

**TO: CHAIR AND MEMBERS – PLANNING COMMITTEE  
MEETING ON  
12 FEBRUARY 2007**

**FROM: R.W. PANZER  
GENERAL MANAGER OF PLANNING AND DEVELOPMENT**

**SUBJECT: AIRPORT AREA COMMUNITY IMPROVEMENT PLAN  
MONDAY FEBRUARY 12<sup>th</sup>, 2007**

### **RECOMMENDATION**

That, on the recommendation of the General Manager of Planning and Development, the following action be taken with respect to the application by the City of London relating to the Airport Area Community Improvement Plan:

- a) That the proposed by-law attached hereto as Appendix “A” BE INTRODUCED at the Municipal Council meeting on February 19, 2007 to repeal By-law No. C.P.-1453-107 entitled, “A By-law to adopt the Airport Area Community Improvement Plan”, passed by Municipal Council on April 10, 2006.

### **PREVIOUS REPORTS PERTINENT TO THIS MATTER**

**January 30, 2006 Report to Planning Committee (OZ-7066)** – This report, identifying a framework for an Airport Area Community Improvement Plan, sought direction to prepare a Community Improvement Plan for the Airport Area for consideration at a future meeting of Planning Committee.

**April 03, 2006 Report to Planning Committee (OZ-7066)** – This report recommended that several Official Plan amendments be introduced to facilitate the Airport Area Community Improvement Plan, that the Community Improvement Plan for Brownfield Incentives and the corresponding Project Area be amended to include the airport lands, and that the Airport Area Community Improvement Plan and the corresponding Project Area be adopted.

**January 15, 2007 Report to Planning Committee (OZ-7066)** – This report recommended that By-law No. C.P.-1453-107 be repealed and an amended Airport Area Community Improvement Plan be adopted.

### **BACKGROUND**

On January 15, 2007 a report to Planning Committee recommended that By-law No. C.P.-1453-107 entitled, “A by-law to adopt the Airport Area Community Improvement Plan”, be repealed and an amended Airport Area Community Improvement Plan be adopted to further refine the eligibility criteria for the Program Incentives.

On January 22, 2007, Municipal Council passed By-law No. C.P.-1461-33 entitled, "A by-law to adopt the Airport Area Community Improvement Plan as amended", which adopted an amended Airport Area Community Improvement Plan to replace the previous Plan. However, the by-law to repeal the by-law that adopted the previous Airport Area Community Improvement Plan was not attached to the report.

## CONCLUSION

Given that Municipal Council, at its session held on January 22, 2007 resolved that By-law No. C.P.-1453-107 entitled, "A by-law to adopt the Airport Area Community Improvement Plan" be repealed and on that date Municipal Council adopted By-law No. C.P.-1461-33 entitled, "A by-law to adopt the Airport Area Community Improvement Plan as amended" it is recommended that the attached by-law be introduced so that By-law No. C.P.-1453-107 can be formally repealed.

**PREPARED BY:**



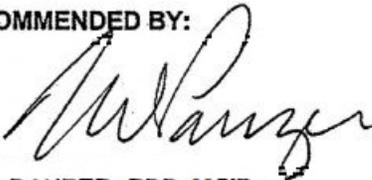
**MICHAEL TOMAZINCIC  
PLANNER II**

**SUBMITTED BY:**



**GREGG BARRETT, AICP  
MANAGER - LAND USE PLANNING,  
POLICY**

**RECOMMENDED BY:**



**R. W. PANZER, RPP, MCIP  
GENERAL MANAGER OF PLANNING AND DEVELOPMENT**

February 9, 2007  
MT/mt

Y:\shared\policy\draft reports\Airport CIP\Airport Area CIP - Revised Repeal Report

APPENDIX "A"

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

2007

By-law No. (number to be inserted by Clerk's Office)

A by-law to repeal by-law No. C.P.-1453-107,  
entitled "A by-law to adopt the Airport Area  
Community Improvement Plan"

**WHEREAS** by subsection 28(4) of the Planning Act enable the Council of a municipal corporation to amend community improvement plans within designated areas;

**AND WHEREAS** the Council of the Corporation of the City of London has, by By-law No. C.P.-1461-33, adopted the "Airport Area Community Improvement Plan as amended",

**AND WHEREAS** the Airport Area Community Improvement Plan as amended is in conformity with the Official Plan;

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

1. By-law No. C.P.-1453-107, passed by Municipal Council on April 10, 2006, is hereby repealed.
2. This by-law comes into effect on the day it is passed.

