

Report to Planning and Environment Committee

To: Planning and Environment Committee
From: Scott Mathers, MPA, P. Eng
Deputy City Manager, Planning and Economic Development
Subject: Community Improvement Plan (CIP)
Financial Incentives Program 5-Year Review
Date: May 9, 2022

Recommendation

That, on the recommendation of the Deputy City Manager, Planning and Economic Development, the following actions be taken with respect to the evaluation of Community Improvement Plan incentives:

- a) the report dated May 9, 2022, with respect to the evaluation of Community Improvement Plan incentives, **BE RECEIVED**;
- b) the Civic Administration **BE DIRECTED** to report back at a future meeting of the Planning and Environment Committee with a comprehensive review of the City's existing Community Improvement Plans and associated financial incentives; and,
- c) the Civic Administration **BE DIRECTED** to report back at a future meeting with preliminary information for the 2024-2027 multi-year Budget.

Executive Summary

Purpose:

The purpose of this report is to initiate the CIP Financial Incentive 5-year program review.

Context:

A May 2nd, 2017 Council Resolution was the outcome of the previous comprehensive CIP program review that outlined the Council Direction to staff. Several of the financial incentive programs are set to expire in December 2023. Also, measures, indicators, and targets were added to several of the CIPs as directed by that Council Resolution. The current review is required to be completed prior to the 2024-2027 Multi-year Budget to determine budgets and impacts of continued funding of the financial incentive programs. In addition, there were five new CIPs that were adopted by Council since the previous review: Hamilton Area Road (2018), Lambeth Area (2019), Affordable Housing (2020), Core Area (2021), and Argyle Core Area (2021).

Linkage to the Corporate Strategic Plan

Growing our economy by increasing public and private sector investment in strategic locations to revitalize London's Downtown and urban areas.

Linkage to the Climate Emergency Declaration

On April 23, 2019, Municipal Council declared a Climate Emergency. The loan and grant programs support the City's commitment to reducing and mitigating climate change by encouraging and incentivizing intensification in strategic areas in London. These programs help support more intense and efficient use of existing urban lands and infrastructure, and the regeneration of the existing communities. The financial incentives also help ensure older buildings are more energy efficient and sustainable through renovations and upgrades to the structure and mechanical systems.

Analysis

1.0 Previous Reports Pertinent to this Matter

Planning and Environment Committee – April 27, 2017 – Service Review of Community Improvement Plan Incentives

Planning and Environment Committee – May 13, 2019 – New Measures and Indicators of Success

Planning and Environment Committee – November 16, 2020 – Community Improvement Plans Performance Measures and Indicators of Success

Planning and Environment Committee – March 29, 2021 – Downtown Community Improvement Plan – Performance Measures and Indicators of Success

Planning and Environment Committee – March 29, 2021 – Old East Village Community Improvement Plan – Performance Measure and Indicators of Success

Planning and Environment Committee – June 21, 2021 – CIP - Performance Measures and Indicators of Success

Planning and Environment Committee – November 1, 2021 - SoHo Community Improvement Plan – Performance Measures and Indicators of Success

Planning and Environment Committee – November 1, 2021 - Lambeth Community Improvement Plan – Performance Measures and Indicators of Success

Planning and Environment Committee – November 1, 2021 – Hamilton Road Community Improvement Plan – Performance Measures and Indicators of Success

2.0 May 2, 2017 Council Resolution

Civic Administration undertook an extensive Community Improvement Plan (CIP) Service Review in 2016 and 2017, which resulted in a May 2, 2017 Municipal Council resolution. That CIP Service Review recommended changes to existing financial incentive programs, introduced financial incentive programs to new or expanded areas, and requested several CIPs be amended to include performance measures and indicators of success (Downtown, OEV, and SoHo). Further, the Resolution notes several of the financial incentive programs are set to expire in December 2023.

The review of the CIP Financial Incentive programs identified in this report is required prior to preparation of the 2024-2027 multi-year budget. In addition, there are five (5) new CIPs that Council adopted since the previous review: Hamilton Road Area (2018), Lambeth Area (2019), Affordable Housing (2020), Core Area (2021), and Argyle Core Area (2021). The full list of CIPs and their associated financial incentives are listed below in **Table 1** of Section 3.2. Further, funding of the financial incentives available in the Argyle Core Road CIP will be identified for Council's consideration as part of the comprehensive review prior to the 2024-2027 Multi-Year Budget.

