

Bill No. 62  
2020

By-law No. C.P.-\_\_\_\_-\_\_\_\_

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”



City of London

# Affordable Housing Community Improvement Plan



# Affordable Housing Community Improvement Plan

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

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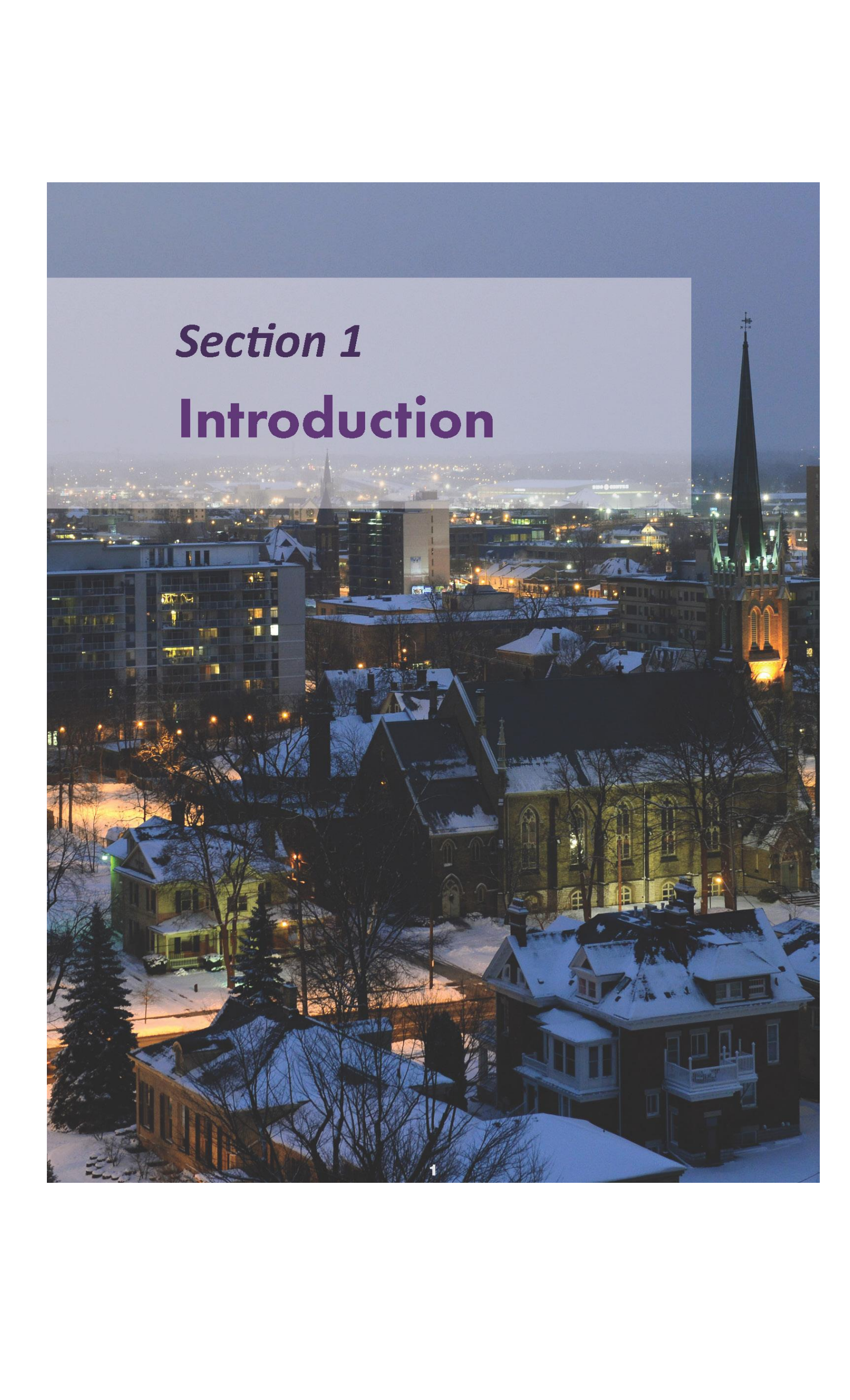
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An aerial night photograph of a city covered in snow. The scene is illuminated by city lights, with a prominent church spire on the right side. A semi-transparent white box is overlaid on the upper left portion of the image, containing the text 'Section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

