Ed Holder
Mayor

Catharine Saunders
City Clerk

First Reading – January 28, 2020
Second Reading – January 28, 2020
Third Reading – January 28, 2020

Schedule 1: Affordable Housing Community Improvement Project Area



Appendix B – London Plan Amendment (Map 8)

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

By-law No. C.P. XXXX

A by-law to amend The London Plan for the City of London, 2016, relating to Map 8 in Appendix 1 (Maps) and the Community Improvement Project Area for Affordable Housing

The Municipal Council of the Corporation of the City of London enacts as follows:

1. Amendment No. XX to The London Plan for the City of London Planning area – 2016, as contained in the text attached hereto and forming part of this by-law, is adopted.
2. The Amendment shall come into effect in accordance with subsection 17(27) of the Planning Act, R.S.O. 1990, c. P. 13.

PASSED in Open Council on January 28, 2020

Ed Holder
Mayor

Catharine Saunders
City Clerk

First Reading – January 28, 2020
Second Reading – January 28, 2020
Third Reading – January 28, 2020

**AMENDMENT NO.
to the
THE LONDON PLAN FOR THE CITY OF LONDON**

A. PURPOSE OF THIS AMENDMENT

The purpose of this Amendment is:

1. To add the Affordable Housing Community Improvement Plan Project Area to Map 8 – Community Improvement Project Areas to Appendix 1 (Maps) to *The London Plan*, pursuant to Council’s designation of the Affordable Housing Community Improvement Project Area.
2. To correct spelling of “within” in the Legend of Map 8 – Community Improvement Project Areas to The London Plan.

B. LOCATION OF THIS AMENDMENT

This Amendment applies to all lands within the Affordable Housing Community Improvement Project Area.

C. BASIS OF THE AMENDMENT

The City must designate an affordable housing community improvement project area in order to adopt a community improvement plan pertaining to such matters.

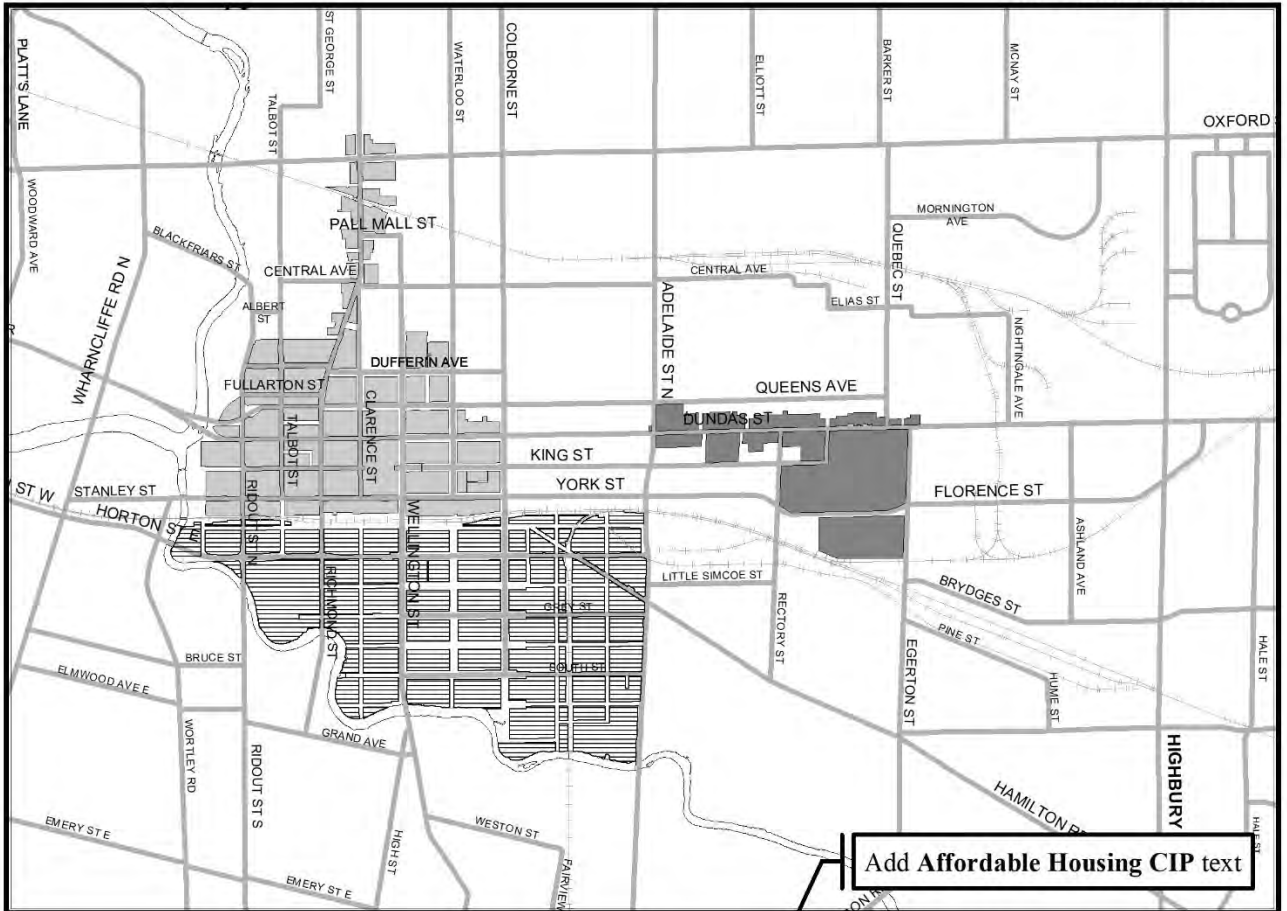
D. THE AMENDMENT

The London Plan for the City of London is hereby amended as follows:

1. Map 8 – Community Improvement Project Area in Appendix 1 (Maps) to *The London Plan* for the City of London Planning Area is amended by adding the “Affordable Housing CIP Project Area” to the Map Legend and correcting the spelling of “within” in the Map Legend, as indicated on “Schedule 1” attached hereto.

Schedule 1: Amendment to Map 8 to The London Plan

AMENDMENT NO:







LEGEND

-  Airport Community Improvement Project Area
-  Downtown Community Improvement Project Area
-  Old East Village Community Improvement Project Area
-  SoHo Community Improvement Project Area


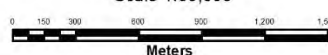
NOTE: The Brownfields CIP, Heritage CIP, Industrial CIP, and Affordable Housing CIP Project Areas include all lands within the municipal boundary.

Correct spelling of **within**

BASE MAP FEATURES

-  Streets (See Map 3)
-  Railways
-  Urban Growth Boundary
-  Water Courses/Ponds

This is an excerpt from the Planning Division's working consolidation of Map 8 - Community Improvement Project Areas of the London Plan, with added notations.

<p align="center">SCHEDULE # TO THE LONDON PLAN</p> <p align="center">AMENDMENT NO. _____</p> <p align="center">PREPARED BY: Planning Services</p>	<p align="center">  Scale 1:30,000  Meters </p>	<p>FILE NUMBER:</p> <p>PLANNER: TM</p> <p>TECHNICIAN: MB</p> <p>DATE: 12/17/2019</p>
---	---	--

Appendix C – By-law to Adopt the Affordable Housing Community Improvement Plan

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 January 28, 2020.

Ed Holder
Mayor

Catharine Saunders
City Clerk

First Reading – January 28, 2020
Second Reading – January 28, 2020
Third Reading – January 28, 2020

Schedule 1: Affordable Housing Community Improvement Plan



City of London

Affordable Housing Community Improvement Plan



The Affordable Housing Community Improvement Plan was prepared by City of London City Planning Staff with assistance from representatives from Homeless Prevention and Housing, Housing Development Corporation London, London Middlesex Community Housing, and many community stakeholders, organizations and members of the public

We are thankful to everyone who participated in the community meetings and contributed throughout the preparation of this Plan.

Affordable Housing Community Improvement Plan

Adopted pursuant to Section 28 of the *Planning Act*.

Introduction

- 1 Introduction
- 2 What is a Community Improvement Plan
- 3 Purpose of this Community Improvement Plan
- 3 How this CIP was prepared
- 4 Study Area
- 5 Project Area
- 5 Program Area and Eligibility

Housing and Income Profile

- 6 Housing and Income Profile
- 7 Defining Affordable Housing
- 8 Defining Core Housing Need
- 9 Determining Affordable Housing Need in London