The complete May 2, 2017 Council Resolution is found in **Appendix A** of this report.

3.0 Discussion and Considerations

3.1 Community Improvement Plans

A Community Improvement Plan (CIP) is a tool provided in Section 28 of the *Planning Act* that is intended to replan, redesign, redevelop, and rehabilitate a designated area in need due to age, dilapidation, overcrowding, faulty arrangement, unsuitability of buildings or for any other environmental, social, or community economic development reasons. Under the *Municipal Act*, a Municipality is prohibited from providing bonusing (e.g. providing grants, loans, and tax exemption) to a business, unless it is through the adoption of a Community Improvement Plan (Section 106 of the *Municipal Act*).

A CIP can help:

- Focus public attention on local priorities and municipal initiatives,
- Target areas in transition or in need of repair, rehabilitation, and redevelopment,
- Facilitate and encourage community change in a coordinated manner, and
- Stimulate private sector investment through municipal incentive-based programs.

The financial incentive programs in Community Improvement Plans are often the tools to encourage and support community and economic redevelopment. The financial incentives are geared towards encouraging private sector investment in specific areas that further support the City's policy goals and objectives. For example, a loan to improve a building.

3.2 Current Community Improvement Plans and Financial Incentives

The City of London currently has both city-wide and area-specific Community Improvement Plans and associated financial incentives. The intent of each CIP is described below, and the associated financial incentives are listed in **Table 1**.

City-wide Community Improvement Plans

Heritage CIP

The purpose of the Heritage CIP is to offset the costs of retaining a property that is designated under Part IV of the Ontario Heritage Act. The Heritage Community Improvement Plan seeks to address the financial impacts of heritage preservation by offering incentives that promote building rehabilitation in conjunction with new development.

Brownfields CIP

The intent of the Brownfields CIP is to remove or reduce the obstacles that hinder brownfield remediation and redevelopment in the City of London

Industrial CIP

The Industrial CIP promotes industrial development and includes a program to offset Development Charges in accordance with Council direction

Affordable Housing CIP

The Affordable Housing CIP defines affordable housing needs, establish objectives to address affordable housing, identify opportunities to develop incentive programs to develop affordable housing, and identify monitoring measures to assist with future housing monitoring reports.

Area-specific Community Improvement Plans

Airport CIP

The Airport Area is a specialized industrial area, and the purpose of the Airport CIP is to direct and prioritize public and private initiatives to encourage redevelopment, rehabilitation, and renovation.

Downtown/Old East Village/SoHo/Lambeth/Hamilton Road/Argyle/Core Area CIPs:

There are seven (7) CIPs that focus on community revitalization and redevelopment on strategic mainstreets by incentivizing private sector investment in the communities by offering loans (and grants in several CIPs). The purpose of these CIPs is to preserve and rehabilitate the existing building stock in the Downtown and urban areas.

Table 1: Financial Incentives available under each CIP

(* denotes recent CIPs that were not available in the last 5-year review)

CIPs	Financial Incentive Programs Offered			
Airport Area	Tax Increment Grant			
Brownfield	Contamination Assessment Study Grant	Tax Increment Equivalent Grant	Development Charge Rebate	Property Tax Assistance Program
Downtown	Façade Improvement	Upgrade to Building Code	Tax Grant Program	Residential DC Grant
Heritage	Tax Increment Grant		Development Charge Equivalent Grant	
Industrial	Industrial Corridor Enhancement Grant		Development Charge Grant	
Old East Village	Façade Improvement	Upgrade to Building Code	Residential DC Grant	Tax Grant Program
SoHo	Façade Improvement	Tax Grant Program	Upgrade to Building Code	
Lambeth*	Façade Improvement		Wharnccliffe Road Corridor Sign Loan	
Hamilton* Road	Façade Improvement		Upgrade to Building Code	
Core Area*	Core Area Safety Audit	Core Area Boulevard Café Grant	Core Area Sign Grant	
Affordable* Housing	Affordable Housing Development Loan		Additional Residential Unit Loan	
Argyle Core* Area	Façade Improvement	Upgrade to Building Code	Tax Grant Program	

3.3 2022 CIP Incentive Review Approach

The CIP program review will start with a high-level analysis of the effectiveness of the CIP financial incentive programs. Further, there will be an interim report to City Council for approval outlining the recommended amendments to the CIPs and financial incentives that result from the analysis. An enterprise-wide approach will be used to execute this project that will include input from various departments of the Corporation.