*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:

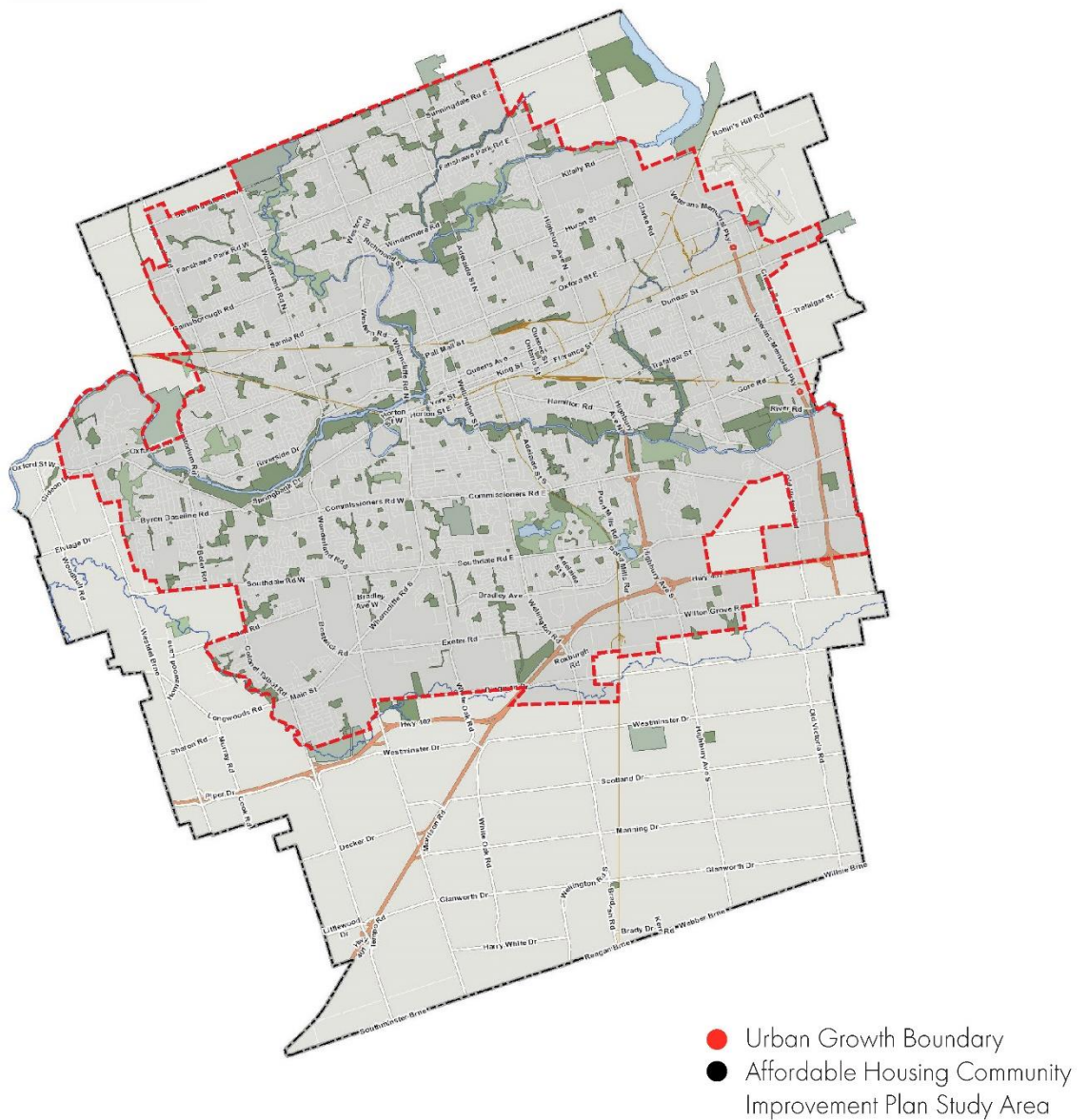
- Review of relevant Provincial and City policy documents;
- Review of existing CIPs in London and other Ontario municipalities;
- Analyze housing and household data;
- Consultation with the development industry, non-profits, City agency stakeholders, and the public to identify opportunities to develop 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.