Community Improvement Project Area

- 16 Community Improvement Project Area

Goals & Objectives

- 18 Community Improvement Project Area

Programs Under the Community Improvement Plan

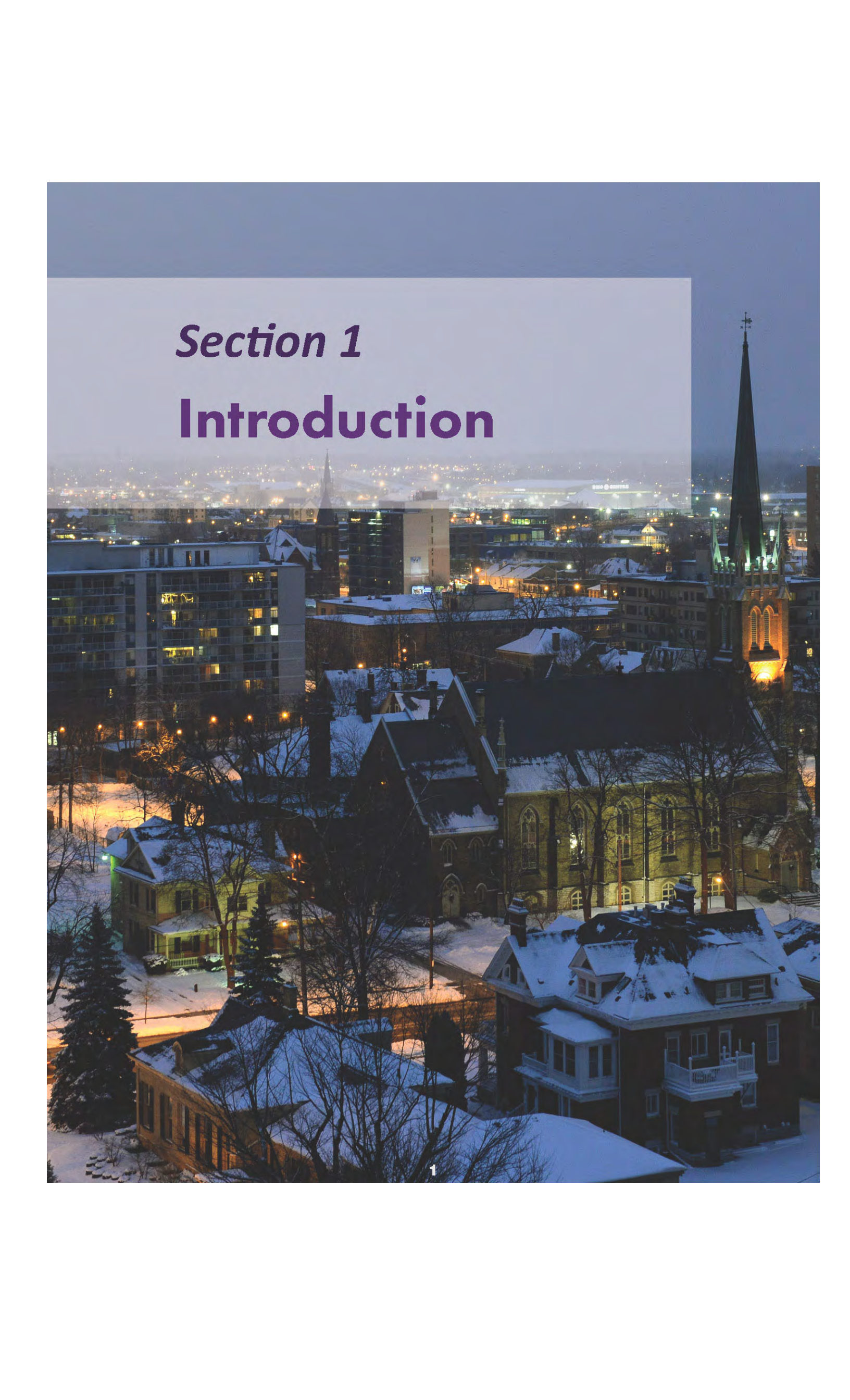
- 21 Programs Under the Community Improvement Plan

Monitoring and Evaluation

- 25 Monitoring and Evaluation
- 26 Program Monitoring

Appendices

- 29 Appendices
- 30 Appendix A: Legislation Framework
- 35 Appendix B: Policy Review

An aerial night photograph of a city covered in snow. The scene is illuminated by city lights, with a prominent church spire on the right side. The text 'Section 1 Introduction' is overlaid in a purple font on a semi-transparent white background in the upper left quadrant.

Section 1
Introduction



What is a Community Improvement Plan?

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. 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.

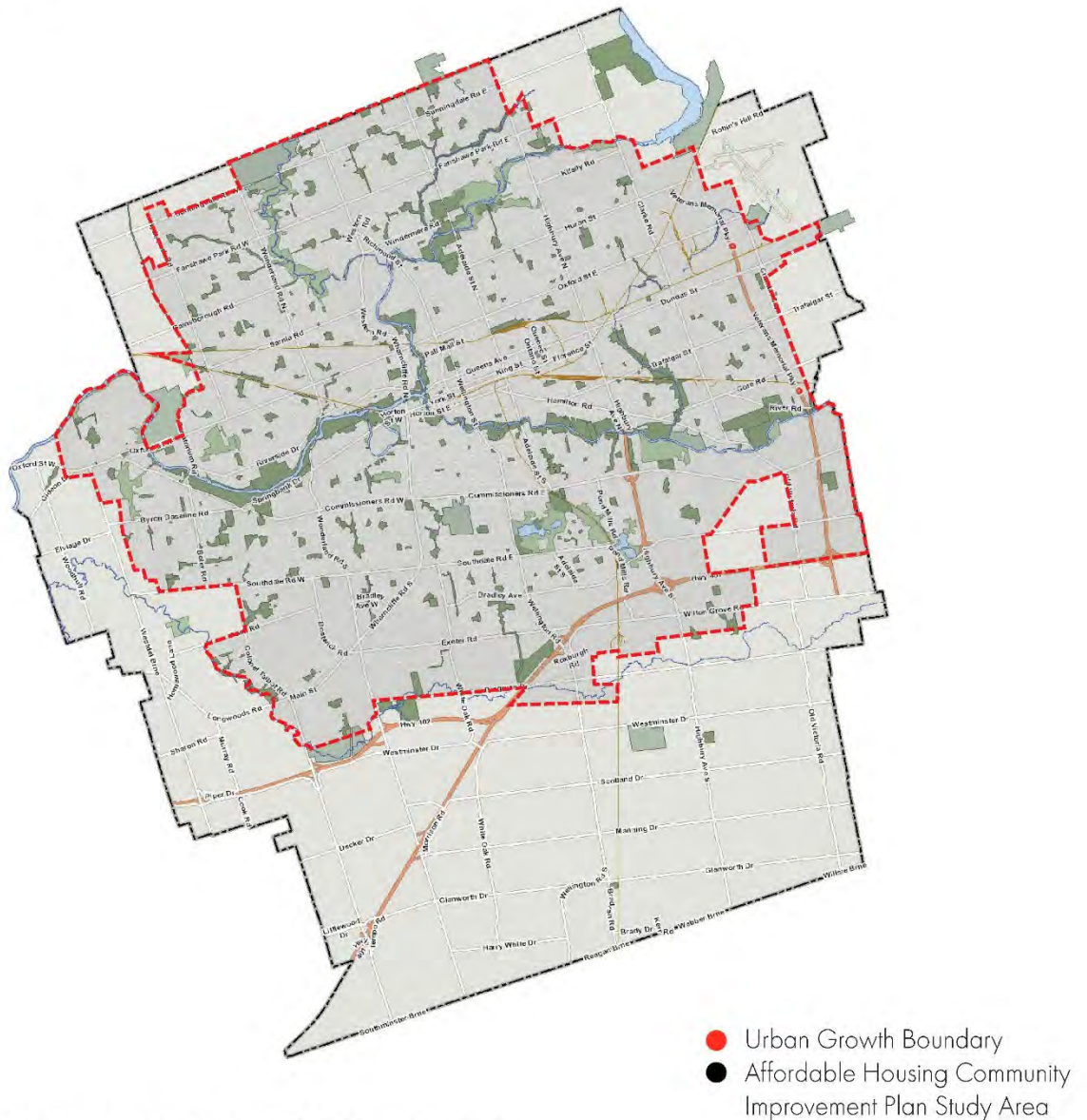


Figure 1: Study Area for the Affordable Housing CIP

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

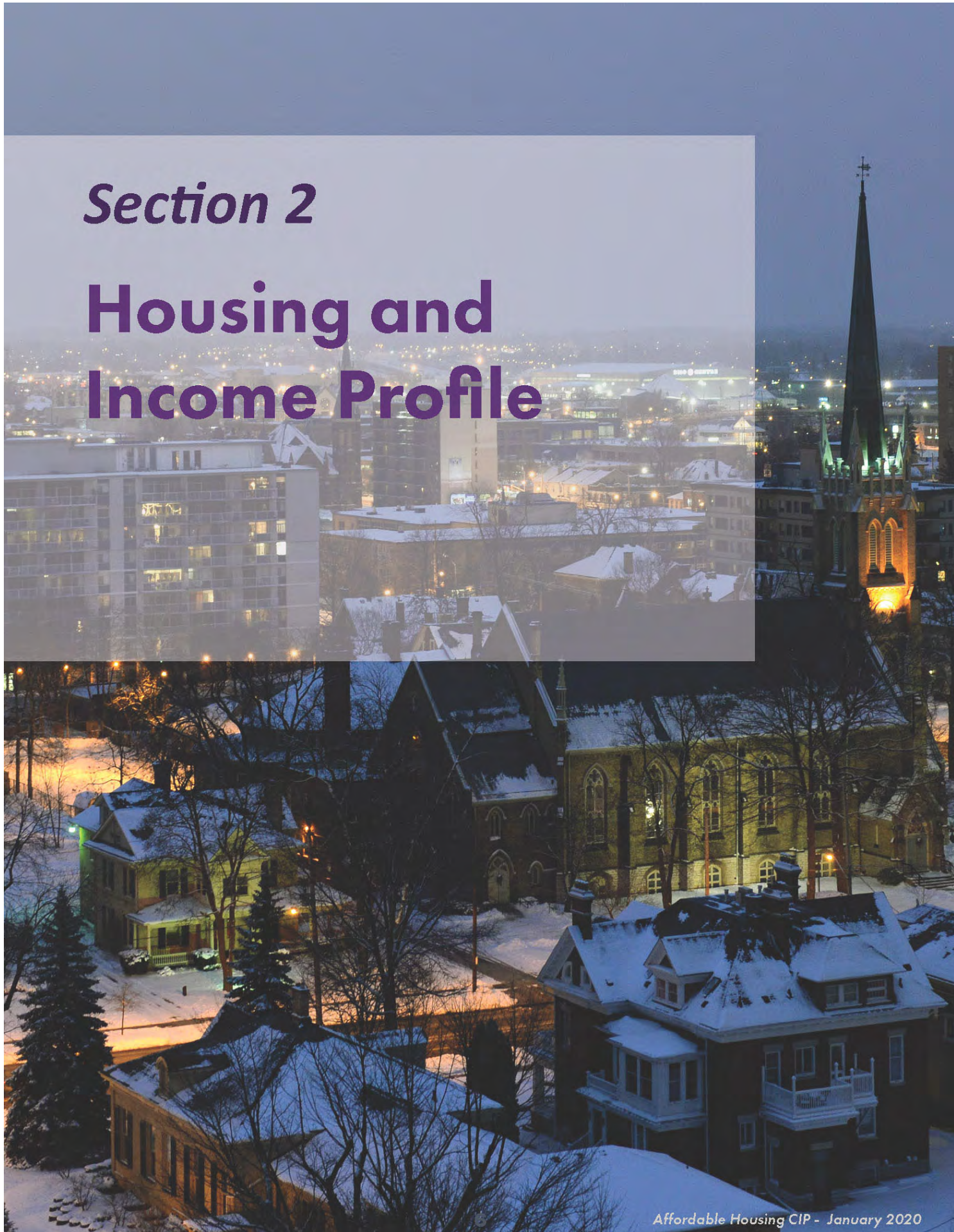
Program Areas and Eligibility

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. There may be similar or overlapping incentives that relate to a specific property because the city has a number of CIPs and CIP related incentive programs. 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 use-based criteria). Applicants are to consult the specific program guidelines and confirm eligibility requirements with the City prior to undertaking any works.