**PASSED** in Open Council on February 19, 2007.

Anne Marie DeCicco-Best  
Mayor

Kevin Bain  
City Clerk

First Reading – February 19, 2007  
Second Reading – February 19, 2007  
Third Reading – February 19, 2007

**TO: CHAIR MEMBERS – PLANNING COMMITTEE  
MEETING ON  
15 JANUARY 2007**

**FROM: R.W. PANZER  
GENERAL MANAGER OF PLANNING AND DEVELOPMENT**

**SUBJECT: AIRPORT AREA COMMUNITY IMPROVEMENT PLAN  
PUBLIC PARTICIPATION MEETING ON  
MONDAY JANUARY 15<sup>TH</sup>, 2007 5:00pm**

### **RECOMMENDATION**

That, on the recommendation of the General Manager of Planning and Development, the following actions be taken with respect to the application by the City of London relating to the designation of the Airport Area Community Improvement Plan:

- a) That By-law No. C.P.-1453-107 “A by-law to adopt the Airport Area Community Improvement Plan” **BE REPEALED**;
- b) That the proposed by-law attached hereto as Appendix “A” **BE INTRODUCED** at the Municipal Council meeting on January 22<sup>nd</sup>, 2007 to adopt the Airport Area Community Improvement Plan as amended which outlines the revised strategies and framework utilized to stimulate community improvement in the Airport Area;
- c) The attached Airport Area Community Improvement Plan **BE SUBMITTED** to the Province for final approval subject to Section 28 of the *Planning Act*;
- d) That after the Community Improvement Plan has been in effect for two (2) years, staff will review on the status of the Community Improvement Plan and provide recommendations on any modifications or changes required as a result of that review.

It being noted that the Airport Area Tax Increment Grant Application form is attached hereto as Appendix “B”.

### **PREVIOUS REPORTS PERTINENT TO THIS MATTER**

*January, 2001 Planning Report – Draft plan of Subdivision Skyway Industrial Park* – This report was written to support an application for a draft plan of subdivision for the Skyway Industrial Park.

*February 28, 2005 Report to Planning Committee (OZ-6743)* – This report examined the potential of realigning the flood lines surrounding Potterburg Creek to accommodate more development.

*February 28, 2005 Report to Planning Committee (OZ-6744)* – This report introduced a by-law to amend the Zoning By-law Z-1 from a LI2 zone to a GI1 zone. The new GI1 zone will permit a broad range of industrial uses.

*November 16, 2005 London Airport Authority – Skyway Industrial Park* – This report to Board of Control recommended that Civic Administration be directed to develop a framework and timetable for a Community Improvement Plan to support the Airport Authority in the development of an aerospace industry.

*January 30, 2006 Report to Planning Committee (OZ-7066)* – This report, identifying a framework for an Airpost Area Community Improvement Plan, sought direction to prepare a Community Improvement Plan for the Airport Area for consideration at a future meeting of Planning Committee.

*April 03, 2006 Report to Planning Committee (OZ-7066)* – This report recommended that several Official Plan amendments be introduced to facilitate the Airport Area Community Improvement Plan, that the Community Improvement Plan for Brownfield Incentives and the corresponding project area be amended to include the airport lands, and that the Airport Area Community Improvement Plan and the corresponding Project Area be adopted.

## **BACKGROUND**

In April 2006, Council designated the Airport Area Community Improvement Project Area and adopted the AirPort Area Community Improvement Plan which sought to offer incentives to aerospace companies who locate near London International Airport. Upon adoption, the Community Improvement Plan was subsequently submitted to the Ministry of Municipal Affairs and Housing (Ministry) for approval, consistent with Section 28(8) of the *Planning Act*, 1990.

In June 2006, Staff from the local Ministry office met with Planning Staff to discuss their concerns surrounding the Community Improvement Plan. Their primary concern was that the purpose of the Airport Area Community Improvement Plan was for “economic development” and not rehabilitation of the Airport Area.

Although the definition of *community improvement project area* describes community economic development as a goal for community improvement, it must not be the sole purpose of a Community Improvement Plan. Economic development must be the result of rehabilitation. The Ministry has advised that it cannot justify the approval of the Airport Community Improvement Plan on the basis that much of the land within the Community Improvement Project Area consists of “greenfield” land and that the primary focus would not be rehabilitation.

In addition, the Ministry cited a similar attempt by the City of Thunder Bay to adopt a Community Improvement Plan around their airport which was denied by the Ministry. Ministry Staff intended to be consistent with previous decisions for such matters. Ministry Staff also suggested that the City await the final adoption of Bill 51, *An Act to amend the Planning Act and the Conservations Land Act and to make related amendments to other Acts*, as it was suggested that proposed amendments to Section 28 – Community Improvement, may provide for additional incentives.

This amended Airport Area Community Improvement Plan attempts to narrow the scope of the previous Plan by concentrating on rehabilitation of existing structures within the Airport Area. This amended Plan seeks to address the concerns of the Ministry by focusing on rehabilitation rather than economic development of the Airport Area.