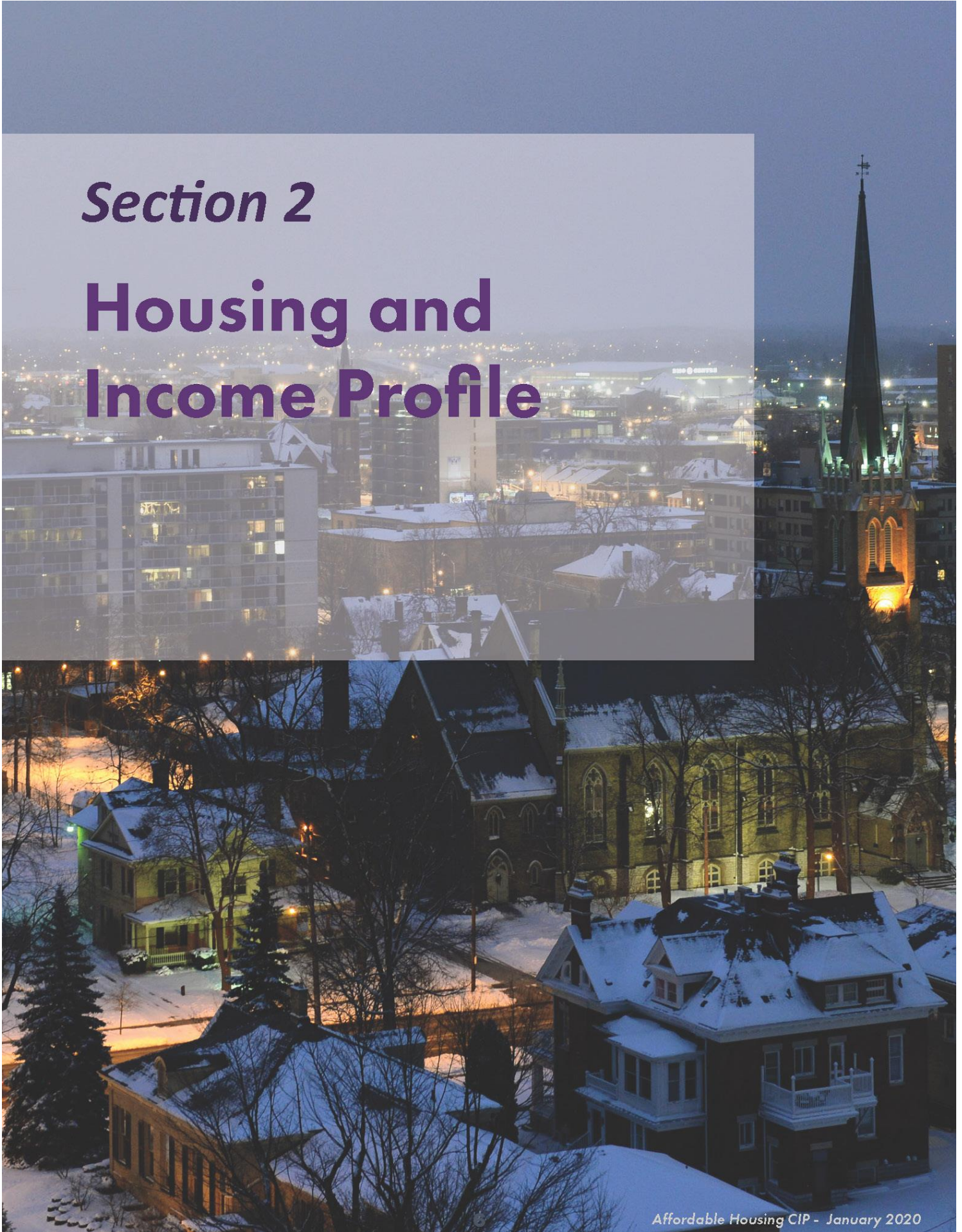
## Program Areas and Eligibility

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”.

For renter households this includes rent and any payments for electricity, fuel, water and other municipal services.

For owner households this includes mortgage payments (principal and interest), property taxes, and any condominium fees, along with electricity, fuel, water and other municipal services.