Section 2

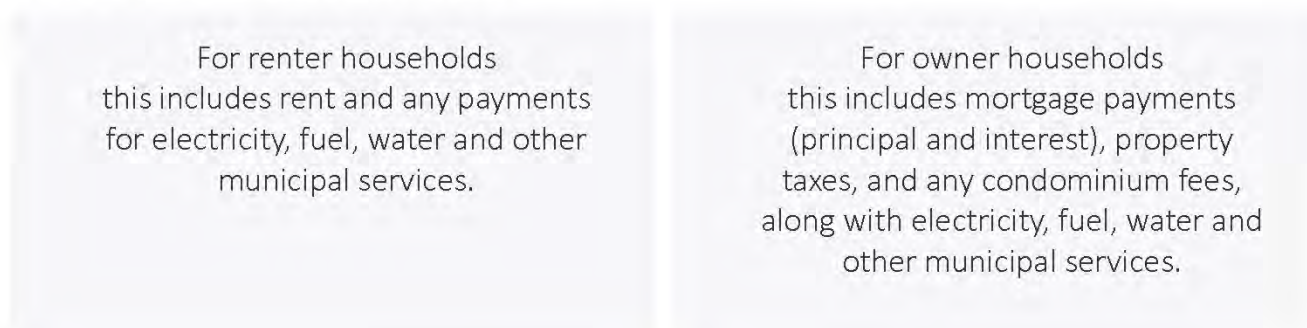
Housing and Income Profile



Defining Affordable Housing

A. Defining Affordable Housing

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”.



Income-based definition



Market Cost-based definition

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 targets development of 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 expectation that the market will be 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

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

“Adequate” housing is housing not requiring any major repairs (as reported by the residents);

Affordable

“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 (noting this is the 'Income-based' definition of affordability);

Suitable

“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 for buildings occupied before November 15, 2018, 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 current 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 as well as the guidelines not applying to the new buildings) and therefore the vacant units which are available may be at a higher rent 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 House Income	For All Households	For 1-Person Household	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	1st decile	2nd	3rd	4th	5th	6th	7th	8th	9th
Owner Households 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	1st decile	2nd	3rd	4th	5th	6th	7th	8th	9th
Renter Households 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:



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).



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 (2018) between **1.9%** and **2.1%** overall.

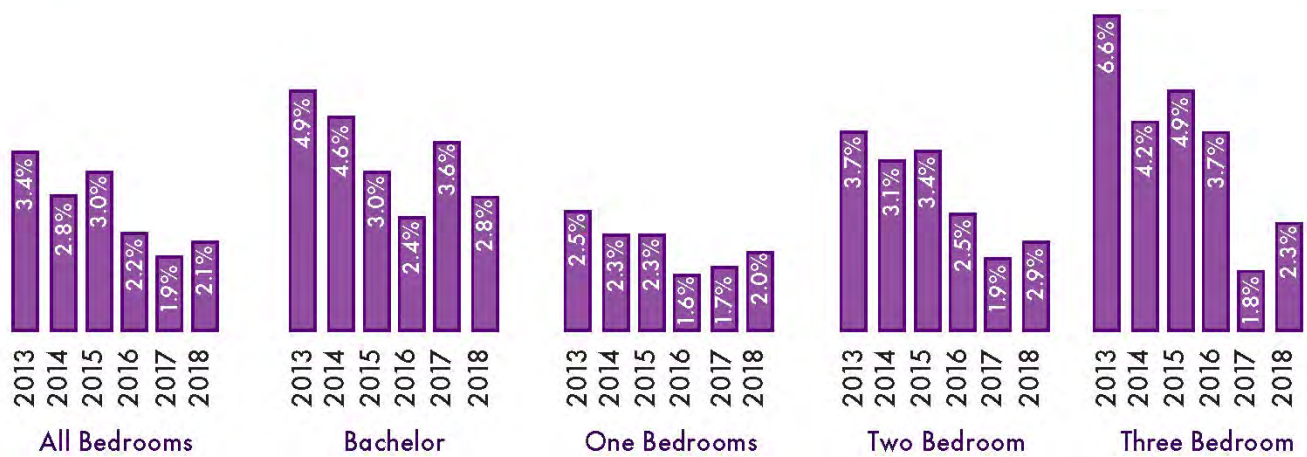


Figure 2: Vacancy Rate by Unit Size (Source: MMAH 2018)

6. Ownership costs for new homes



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

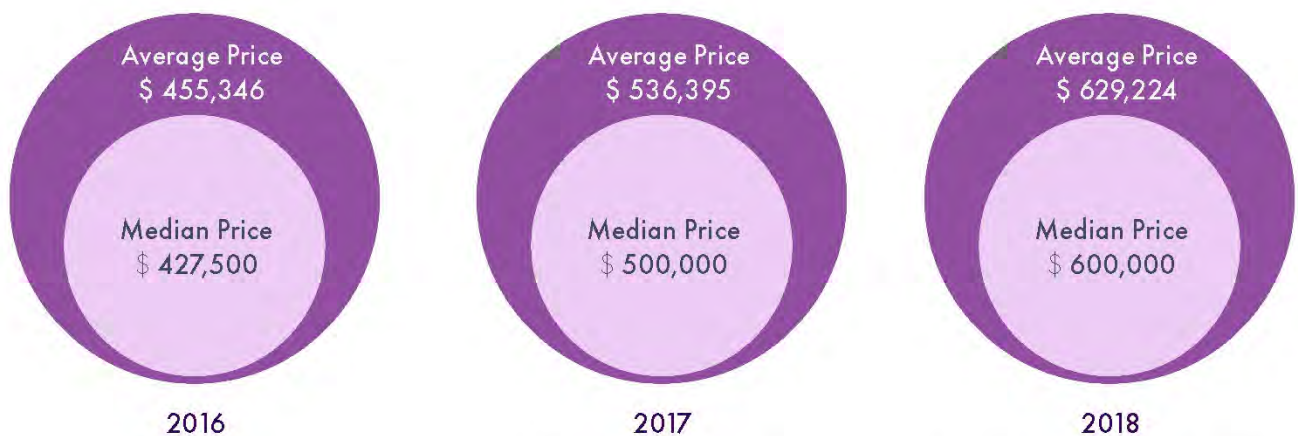


Figure 3: New home costs (Source: CMHC "Housing Now", 2019)

7. Ownership costs for average homes



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



Figure 4: 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).

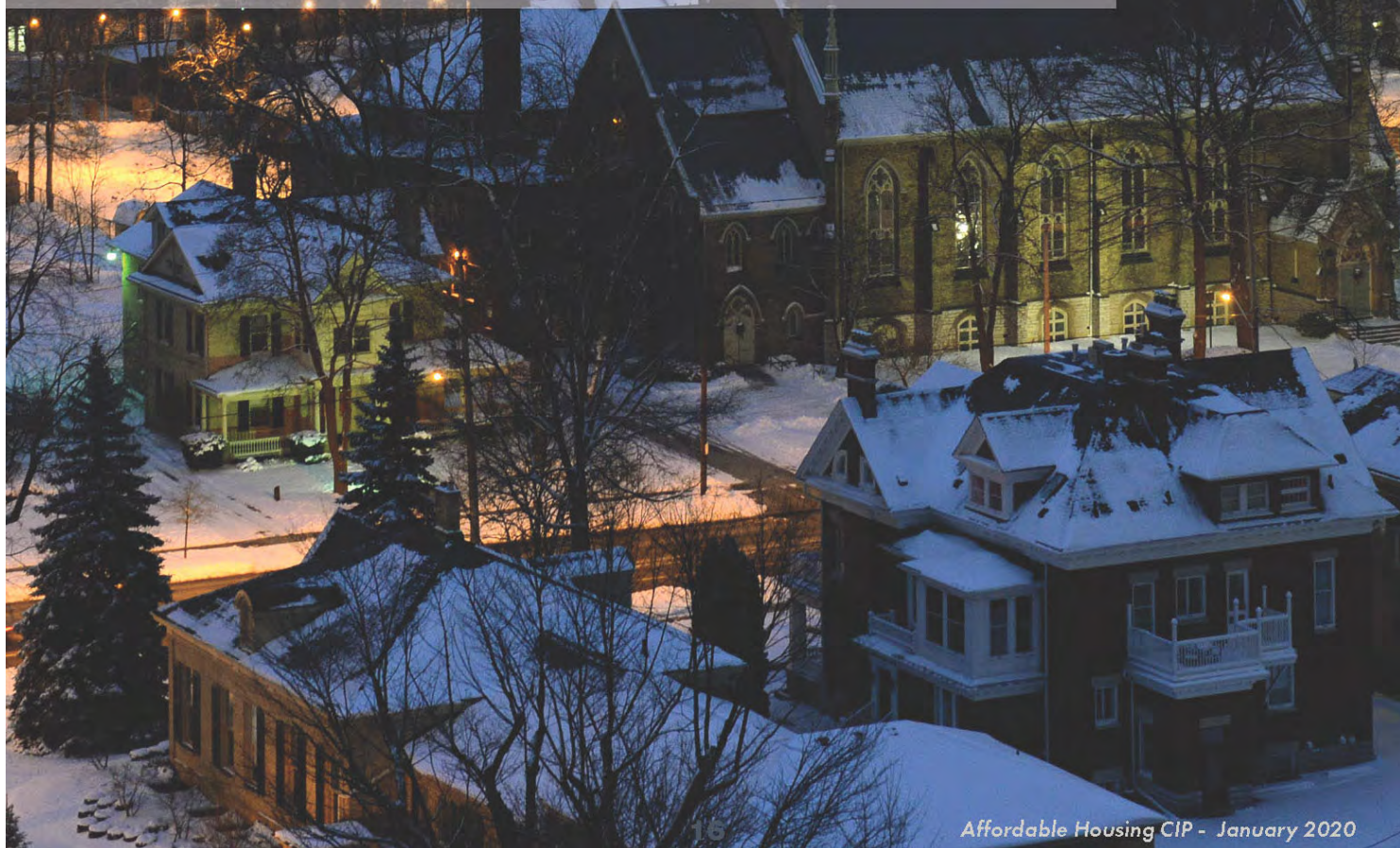
Household Group	Percentage of Households in Core Housing Need	Number of Households in Core Housing Need
Renter Households	29.7 %	19,050
Owner Households	5.1 %	5,920
Overall Households	13.8 %	24,965
Household Size		
One-person Households	23.8 %	12,670
Households of two or more persons	9.6 %	12,300

Table 6: Core Housing Need (Source: Statistics Canada, Census 2016)

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

Section 3

**Affordable Housing
Community
Improvement Project
Area**



Affordable Housing Community Improvement Project Area

The following map (Figure 5) shows the Affordable Housing Community Improvement Project Area. Properties within this area are eligible for program incentive under the Community Improvement Plan. Properties within the Project Area are required to have a 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. The Urban Growth Boundary shown in this CIP may be amended from time to time without requirement for an amendment to this Community Improvement Plan.

