June 9, 2023

Chair and Members
Planning and Environment Committee
City of London

Re: June item 3.2 - 5 Year Review - Community Improvement Plans and Financial Incentive
Programs (Final)

A. Items not addressed in the current report:

1. Schedule 3 of Industrial Development Charges Grant– Incentive Program Guidelines

The definition of “Industrial Building” includes the following:

a building used for:

Businesses that develop computer software or hardware for license or sale to end users that are on lands zoned for industrial uses.

This was included back in my day on council for one site that has never developed. Whether this type of business in an industrial zone should be considered industrial in the 21st century in order to qualify for a DC subsidy should be reviewed.

2. Institutional DC Incentive ($2.4 M per year of tax support money)

At the DC Stakeholder Table, staff indicated that the provincial government pays the costs of hospital, university and college construction including development charges. Does it make sense to continue using city tax money to pay the province?

B. Item from the Report - Downtown/Core area Residential Development Charges Grant Programs

Certainly agree with new metrics but strongly encourage you have them in place before you OK continuing the Downtown program for more than this year (by law changes required, section 2.2 of your report).

The Downtown incentive/subsidy has been in existence in pretty much the same form since the 1990s except for the timing of payment to the proponent. In good times and in bad times. And with limited if any sense of when it might no longer be needed. I am sure the industry will say it is needed. However, who is going to say “gee, I don’t need millions of dollars in grants, I’m good.” But for the Council to continue a tax supported program without clearer metrics is questionable.

It is good to see that staff are recommending something other than population as a metric because by itself, a population target doesn't mean anything. The previous report to this Committee from the consulting firm said that population is an indicator of a "prosperous community" without explaining the characteristics of such a community. Population of a defined area also ignores that people from outside the defined area visit and spend money in that area. The maps of the CIPs seem to suggest the CIP areas exist in isolation from the rest of the city.

Suggestions for measurable objectives BEFORE agreeing to continue the program:

Staff know how many units constructed under the DC Grant Program are 2 bedrooms or more because your DC for multi residential is different for a unit with less than 2 bedrooms than it is for a unit with 2 or more bedrooms. If the effort is to help families, consider the following before passing the recommendation:

- **How many of each type of unit the subsidy has supported and if a change to specifically provide an incentive for larger units is more consistent with Council's goals.**

- **Perhaps funds should be directed to rent geared to income subsidies for tenants of new units? I suggest rent geared to income and not 80% of market rent because 80% of market is a fool's game when market rents go up by 20% in a year.**

- **Perhaps to support your Climate Emergency Action Plan, funds be redirected to buildings that meet LEED or other similar standards for energy efficiency and/or less carbon intensive construction methods.**

- **Or funds should be redirected to innovation measures to support attainable housing (whatever that ends up meaning).**

On June 8 in the Globe and Mail, the CEO of Meridian Credit Union suggested ideas for creating attainable and affordable housing including:

- **Community investment bonds specifically for attainable and affordable housing creation**

- **Shared equity appreciation lending that allows those with modest incomes to afford the down payment on a home and share in the equity appreciation of that home over time with a patient investor.**

I also note with interest the following in your report on page 35 right before the conclusion. While it may be true, there is no data (historical, financial or other) in the report to support it. Council should get the details from staff.

It is important to note that the financial impact of the financial incentive programs should also be considered relative to the return on investment of the programs. The more expensive grants (e.g., DC and Tax) tend to have bigger returns.

Finally, think long and hard about whether you even want staff to look at consolidating the Downtown, Core and Old East CIPs. Old East's incentive programs are much newer than the other two. And they are different places in a number of ways. And the metrics might very well be different because each areas' needs are different.

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