**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.

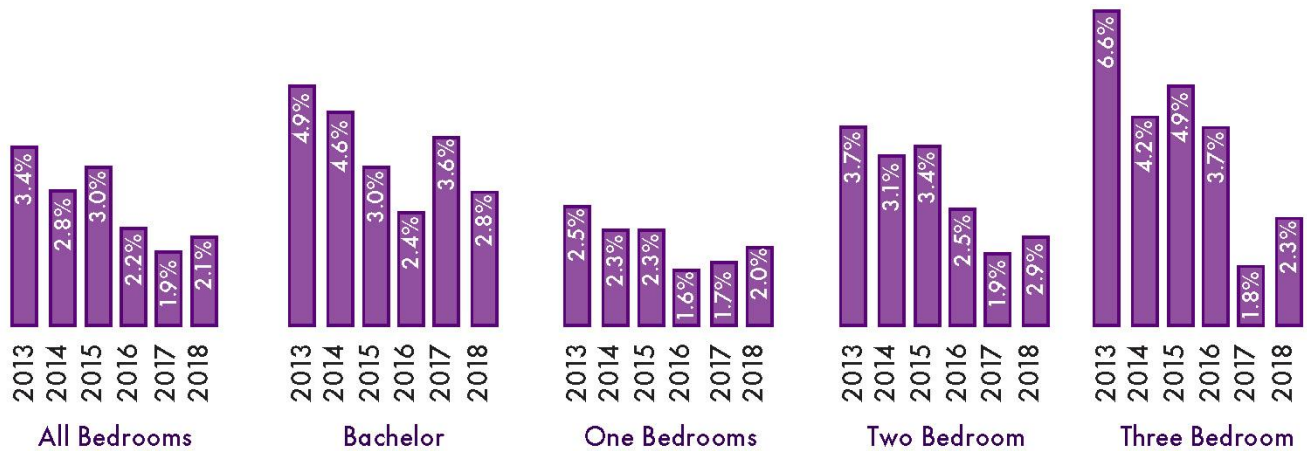


Figure 2: Vacancy Rate by Unit Size (Source: MMAH 2018)

## 6. Ownership costs for new homes



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

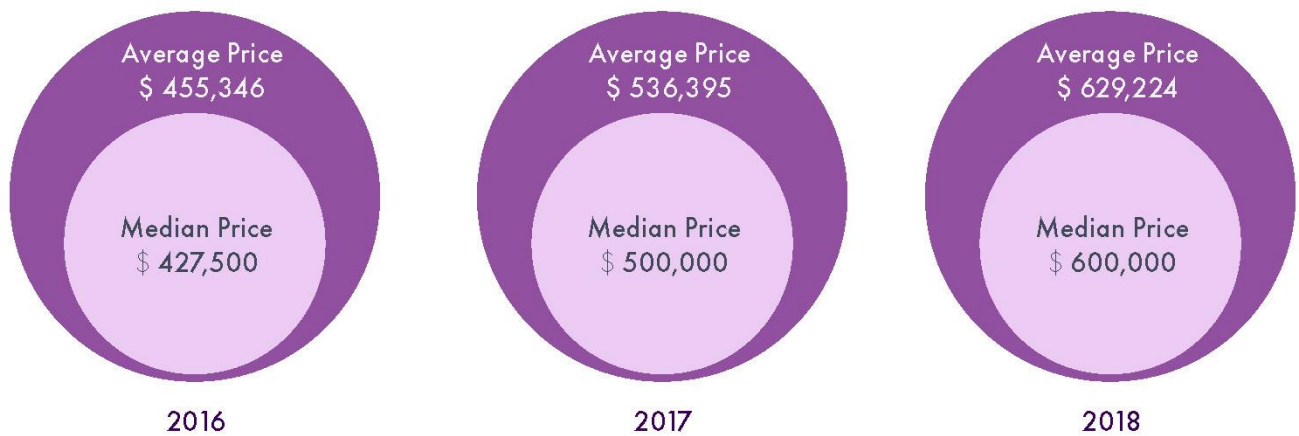


Figure 3: New home costs (Source: CMHC "Housing Now", 2019)

## 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
<b>Household Size</b>		
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.

An aerial night photograph of a city, likely Pittsburgh, showing a mix of modern and historic architecture. A large, illuminated church spire is a prominent feature 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 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.