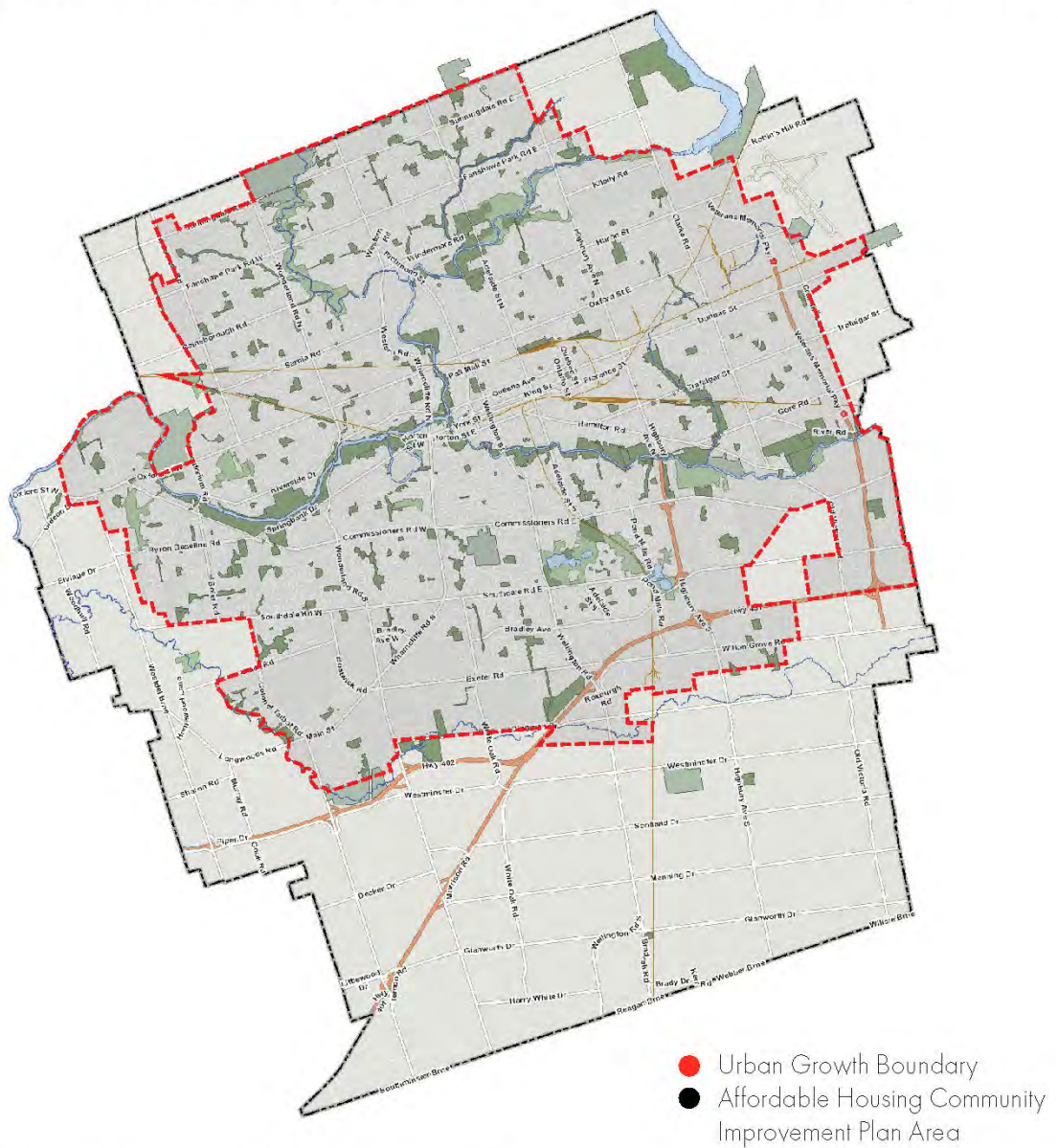


Figure 5: Community Improvement Project Area



Section 4

**Goals, Objectives
and Monitoring**

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;
- 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 Additional Residential Units 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 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;	Number of Affordable projects and number of units created that use the CIP programs (annual); Number of new Additional Residential Units created through program; Vacancy rates; Levels of affordability Average Market Rents vs. Incomes (Census)
Enable creation of more mixed-income buildings and communities	City Planning; HDC London	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	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	City Planning; HDC London	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 The London Plan (at various scales of intensification/affordable)	Housing; City Planning; LMCH; HDC London	Infill and Intensification projects; New Additional Residential Units; London Plan 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 7: CIP Objectives, City or Agency Lead, and Monitoring Measures

An aerial night photograph of a city, likely Pittsburgh, showing a mix of modern and historic architecture. A prominent church with a tall, dark steeple is visible on the right side. The city lights are visible in the background, and snow is visible on the rooftops of buildings in the foreground.

Section 5

**Programs under the
Affordable Housing
Community
Improvement Plan**

Programs under the Community Improvement Plan

An important part of supporting community improvement for affordable housing is engaging the private sector and not-for-profit organizations who develop residential units. One method of achieving this is by providing financial incentive programs to stimulate private investment in constructing new units and rehabilitation of 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, 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 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 funding and eligibility requirements of the program guidelines.

Duration:

Subject to Municipal Council's direction.

2. Additional Residential Unit Loan Program

Description:

Providing financial assistance to off-set costs associated with creating new additional residential units and to improve the affordability of home ownership.

Funding and Eligibility:

The funding will be in the form of a loan program, repayable to the city over a specified number of years 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 identify eligibility criteria for the individual incentive programs.

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. Any new or amended incentive programs that are consistent with the purpose and intent of the Affordable Housing Community Improvement Plan and support the goals and objectives of this CIP may be added and adopted by Municipal Council without amendment to this Plan. 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.

An aerial night photograph of a city, likely Pittsburgh, showing a mix of modern and historic architecture. A prominent church with a tall, dark steeple is visible on the right. The city lights are visible in the background, and snow is visible on the rooftops of buildings in the foreground.

Section 6

**Monitoring and
Evaluation**

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 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 The London Plan (at various scales of intensification/affordable)	Infill and Intensification projects; New Additional Residential Units; London Plan 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

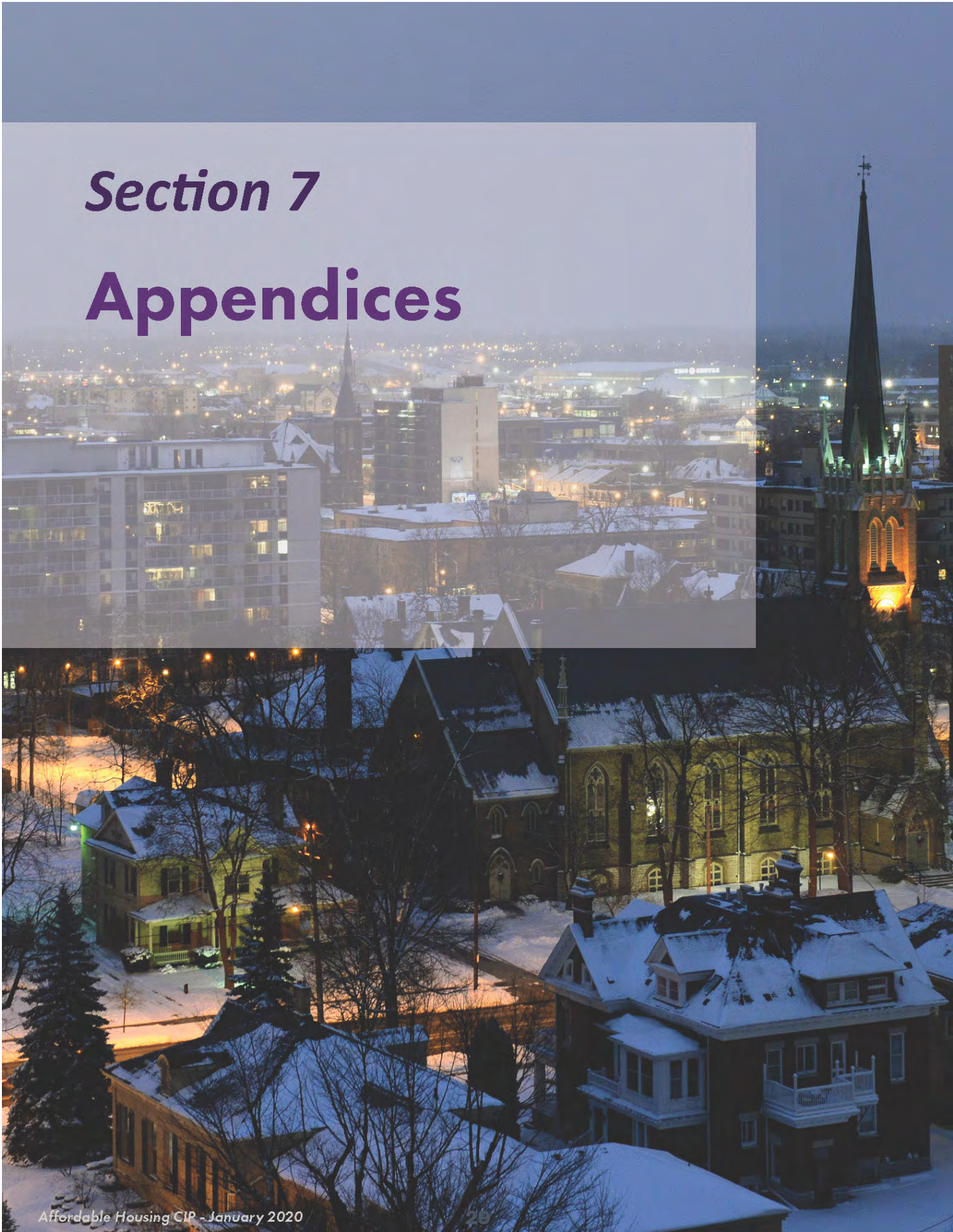
Adjustments to the Financial Incentive Programs

Changes to the terms, conditions, processes, and requirements associated with the financial incentive programs may be made by Municipal Council without the need for a London Plan Amendment or an amendment to the Affordable Housing CIP.