3.4 Public and Stakeholder Engagement

The project may have implications for development in the City and will require engagement with various external stakeholders. The following are the proposed stakeholder groups for this project.

Proposed Stakeholder Groups
London Home Builders' Association
London & St. Thomas Association of Realtors
London Development Institute
Downtown London BIA
OEV BIA
Hamilton Road BIA
Argyle BIA
Lambeth Community Association
OEV Community Association
SoHo Community Association
Chamber of Commerce
London Economic Development Corporation
Building and Development Liaison Forum
Advisory Committees
Members of the Public

As part of this review, the following questions will be addressed:

1. Are the goals and objectives of each CIP still valid?
 - a. Do the CIPs align with current City policies and with the City’s Strategic Plan?
 - b. Do the financial incentives still support the goals and objectives of the CIPs?
 - c. Are the Community Improvement Project areas as geographically defined still valid?

2. Are the financial incentive programs meeting the goals and objectives of the City’s Strategic Plan?
 - a. What is the return on investment of the programs for public investment in London’s Downtown and urban areas?
 - b. Are the financial incentive programs relevant and performing well?
 - c. Are there any inefficiencies present in the financial incentives?
 - d. How have the financial incentives achieved the targets outlined in the CIPs?

3. Should the boundary of the areas eligible for financial incentives be amended?

This project may impact several stakeholder groups and the public and significant engagement is anticipated. Likewise, there will be on-going coordination with Communications to ensure adequate public and stakeholder engagement. Some of the methods for engagement that have been identified for this project are placing signs at key locations, mailouts of postcards, Notices of Public Meetings and project updates, development of a GetInvolved Webpage with an online survey, and holding virtual Public Meetings.

3.5 Next Steps

The following is the high-level of the project plan outlining the milestones and targeted dates. Staff are targeting completion of this review in the second quarter of 2023.

Table 2: Project Milestone Timetable

Milestone	Target Date
Project Team Kickoff Meeting	2022 Q2
Commence Public and Stakeholder Engagement	2022 Q2
Conclude Public and Stakeholder Engagement	2022 Q4
Review of CIP & Financial Incentives	2022 Q4
Determine the recommended CIP and Financial Incentive amendments required	2022 Q4
Interim Project Update Report to PEC	2023 Q1
Recommended CIP and Financial Incentive amendments with By-laws to PEC	2023 Q2
CIP/Financial Incentive amendments Full Force and Effect	2023 Q2

4.0 Financial Impact/Considerations

Subsequent reports will discuss the how the review and associated recommendations to financial incentives will impact the 2024-2027 budget.

The average annual value of CIP grants issued over the four years 2018 to 2021 was \$1.18 million. This includes tax increment grants for downtown and Old East, airport, heritage, downtown façade uplighting and brownfields.

The average annual value of CIP loans issued over the same period was \$598,000. This includes façade and upgrade loans for downtown, Old East, and Hamilton Road.

Conclusion

Community Improvement Plans are a vehicle to encourage private sector investment by offering publicly funded financial incentives. Review of the CIPs and their financial incentive programs will help determine how the public funds are addressing the intended purposes of rehabilitating and revitalization Downtown and urban areas. In addition, the review will establish where Council is achieving its greatest impact and may propose a re-allocation of funding to support Council's strategic priorities. Staff is targeting Q2 2023 for the completion of the CIP Financial Incentive program review.

Prepared by: Jasmine Hall, MCIP RPP
Planner II, Core Area and Urban Regeneration

Reviewed by: Jim Yanchula, MCIP RPP
Manager, Core Area and Urban Regeneration

Recommended by: Stephen Thompson, MCIP RPP
Director, Economic Services and Supports

Submitted by: Scott Mathers, P. Eng.
Deputy City Manager, Planning and Economic
Development

Appendix A – May 2, 2017 Council Resolution

At its meeting held on May 2, 2017, Municipal Council resolved:

I hereby certify that the Municipal Council, at its meeting held on May 2, 2017 resolved: That, on the recommendation of the Managing Director, Planning and City Planner, the following actions be taken with respect to the service review of the City's Community Improvement Plans (CIPs) and associated incentive programs:

- a) the Residential Development Charges Programs for Downtown and Old East Village Community Improvement Plan Project Areas BE AMENDED to require the payment of the residential development charge at the time of building permit ("up front") by the Applicant, and provide a phased grant-back program to re-pay the residential development charge; it being noted that this program change will generate an estimated \$620,000 of operating savings per year and \$6,000,000 of one-time savings;
- b) the City-wide Industrial Development Charge Program BE AMENDED to distinguish between targeted and non-targeted industrial uses to provide a maximum development charge rebate of \$250,000 equal to 50% of the development charge for the first \$500,000 or non-targeted industrial uses;
- c) the Rehabilitation and Redevelopment Tax Grant Programs for the Downtown and Old East Village Community Improvement Plan Project Areas BE AMENDED to increase the value of the grants for the retention and rehabilitation of properties designated under the *Ontario Heritage Act*;
- d) the Rehabilitation and Redevelopment Tax Grant Program, as amended in part c) above, BE PROVIDED for eligible properties located in the SoHo Community Improvement Plan Project Area; it being noted that this program was previously approved as part of the SoHo Community Improvement Plan, but not funded;
- e) the Upgrade to Building Code Loan and Grant Programs for the Downtown, Old East Village and SoHo Community Improvement Plan Project Areas BE AMENDED to increase the value of the loans available under these programs up to \$200,000 capped at 50% of the completed eligible improvements;
- f) the Upgrade to Building Code Loan and Grant Programs for Downtown and the Old East Village Community Improvement Plan Project Areas BE AMENDED to re-activate the "Forgivable Loan" programs for targeted uses within defined areas of the Downtown and Old East Village CIP project areas for a period up to three years;
- g) the Façade Improvement Loan and Grant Programs for Downtown, Old East Village and SoHo Community Improvement Plan Project Areas BE AMENDED to increase the value of the loans available under these programs up to \$50,000 capped at 50% of the completed eligible improvements;
- h) the Façade Improvement Loan and Grant Programs for Downtown and Old East Village Community Improvement Plan Project Areas BE AMENDED to re-activate the "Forgivable Loan" programs for targeted uses within defined areas of the Downtown and Old East Village CIP project areas for a period up to three years;
- i) Industrial Corridor Enhancement Grant Program BE FUNDED up to \$40,000 per year for eligible properties located within the Highway 401/402 Corridor; it being noted that this program was previously approved as part of the Industrial Lands Community Improvement Plan, but not funded;
- j) the Civic Administration BE DIRECTED to amend the Downtown Community Improvement Plan to expand the Community Improvement Plan Project Area boundary to include the Richmond Row area, and that the following programs be provided in the Richmond Row area:
 - i) Façade Improvement Loan Program; and,
 - ii) Building Code Loan Program;

k) a portion of the savings generated by the Community Improvement Plan amendments described in part a) above BE IDENTIFIED to potentially fund the following new programs pending the conclusion and the Municipal Council adoption of the Hamilton Road and Lambeth Community Improvement Plans:

- i) Façade Improvement Loan Program (Hamilton Road and Lambeth); and,
- ii) Building Code Loan Program (Hamilton Road);

l) that \$200,000 of annual net savings generated as a result of this service review of the Community Improvement Plan program BE DIRECTED to address the budgeted savings target for the 2016-2019 multi-year budget;

m) the Civic Administration BE DIRECTED to consider Forgivable Loan Programs for the SoHo, Hamilton Road and Lambeth Community Improvement Plan Project Areas as part of the 2024-2027 Multi-year Budget process;

n) that Community Improvement Plans for the following Community Improvement Plan Project Areas BE AMENDED to include performance measures and indicators of success to align with current City policies and Council strategic directions:

- i) Airport Area Community Improvement Plan;
- ii) Brownfield Community Improvement Plan;
- iii) Downtown Area Community Improvement Plan (including the “Richmond Row” expansion area);
- iv) Heritage Community Improvement Plan;
- v) Industrial Community Improvement Plan;
- vi) Old East Village Community Improvement Plan; and
- vii) SoHo Area Community Improvement Plan;

o) as part of the monitoring of the revised incentive programs, the Civic Administration BE DIRECTED to report back on the experience of mid-rise and/or smaller scale residential development accessing the residential development charges grant program;

it being noted that the program changes recommended above (a) through i) above) will come into effect on January 1, 2018 following the preparation of new program guidelines for these programs; and, it being further noted that these amended programs (identified in recommendations a) through i) above) will expire no later than December 31, 2023 pending a Municipal Council review of the program results to be provided prior to the adoption of the 2024-2027 Multi-year Budget, and that the review identify interim funding for any programs recommended to be carried forward to ensure that there is not a gap in program delivery.