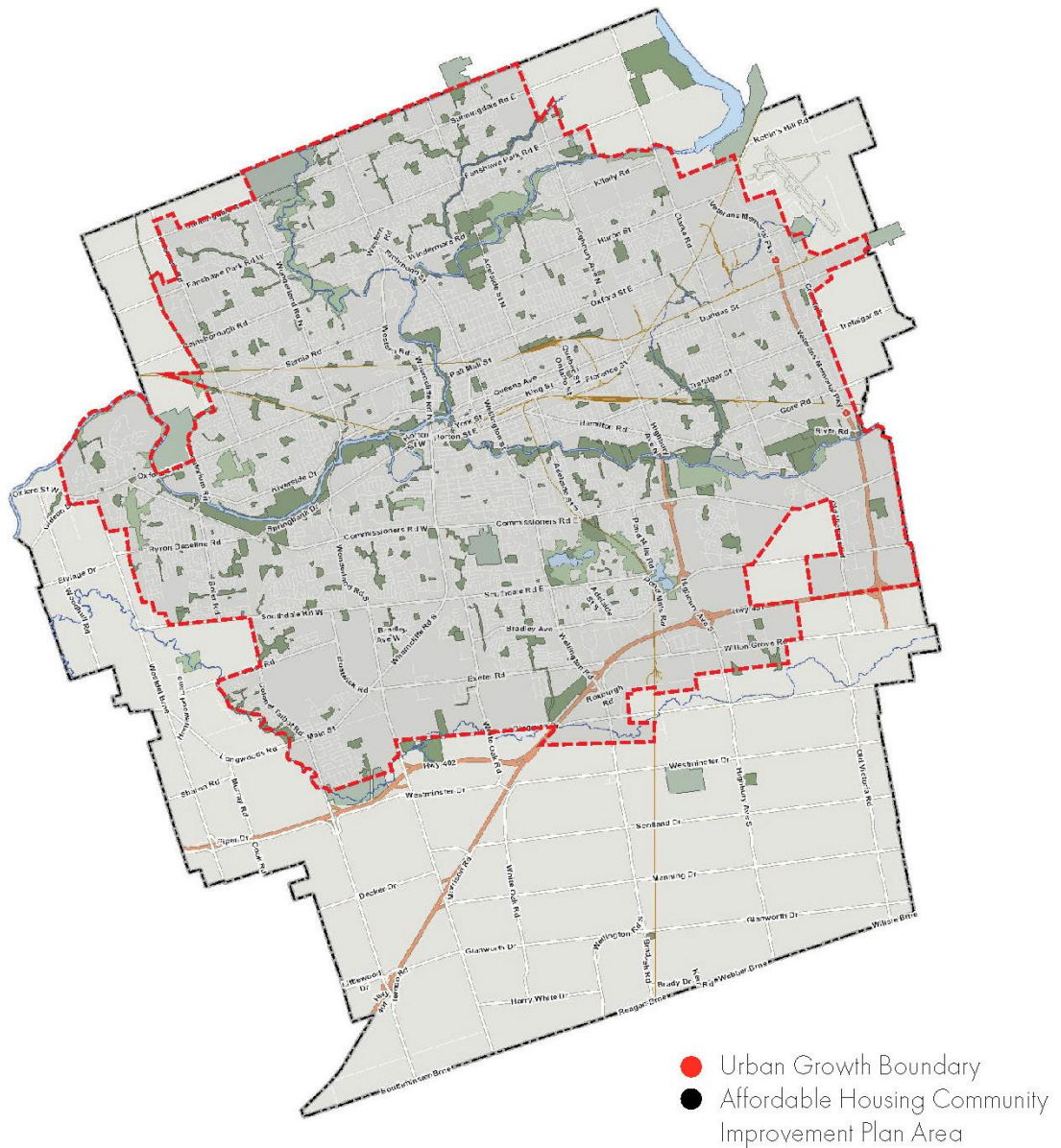


Figure 5: Community Improvement Project Area

An aerial night photograph of a city, likely Pittsburgh, showing a mix of modern and historic architecture. A large, dark, pointed church steeple is prominent on the right side. The city lights are visible in the background, and snow is visible on the rooftops of buildings in the foreground. A semi-transparent grey box is overlaid on the left side of the image, containing the text.

## *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:

<b>Objective</b>	<b>City Lead</b>	<b>Monitoring/Measurements</b>
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*





*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. The scene is covered in snow, and city lights are visible against a dark sky. A prominent church with a tall, dark steeple is on the right. A semi-transparent grey box is overlaid on the left side of the image, containing the title text.

## *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**

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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

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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

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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

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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

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#### 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