3

Adjustments to Funding

Municipal 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. Budgets supporting the implementation of the Affordable Housing CIP will be based on multi-year budget requests. Any amendments to approved four year budgets will be made in consultation with the City Treasurer. Program monitoring and evaluation will be undertaken to determine if changes to the programs or funding are required for consideration in future budgets.



Section 7
Appendices

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 identifies the method for determining a Development Charge, but any resulting shortfall cannot be made up through higher Development Charges for other types of development. This allows 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.

Through Bill 108, the Development Charges Act is 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 certain 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

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

Policy Framework

The London 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.



City of London



Affordable Housing Community Improvement Plan

Appendix D –Program Guidelines for the Affordable Housing Community Improvement Project Area

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

By-law No. C.P. **XXXX**
A by-law to establish financial incentives
for 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 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 London Plan, 2016*, the Official Plan for the City of London, contains provisions relating to community improvement within the City of London;

AND WHEREAS the Municipal 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 Municipal Council of The Corporation of the City of London has, by by-law, adopted the Affordable Housing Community Improvement Plan;

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

1. The Affordable Housing Community Improvement Project Area Financial Incentive Guidelines attached hereto as Schedule 1 and Schedule 2 is hereby adopted;
2. This by-law shall come into effect on the day it is passed.

PASSED in Open Council on January 28, 2020.

Ed Holder
Mayor

Catharine Saunders
City Clerk

First Reading – January 28, 2020
Second Reading – January 28, 2020
Third Reading – January 28, 2020

Schedule 1: Affordable Housing Development Loan Program

Affordable Housing Community Improvement Plan – Financial Incentive Program Guidelines

This program guideline package provides details on the “Affordable Housing Development Loan Program”, which is a financial incentive program provided by the City of London through the Affordable Housing Community Improvement Plan (CIP).

How to Read this Document

Each financial incentive program has its own specific Purpose and Eligible Improvements. The program guidelines also include Definitions, Eligibility Criteria, Appeal of Refusal Section, Relationship to other Financial Incentive Programs, as well as Monitoring & Discontinuation of Programs.

The document also helps to identify what the responsibility of each stakeholder is in the incentive program process. The initials **PO** indicates the property owner (or authorized agent acting on behalf of the property owner) is responsible for completing that task or action, whereas **CL** indicates that a City of London staff member is responsible.

1. Definitions

Approved Works – The materials, labour and/or effort made to improve a property that are determined to meet eligibility criteria under the incentive program requirements.

Applicant – The person who makes a formal application for a financial incentive program offered through the City’s Community Improvement Plans. The person may be the owner of the subject property, or an authorized agent, including a business owner who is occupying space on the subject property or contractor who has been retained to undertake improvements on the subject property. If the *Applicant* is not a registered owner of the property subject to the incentive program the *Applicant* will be required to provide authorization in writing from the registered owner as part of a complete application.

Calendar Year – The 12 months of the year commencing January 1 and ending December 31.

CL – Indicates that a City of London staff member is responsible for an identified action.

Commitment Letter – A document prepared by the City of London outlining its agreement with a property owner, to provide a future financial incentive – loan(s) and/or grant(s) – to an applicant based on a redevelopment, rehabilitation and/or renovation project that the applicant has yet to undertake. The letter describes the specific scope of approved works that the property owner will undertake in order to receive the grant or loan.

Complete Application – Includes a completed application form for financial incentive program(s) with the property owner(s) signature and date, which is accompanied by:

- Complete drawings of the works to be undertaken (e.g. site plan of development)
- Itemized list of specific improvements;
- A cover letter that summarizes the work to be completed;
- A signed copy of the Addendum including the Hold Harmless Agreement, General Liability Insurance, and Contractor qualifications;
- A copy of the Building Permit (if required);
- A copy of the Heritage Alteration Permit (if required);
- Any other information that may be deemed necessary by the Managing Director of Planning and City Planner, or designate.

Discrete Building – Means any permanent structure which is separated from other structures by a solid party wall and is used or intended to be used for the shelter, accommodation, or enclosure of persons. To be a discrete building, the structure will have a distinct municipal address.

Dwelling unit – The definition of Dwelling Unit in the City of London's Zoning By-law will apply to these program guidelines.

Loan Repayments – The total value of the loan repayment made by the applicant to the City at scheduled milestones. The loan agreement includes a loan schedule which provides details on the terms of loan including when loan repayment begins as well as the amount of each repayment installment.

PO – indicates the property owner (or authorized agent acting on behalf of the property owner) is responsible for completing that task or action.

2. Eligibility Criteria for Financial Incentive Programs

To be eligible for any Financial Incentive Program, the applicant, property and project must meet all conditions detailed in this program description.

Applicant (Property Owner) Considerations

- The applicant must be the registered owner of the property or an authorized agent (including building tenant or contractor who has been retained to undertake improvements). If the applicant is not a registered owner of the subject property, the applicant will be required to provide authorization in writing from the registered owner as part of a complete application;
- All mortgages and charges, including the subject financial incentive(s), must not exceed 90% of the post-rehabilitation appraised value of the property (i.e. the owner must maintain 10% equity in the property post-improvement);
- All City of London realty taxes must be paid in full prior to the loan and/or grant being issued and remain so for the lifetime of the loan;
- The registered owner of the property must have no outstanding debts to the City of London;
- The property owner and/or authorized applicant, must not have ever defaulted on any City loan or grant program, including by way of individual affiliation with any company or group of people authorized to act as a single entity such as a corporation;
- **The Financial Incentive Programs will not apply retroactively to work completed prior to the approval of the application by the Managing Director of Planning and City Planner, or designate.**

Property Considerations

- The property must be located within the Affordable Housing Community Improvement Project Area as defined in the Affordable Housing Community Improvement Area By-law (see Map #1), which is the municipal boundary of the City of London;
- The property must be located within the Urban Growth Boundary and be on lands that have a Place Type and Zone that permits residential uses;
- There are no City of London Building Division orders or deficiencies on the subject property prior to the loan being issued, unless the deficiencies are to be addressed as part of the eligible works associated with the loan;
- Each property is eligible to avail simultaneously of multiple incentive programs provided through the various Community Improvement Plans (for example, applications for the Affordable Housing Development Loan and the Upgrade to Building Code Loan if located within a program area identified in another CIP).



Map 1: Affordable Housing Community Improvement Project Area (Pink) and Urban Growth Boundary (Black)

Building Considerations

- Separate applications must be submitted for each *discrete building* on a single property;
- Where the entirety of a multi-unit building, which contains separate dwelling units, are all under the same ownership, (or with condominium status) it will be considered as one building for the purpose of the incentive programs;
- Where a building is within a contiguous group of buildings, a *discrete building* will be interpreted as any structure which is separated from other structures by a solid party wall (and a distinct municipal address);
- Each *discrete building* on each property is eligible for the financial incentive program;
- Each *discrete building* is eligible to avail simultaneously of multiple incentive programs provided through the various Community Improvement Plans;
- There must be no City of London Building Division orders or deficiencies and no by-law infractions prior to the loan being issued, with the exception that the loan is for eligible works to address identified deficiencies (e.g. fire code or building code), as determined by Staff through the pre-consultation.

3. Application Process

Expression of Interest

- **PO** – It is recommended that the applicant meet with Housing Development Corporation, London (HDC) regarding an expression of interest before any financial incentive application is made to the City of London. While City Planning Staff are often involved in meeting with HDC and an applicant, no records are

formally kept until a complete incentive application, accompanied by appropriate drawings and estimates, is submitted to City Planning.

Consultation Phase

- **Step 1 – PO** – The Applicant contacts City of London and/or HDC who will arrange a meeting with Staff to discuss the proposed project, information about incentive programs, provide application form(s) and assist with the application process. This meeting will also help to identify what permits or permissions may be required to complete the proposed improvement project. Where possible, the City will make appropriate Staff available for this meeting, which may be on-site at the property, where the proposed work is planned.
- Applications made for financial incentive programs do not in any way replace the need for obtaining any necessary approvals. Prior to undertaking building improvements, the property owner (**PO**) is required to obtain any necessary approvals and/or permits. Heritage Alteration Permits (if required) will be required before financial incentive applications are accepted. Discussions with City Staff are encouraged early in the conceptual phase to ensure proposals comply with City regulations and guidelines, and the proposed improvements are eligible under the incentive program criteria. Service London Staff are also available to help with clarifying/applying for applicable permits.

Step 2 – PO – A *Complete Application* (see Definition Section) for incentive programs is submitted to the City of London.

Step 3 – CL – City of London City Planning Staff will review the application for completeness and inform the applicant in writing that either more information is required, or the application is accepted. If accepted, the City will provide a *Commitment Letter* which outlines the approved works, related costs, and monetary commitment that the City is making to the project. For the Loan Program, the City's commitment is valid for one year from the date of issuance of the *Commitment Letter*, at which time the first available building permit must be issued and construction begun. The City's commitment applies only to the project as submitted. **PO – Any subsequent changes to the project will require review and approval by appropriate City staff.**

Agreement Phase

Step 4 – PO – The applicant must notify City Planning Staff when the necessary approvals and/or permits have been received for the approved works (e.g. building permit), as identified in the *Commitment Letter* from the City.

Step 5 – CL – The loan agreement will be entered into prior to the first available building permit issuance. Before entering into any loan agreement, City Planning staff must ensure the improvements, as described in the City's *Commitment Letter* and criteria, as set out in the respective program guidelines, have been met. Generally speaking, this includes:

- Obtaining building permits;
- All City of London property taxes must be paid in full and the account deemed in good standing by the Taxation Division;
- There must be no outstanding debts to the City;
- The property owner must not have defaulted on any City loans or grants;
- There must be no outstanding Building Division orders or deficiencies against the subject property.

Step 6 – PO – The applicant will have the security registered on title with their Counsel in the amount of the loan.

Step 7 – CL – City Planning staff will request a cheque, payable to the applicant's lawyer "in trust".

Step 8 – CL – When all the documentation is ready City Planning Staff will contact the applicant to arrange for a meeting to sign the documents and provide the applicant with a loan cheque.

Step 9 – City Planning staff will have three (3) original copies of the loan agreement available for signing. One original signed copy is kept by the applicant and two are retained by the City.

Construction Phase

Step 10 – CL – City Planning Staff may visit the subject property and take photographs, both before and after the subject work is completed, to ensure proposed improvements have been completed as described in the application.

Loan Repayment Phase

Full loan repayment can be made at any time without penalty. Loan Repayment is required in three (3) equal installments: first, sixty (60) days after building permit issuance, second at the time the structural framing is complete, and third at the time of building occupancy or ten (10) years after the building permit is issued, whichever is the sooner. If repayment is to vary from this installment schedule, it will be on a schedule that is to the satisfaction of the City Planner and as agreed to by all parties. **PO** – To make a full or partial repayment above the standard installment, please contact City Planning or Accounts Receivable.

PO – Please note that loan cheque distribution cannot occur in December due to financial year-end. Instead all loan cheques requested in the Agreement phase in December will be processed in January.

4. Financial Incentive Approval

Once all eligibility criteria and conditions are met, and provided that funds are available in the supporting Reserve Fund, the Managing Director, Planning and City Planner or designate will approve the incentive application. Approval by means of a letter to the applicant will represent a commitment by the City of London. Loan commitments will be valid for one year and will expire if the building permit is not issued within that time period. The Managing Director, Planning and City Planner may, at his/her discretion, provide a written time extension of up to one year. **PO – It is important to note that the consideration of such an extension will require a written request from the applicant detailing the reasons the extension is being sought.**

5. Additional Rehabilitation and Demolition

Additional work to the interior of the building can be undertaken without City Planning's approval subject to obtaining a building and/or heritage alteration permit, when required. The loan programs do not impose any specific restrictions on demolition.

6. Inspection of Completed Works

The loan will be paid to the property owner (or designate) at the time of building permit issuance. The applicant is to inform the City when the works are completed and the City will inspect the works completed to verify that the proposed improvements have been completed as described in the application.

7. Incentive Application Refusal and Appeal

If an application is refused, the applicant may, in writing, appeal the decision of the Managing Director, Planning and City Planner to the City Clerk's Office who will provide direction to have the matter heard before Municipal Council through the Planning and Environment Committee.

8. Relationship to other Financial Incentive Programs

It is intended that the Loan Programs will complement other incentive programs offered by the City of London. Property owners may also qualify for financial assistance under those programs specifically detailed within the program guidelines. However, the funding from these programs cannot be used to subsidize the property owner's share of the total cost of the loan programs property improvements.

9. Monitoring & Discontinuation of Programs

As part of the program administration, City Planning staff will monitor all of the financial incentive programs. In receiving and processing applications Staff will enter relevant information into a Monitoring Database. This information will be included in Incentive Monitoring Reports which will be prepared to determine if programs should continue, be modified, or cease to issue any new commitments. Each program is monitored to ensure it implements the goals and objectives of the Community Improvement Plan within which the program applies. The City may discontinue the financial incentive programs at any time; however, any existing loan will continue in accordance with the agreement. A program's success in implementing a Community Improvement Plan's goals will be based on the ongoing monitoring and measurement of a series of identified targets that represent indicators of the CIP's goals and objectives, as noted in the Program Monitoring Data section.

10. Program Monitoring Data and Activity Reports

The following information will be collected and serve as indicators to monitor the Affordable Housing Development Loan Program offered through the Affordable Housing Community Improvement Plan. These measures are to be flexible allowing for the addition of new measures that better indicate if the goals and objectives of the CIP have been met.

Affordable Housing Development Loan Program	<ul style="list-style-type: none">a) Number of Applications by type (approved and denied);b) Approved value of the loan and the total construction cost (i.e. total public investment and private investment);c) Total Value of Building Permit (if required);d) Number of affordable units created;e) Type of affordable units (bedrooms; building form)f) Level of affordability (relative to Average Market Rent by City quadrant)g) Total Loan Amount;h) Number of loan defaults;i) Cost/Value of loan defaults.
--	--

11. Affordable Housing Development Loan Program – Purpose

- The purpose of the Affordable Housing Development Loan Program is to encourage the creation of new affordable rental housing units and to off-set the up-front costs of developing new affordable housing units.
- Objectives of this program include encouragement of new affordable units; enabling the creation of more mixed-income buildings (market and affordable and/or range of affordable); providing opportunities for urban regeneration; and supporting and implementing the policy goals and frameworks of *The London Plan* and the Housing Stability Action Plan.

12. Affordable Housing Development Loan Program – Eligible Works

- Eligible works include the following:
 - Development, redevelopment, and/or renovation that creates new affordable rental housing units within the identified range of rents relative to Average Market Rent (AMR), per the “Loan Terms” below.
 - Works may include deficiencies such as upgrades to meet building code or fire code (in the case of renovations or adaptive re-use projects).
 - Loans may be used to off-set development and construction costs of affordable rental housing and may include required City charges such as Development Charges.

13. Affordable Housing Development Loan Program – Works Not Eligible

- Loans will not be granted for the Market Rent units within a mixed (affordable and market) building.
- Loans will not apply retroactively for works undertaken prior to entering the loan agreement.

14. Affordable Housing Development Loan Program – Loan Terms

In addition to the eligible works above, loans require that:

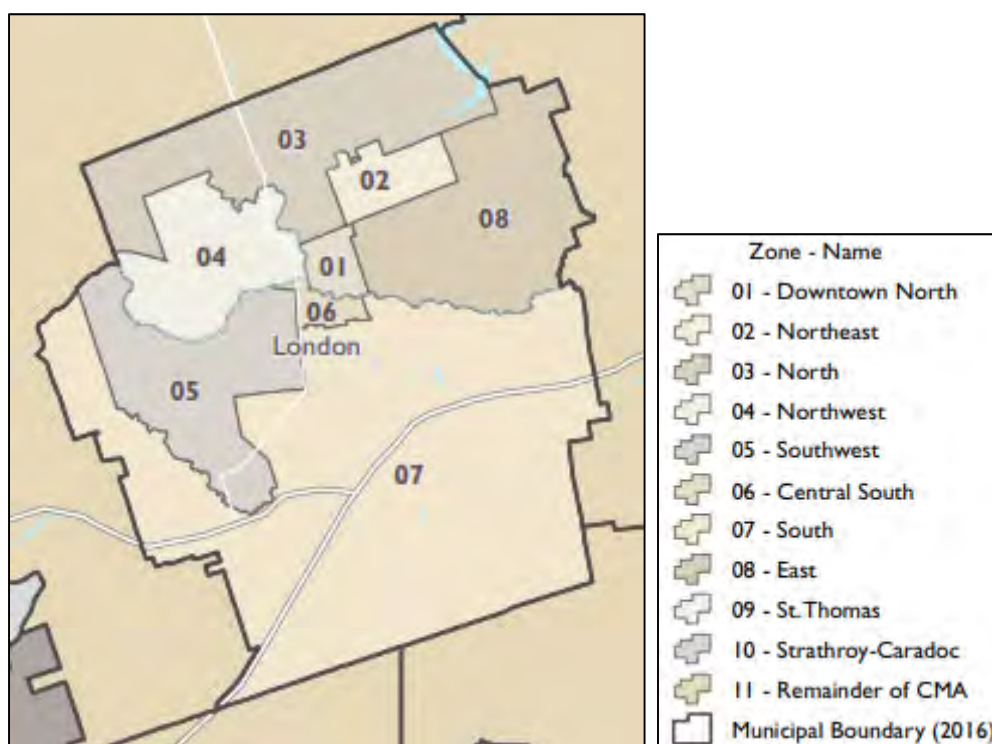
- In mixed (Affordable and Market) rental buildings, only the affordable rental units are eligible for the loan. The loan is per Affordable unit created.
- In buildings with more than ten (10) units there must be mixed affordability (i.e. Affordable and Market Rent units or units with different levels of affordability relative to AMR).
- A minimum of five (5) affordable rental units must be created.
- In mixed buildings of Market and Affordable units, where there are more than ten (10) units in the building, no more than two-thirds (66%) of the units may be affordable units.
- Units must be rented below Canada Mortgage and Housing Corporation (CMHC) Average Market Rent (AMR), based on the average market rent by CMHC Rental Market Zone of the City. If recent, reliable CMHC Rental Market Zone data is unavailable (data more than 1-year old), then the city-wide AMR will be applied to the loan agreement.
- Tenants’ income levels must be verified by landlords through annual occupancy reports.
- Applicants must enter into an agreement registered on title for the affordable units to remain affordable for a minimum “affordability period” of twenty (20) years.
- Loans will be issued at the time of building permit issuance.
- The applicant’s repayment period will begin sixty (60) days after the building permit is issued.
- Loans will be amortized over a ten (10) year repayment schedule.
- If during the repayment period there is a change of Use or if affordable units are converted to market rental rates, the remaining portion of the loan will be required to be repaid immediately.
- There are three (3) levels of loan, as follows:
 - i) \$ 10,000 per unit (LOW)
 - ii) \$ 15,000 per unit (MEDIUM)
 - iii) \$ 20,000 per unit (HIGH)

- The loan amount will be based upon three factors:
 1. The level of affordability of the unit(s) created as a percentage of average market rent (AMR) by City Zones. The “Zones” are the Rental Market Zones of the CMHC’s annual rental market report (see Figure 1 below);
 2. Whether the developer pays municipal property taxes; and
 3. Geographic location of the affordable rental housing units relative to the City’s growth objectives.

Table 1: Program Levels based on Affordability, Tax, and Geographic Factors

	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

Figure 1: Excerpt from CMHC’s Rental Market Zone Map. Used for Determining Average Market Rent (Source: CMHC, *London CMA Rental Market Report*, 2018)



15. Loan Distribution

The City will provide the applicant with one cheque in the full amount of the approved loan after: (1) the City has completed its due diligence to ensure the applicant and property remain eligible for the loan, (2) the Loan Agreement has been signed, and (3) the loan amount has been added as an encumbrance on title for repayment. **The City will not provide partial loan amounts or progress payments.**

16. Loan Security and Postponement

Loans will be secured through the registration of an encumbrance placed on property title for the total amount of the loan. The Managing Director, Planning and City Planner or designate may postpone the encumbrance (subordination of an encumbrance to another encumbrance on the same property) which is given as security for the loan in circumstances where any of the registered mortgages are being replaced, consolidated or renewed and the total value of all mortgages and charges including the City's encumbrance does not exceed 90% of the appraised value of the property.

17. Loan Agreement

Participating property owners in the financial incentive programs shall be required to enter into a loan agreement with the City. This agreement shall specify such items as (but not limited to) the loan amount, the duration of the loan, and the owner's obligation to repay the City for any monies received if the property is demolished before the loan period elapses or the unit(s) no longer meeting the affordability requirements of the loan. The agreement shall include the terms and conditions included in the program guidelines.

18. Repayment Provisions

Loan repayments will occur in three (3) equal installments (each is one-third of the value of the loan). The first repayment is due to the City sixty (60) days after issuance of the building permit. The second repayment is due when structural framing is complete, as confirmed by a letter from a Professional Engineer identifying completion. The final installment of the repayment is required at the time of building occupancy or ten (10) years after the date the building permit was issued.

If the repayment schedule is to vary from the schedule identified in the paragraph above, it will be subject to the satisfaction of the City Planner and agreed to by all parties.

If a repayment installment is missed, or an applicant is otherwise found in non-compliance with the terms of their loan agreement, then the City will enter into a protocol for non-compliance, up to and including a power of sale on the encumbrance and the outstanding loan coming due to the City immediately.

19. Transferable Loans

At the discretion of the City, loans may be transferable to a new property owner providing that the new owner meets the eligibility criteria and agrees to the terms and conditions of the loan. The new owner must enter into a new loan agreement with the City for the outstanding loan value at the time of purchase. Otherwise, where the ownership is transferred the outstanding balance of the loan shall immediately become due and payable by the selling property owner.

Schedule 2: Additional Residential Unit Loan Program

Affordable Housing Community Improvement Plan – Financial Incentive Program Guidelines

This program guideline package provides details on the “Additional Residential Unit Loan Program”, which is a financial incentive program provided by the City of London through the Affordable Housing Community Improvement Plan (CIP).

How to Read this Document

Each financial incentive program has its own specific Purpose and Eligible Improvements. The program guidelines also include Definitions, Eligibility Criteria, Appeal of Refusal Section, Relationship to other Financial Incentive Programs, as well as Monitoring and Discontinuation of Programs.

The document also helps to identify what the responsibility of each stakeholder is in the incentive program process. The initials **PO** indicates the property owner (or authorized agent acting on behalf of the property owner) is responsible for completing that task or action, whereas **CL** indicates that a City of London staff member is responsible.

1. Definitions

Additional Residential Unit – “ARU”, formerly known as “Secondary Dwelling Unit” is a dwelling unit ancillary and subordinate to a primary dwelling unit, in which food preparation, eating, living, sleeping and sanitary facilities are provided for the exclusive use of the occupants thereof.

Approved Works – The materials, labour and/or effort made to improve a property that are determined to meet eligibility criteria under the incentive program requirements.

Applicant – The person who makes a formal application for a financial incentive program offered through the City’s Community Improvement Plans. The person may be the owner of the subject property, or an authorized agent, including a business owner who is occupying space on the subject property or contractor who has been retained to undertake improvements on the subject property. If the *Applicant* is not a registered owner of the property subject to the incentive program the *Applicant* will be required to provide authorization in writing from the registered owner as part of a complete application.

Calendar Year – The 12 months of the year commencing January 1 and ending December 31.

CL – Indicates that a City of London staff member is responsible for an identified action.

Commitment Letter – A document prepared by the City of London outlining its agreement with a property owner, to provide a future financial incentive – loan(s) and/or grant(s) – to an applicant based on a redevelopment, rehabilitation and/or renovation project that the applicant has yet to undertake. The letter describes the specific scope of approved works that the property owner will undertake in order to receive the grant or loan.

Complete Application – Includes a completed application form for financial incentive program(s) with the property owner(s) signature and date, which is accompanied by:

- Complete drawings of the works to be undertaken;
- Itemized list of specific improvements and budget;
- A cover letter that summarizes the work to be completed;
- A signed copy of the Addendum including the Hold Harmless Agreement, General Liability Insurance, and Contractor qualifications;
- A copy of the Building Permit (if required);
- A copy of the Heritage Alteration Permit (if required);

- Any other information that may be deemed necessary by the Managing Director of Planning and City Planner, or designate.

Discrete Building – Means any permanent structure which is separated from other structures by a solid party wall and is used or intended to be used for the shelter, accommodation, or enclosure of persons. To be a discrete building, the structure will have a distinct municipal address.

Dwelling unit – The definition of Dwelling Unit in the City of London's Zoning By-law will apply to these program guidelines.

Loan Repayments – The total value of the loan repayment made by the applicant to the City at scheduled milestones. The loan agreement includes a loan schedule which provides details on the terms of loan including when loan repayment begins as well as the amount of each repayment installment.

PO – indicates the property owner (or authorized agent acting on behalf of the property owner) is responsible for completing that task or action.

2. Eligibility Criteria for Financial Incentive Programs

To be eligible for any Financial Incentive Program, the applicant, property and project must meet all conditions detailed in this program description.

Applicant (Property Owner) Considerations

- The applicant must be the registered owner of the property or an authorized agent (including building tenant or contractor who has been retained to undertake improvements). If the applicant is not a registered owner of the subject property, the applicant will be required to provide authorization in writing from the registered owner as part of a complete application;
- All mortgages and charges, including the subject financial incentive(s), must not exceed 90% of the post-rehabilitation appraised value of the property (i.e. the owner must maintain 10% equity in the property post-improvement);
- All City of London realty taxes must be paid in full prior to the loan and/or grant being issued and remain so for the lifetime of the loan;
- The registered owner of the property must have no outstanding debts to the City of London;
- The property owner and/or authorized applicant, must not have ever defaulted on any City loan or grant program, including by way of individual affiliation with any company or group of people authorized to act as a single entity such as a corporation;
- **The Financial Incentive Programs will not apply retroactively to work completed prior to the approval of the application by the Managing Director of Planning and City Planner, or designate.**

Property Considerations

- The property must be located within the Affordable Housing Community Improvement Project Area as defined in the Affordable Housing Community Improvement Area By-law (see Map #1), which is the municipal boundaries;
- The property must be located in a Place Type and Zone that permits residential units;
- There are no City of London Building Division orders or deficiencies on the subject property prior to the loan being issued, unless the deficiencies are to be addressed as part of the eligible works associated with the loan;
- Each property is eligible to avail simultaneously of multiple incentive programs provided through the various Community Improvement Plans (for example,

applications for the Affordable Housing Development Loan and the Upgrade to Building Code Loan if located within a program area identified in another CIP).

Building Considerations

- Separate applications must be submitted for each Additional Residential Unit (ARU) on a single property;
- Each ARU on each property is eligible for the financial incentive program;
- Each ARU is eligible for one loan per new Additional Residential Unit created.
- The Additional Residential Unit must be on the same property as the main dwelling unit.
- There must be no City of London Building Division orders or deficiencies and no by-law infractions prior to the loan being issued, with the exception that the loan is for eligible works to address identified deficiencies (e.g. fire code or building code), as determined by Staff through the pre-consultation.

3. Application Process

Expression of Interest

- **PO** – It is suggested to meet with Housing Development Corporation, London (HDC) regarding an expression of interest before any financial incentive application is made to the City of London. While City Planning Staff are often involved in meeting with HDC and an applicant, no records are formally kept until a complete incentive application, accompanied by appropriate drawings and estimates, is submitted to City Planning.

Consultation Phase

- **Step 1 – PO** – The Applicant contacts City of London and/or HDC who will arrange a meeting with Staff to discuss the proposed project, information about incentive programs, provide application form(s) and assist with the application process. This meeting will also help to identify what permits or permissions may be required to complete the proposed improvement project. Where possible, the City will make appropriate Staff available for this meeting, which may be on-site at the property, where the proposed work is planned.

Applications made for financial incentive programs do not in any way replace the need for obtaining any necessary approvals. Prior to undertaking building improvements, the property owner (**PO**) is required to obtain any necessary approvals and/or permits. Heritage Alteration Permits (if required) will be required before financial incentive applications are accepted. Discussions with City Staff are encouraged early in the conceptual phase to ensure proposals comply with City regulations and guidelines, and the proposed improvements are eligible under the incentive program criteria. Service London Staff are also available to help with clarifying/applying for applicable permits.

Step 2 – PO – A *Complete Application* (see Definition Section) for incentive programs is submitted to the City of London.

Step 3 – CL – City of London City Planning Staff will review the application for completeness and inform the applicant in writing that either more information is required, or the application is accepted. If accepted, the City will provide a *Commitment Letter* which outlines the approved works, related costs, and monetary commitment that the City is making to the project. For the Loan Program, the City's commitment is valid for one year from the date of issuance of the *Commitment Letter*, at which time the building permit must be issued and construction begun. The City's commitment applies only to the project as submitted. **PO – Any subsequent changes to the project will require review and approval by appropriate City staff.**

Agreement Phase

Step 4 – PO – The applicant must notify City Planning Staff when the necessary approvals and/or permits have been received for the approved works (e.g. building permit), as identified in the *Commitment Letter* from the City.

Step 5 – CL – The loan agreement will be entered into prior to building permit issuance. Before loan agreement, City Planning staff must ensure the improvements, as described in the City's *Commitment Letter* and criteria, as set out in the respective program guidelines, have been met. Generally speaking, this includes:

- Obtaining building permits;
- All City of London property taxes must be paid in full and the account deemed in good standing by the Taxation Division;
- There must be no outstanding debts to the City;
- The property owner must not have defaulted on any City loans or grants;
- There must be no outstanding Building Division orders or deficiencies against the subject property.

Step 6 – CL – City Planning Staff may visit the subject property and take photographs, both before and after the subject work is completed, to ensure proposed improvements have been completed as described in the application.

Step 7 – PO – Once the works are completed, the applicant will have the security registered on title with their Counsel in the amount of the loan.

Step 8 – CL – City Planning staff will request a cheque, payable to the applicant's lawyer "in trust" and the Document General will place an encumbrance on the property in the amount of the loan.

Step 9 – CL and PO – When all the documentation is ready City Planning Staff will contact the applicant to arrange for a meeting to sign the documents and provide the applicant with a loan cheque. The Property Owner or Applicant will provide the City with the first 12 post-dated repayment cheques at that meeting.

Step 10 – City Planning staff will have three (3) original copies of the loan agreement available for signing. One original signed copy is kept by the applicant and two are retained by the City.

Loan Repayment Phase

Full loan repayment can be made at any time without penalty. **PO** – To make a full or partial repayment above the standard monthly payment, please contact City Planning or Accounts Receivable. Loan repayment will begin 12 months after the loan is issued, subject to section 18 (Repayment Provisions) of these program guidelines. If repayment is to vary from this installment schedule, it will be on a schedule that is to the satisfaction of the City Planner and as agreed to by all parties.

PO – Please note that loan cheque distribution cannot occur in December due to financial year-end. Instead all loan cheques requested in the Agreement phase in December will be processed in January.

4. Financial Incentive Approval

Once all eligibility criteria and conditions are met, and provided that funds are available in the supporting Reserve Fund, the Managing Director, Planning and City Planner or designate will approve the incentive application. Approval by means of a letter to the applicant will represent a commitment by the City of London. Loan commitments will be valid for one year and will expire if the building permit is not issued within that time period. The Managing Director, Planning and City Planner may, at his/her discretion, provide a written time extension of up to one year. **PO – It is important to note that the consideration of such an extension will require a written request from the applicant detailing the reasons the extension is being sought.**

5. Additional Rehabilitation and Demolition

Additional work to the interior of the building can be undertaken without City Planning's approval subject to obtaining a building and/or heritage alteration permit, when required. The loan programs do not impose any specific restrictions on demolition.

6. Inspection of Completed Works

The loan will be paid to the property owner (or designate) after the subject works are completed. The applicant is to inform the City when the works are completed and the City will inspect the completed works to verify that the proposed improvements have been completed as described in the application.

7. Incentive Application Refusal and Appeal

If an application is refused, the applicant may, in writing, appeal the decision of the Managing Director, Planning and City Planner to the City Clerk's Office who will provide direction to have the matter heard before Municipal Council through the Planning and Environment Committee.

8. Relationship to other Financial Incentive Programs

It is intended that the Loan Programs will complement other incentive programs offered by the City of London. Property owners may also qualify for financial assistance under those programs specifically detailed within the program guidelines. However, the funding from these programs cannot be used to subsidize the property owner's share of the total cost of the loan programs property improvements.

9. Monitoring & Discontinuation of Programs

As part of the program administration, City Planning staff will monitor all of the financial incentive programs. In receiving and processing applications Staff will enter relevant information into a Monitoring Database. This information will be included in Incentive Monitoring Reports which will be prepared to determine if programs should continue, be modified, or cease to issue any new commitments. Each program is monitored to ensure it implements the goals and objectives of the Community Improvement Plan within which the program applies. The City may discontinue the financial incentive programs at any time; however, any existing loan will continue in accordance with the agreement. A program's success in implementing a Community Improvement Plan's goals will be based on the ongoing monitoring and measurement of a series of identified targets that represent indicators of the CIP's goals and objectives, as noted in the Program Monitoring Data section.

10. Program Monitoring Data and Activity Reports

The following information will be collected and serve as indicators to monitor the Additional Residential Unit Loan Program offered through the Affordable Housing Community Improvement Plan. These measures are to be flexible allowing for the addition of new measures that better indicate if the goals and objectives of the CIP have been met.

Additional Residential Unit Loan Program	<ul style="list-style-type: none"> - Number of Applications (approved and denied); - Approved value of the loan and the total construction cost (i.e. total public investment and private investment); - Total Value of Building Permit (if required); - Number of “additional residential units” created; - Type of “additional residential units” (number of bedrooms; unit locations – accessory structure or main building); - Monthly rental price for the new “additional” unit; - Number of months per year the Additional Residential Unit is occupied; - Total Loan Amount; - Number of loan defaults; - Cost of loan defaults.
---	--

11. Additional Residential Unit Loan Program – Purpose

- The purpose of the Additional Residential Unit Loan Program is to address affordability of home ownership and to create more long-term, stable rental housing supply to help address low rental vacancy rates.
- Objectives of this program include creation of more mixed-income communities; providing opportunities for urban regeneration and intensification; providing opportunities for aging in place; and supporting and implementing the policy goals and frameworks of *The London Plan* and the Housing Stability Action Plan.

12. Additional Residential Unit Loan Program – Eligible Works

Eligible works include the following:

- Development, redevelopment, and/or renovations that creates new Additional Residential Units.
- Servicing to an Additional Residential Unit located in an ancillary building (e.g. converted garage or gate house).
- Works may include upgrades to meet identified deficiencies, such as Building Code and Fire Code.

13. Additional Residential Unit Loan Program – Works Not Eligible

- Additional rehabilitation, demolition, or interior works in the main dwelling unit but which are outside of an eligible “additional residential unit”.
- Loans will not apply retroactively for works undertaken prior to entering the loan agreement.

14. Additional Residential Unit Loan Program – Loan Terms

In addition to the eligible works above, loans require that:

- The new Additional Residential Unit is required to be within an existing residential building (existing as of the date the by-law adopting the Affordable Housing Community Improvement Plan is passed by Council).
- The Additional Residential Unit is permitted within or on the same property as the existing single or semi-detached home or street townhouse.
- Owner-occupancy is required.
- The Additional Residential Unit must maintain a valid Residential Rental Unit License (RRUL), which must be renewed with the City every year.

- Additional Residential Units that avail of this incentive program are not permitted to be used as short-term rental accommodation such as “airbnb” or similar.
- The loan is issued after the eligible works are completed.
- Repayment begins 12 months after the loan is issued.
- Loans are the lesser of \$20,000 or the cost of eligible works.

15. Loan Distribution

The City will provide the applicant with one cheque in the full amount of the approved loan after: (1) the City has completed its due diligence to ensure the applicant and property remain eligible for the loan, (2) the Loan Agreement has been signed, and (3) the loan amount has been added as an encumbrance on title for repayment. **The City will not provide partial loan amounts or progress payments.**

16. Loan Security and Postponement

Loans will be secured through the registration of an encumbrance placed on property title for the total amount of the loan. The Managing Director, Planning and City Planner or designate may postpone the encumbrance (subordination of an encumbrance to another encumbrance on the same property) which is given as security for the loan in circumstances where any of the registered mortgages are being replaced, consolidated or renewed and the total value of all mortgages and charges including the City’s encumbrance does not exceed 90% of the appraised value of the property.

17. Loan Agreement

Participating property owners in the financial incentive programs shall be required to enter into a loan agreement with the City. This agreement shall specify such items as (but not limited to) the loan amount, the duration of the loan, and the owner's obligation to repay the City for any monies received if the property is demolished before the loan period elapses or the unit(s) no longer meet eligibility requirements. The agreement shall include the terms and conditions included in the program guidelines.

18. Repayment Provisions

Loan repayments will begin twelve (12) months after the advancement of funds. Repayment of the loan will be on a monthly basis and does not include interest. The monthly payment amount will be calculated based on the total loan amount divided by 108 payments. Full repayment can be made at any time without penalty.

If the repayment schedule is to vary from the schedule identified in the paragraph above, it will be subject to the satisfaction of the City Planner and agreed to by all parties.

If a repayment installment is missed, or an applicant is otherwise found in non-compliance with the terms of their loan agreement, then the City will enter into a protocol for non-compliance.

19. Transferable Loans

At the discretion of the City, loans may be transferable to a new property owner providing that the new owner meets the eligibility criteria and agrees to the terms and conditions of the loan. The new owner must enter into a new loan agreement with the City for the outstanding loan value at the time of purchase. Otherwise, where the ownership is transferred the outstanding balance of the loan shall immediately become due and payable by the selling property owner.

Appendix E – 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 the Community Information Meetings held on December 12 and 17, 2019 were published in *The Londoner* on December 5, 2019, and circulated through the circulation list and to interested parties, as well as published on the City’s website.

Notice of the Community Information Meetings held on September 26, 2019 and October 2, 2019, were 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 additionally held in July and August of 2019.

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

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

Appendix F – 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.

Provincial Policy Statement, 2014 (Proposed Policy Changes posted on Environmental Registry of Ontario, July 22, 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 G – Relevant Background

Additional Reports

December 3, 2019. “Municipal Council Approval of the Housing Stability Plan 2019 to 2024 as Required under the Housing Services Act, 2011”, Community and Protective Services Committee.

November 18, 2019. “Draft Affordable Housing Community Improvement Plan and Key Considerations for Program Guidelines”, Planning and Environment Committee.

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.