In addition, the previous Airport Area Community Improvement Plan included eligibility for the Community Improvement Plan for Brownfield Incentives as one of its benefits. This was done to permit the Airport lands to participate in the Brownfields incentive program. However, given that the Community Improvement Project Area for Brownfield incentives was proposed to be expanded to include the Airport lands it is now redundant to include Brownfield incentives as a benefit under the Airport Area Community Improvement Plan as well. For this reason, eligibility for Brownfield incentives has been removed as a benefit in the amended Airport Area Community Improvement Plan.

As a result of the removal of one of the program's incentives, Planning Staff felt it was appropriate to repeal the previous Airport Area Community Improvement Plan and adopt an amended Airport Area Community Improvement Plan rather than adopt a lengthy set of amendments.

## **COMPANIES ELIGIBLE FOR AEROSPACE INCENTIVES**

Given the specialized requirements and significant financial investment aerospace companies require for their structural facilities, it is intended that only aerospace manufacturing and servicing companies will be eligible to receive incentives through the Airport Area Community Improvement Plan to assist with rehabilitating buildings to their unique standards. These industries include:

### **AEROSPACE PRODUCTS AND PARTS MANUFACTURING**

This industry group comprises establishments primarily engaged in manufacturing aircraft missiles, space vehicles and their engines, propulsion units, auxiliary equipment, and parts thereof. The development and production of prototypes is classified in this industry, as is the factory overhaul and conversion of aircraft and propulsion systems.

### **SCHEDULED AIR TRANSPORTATION**

This industry group comprises establishments primarily engaged in transporting passengers and/or goods by aircraft, over regular routes and on regular schedules. Establishments in this industry have less flexibility with respect to choice of airports, hours of operation, load factors and similar operational characteristics than do establishments in 4812, Non-Scheduled Air Transportation.

### **NON-SCHEDULED AIR TRANSPORTATION**

This industry group comprises establishments primarily engaged in the non-scheduled air transportation of passengers and/or goods. Establishments in this industry have more flexibility with respect to choice of airports, hours of operation, load factors and similar operational characteristics than do establishments in 4811, Scheduled Air Transportation. Establishments

primarily engaged in providing specialty air transportation or flying services using small, general-purpose aircraft are included.

#### **Non-Scheduled Chartered Air Transportation**

This Canadian industry comprises establishments primarily engaged in the non-scheduled air transportation of passengers and/or goods by aircraft, at a toll per mile or per hour for the charter of the aircraft.

#### **Non-Scheduled Specialty Flying Services**

This Canadian industry comprises establishments primarily engaged in providing a combination of flying services, with no single service predominating. These establishments use small, general-purpose aircraft. The services performed may be specialized, such as aerial photography, aerial crop spraying, fighting forest fires, air ambulance, towing advertising banners, skywriting, and serial traffic reporting, or general air transportation of passengers and goods.

### **SCENIC AND SIGHTSEEING TRANSPORTATION, OTHER**

This industry group comprises establishment, not classified to any other industry, primarily engaged in providing scenic and sightseeing transportation. Some examples of these services are scenic helicopter rides and hot-air balloon rides.

### **SUPPORT ACTIVITIES FOR AIR TRANSPORTATION**

This industry group comprises establishments primarily engaged in providing specialized services to the air transport industry.

#### ***Airport Operations***

This industry comprises establishments primarily engaged in operating international, national and other civil airports. The activities involved in operating airports include renting hanger space, and providing air traffic control services, baggage handling, cargo handling and aircraft parking services. Public flying fields are included.

#### **Air Traffic Control**

This Canadian industry comprises establishments primarily engaged in operating air traffic control services to promote the safe, orderly, and expeditious flow or air traffic.

#### **Other Airport Operations**

This Canadian industry comprises establishments, not classified to any other Canadian industry, primarily engaged in operating civil airports.

#### ***Other Support Activities for Air Transportation***

This industry comprises establishments, not classified to any other industry, primarily engaged in providing specialized services to the air transport industry. Some important activities are

servicing aircraft, repairing and maintaining aircraft (except on a factory basis), and inspecting and testing aircraft.

### **Air Ambulance Services**

This Canadian industry comprises establishments primarily engaged in the air transportation of patients and the provision of emergency medical care. The vehicles equipped with life-saving equipment operated by trained personnel.

While this list may be comprehensive, it is not intended to be exclusive. It is recognized that this list may exclude some legitimate aerospace industries that are engaged in other activities as well. Examples may include companies related to airline food services, airline janitorial services and other industries whose area is not limited to aerospace. Including these broader industries under the Community Improvement Plan incentives may complement the local aerospace industry. In circumstances where a company is engaged in activities other than those listed above the company's eligibility for incentives will be considered on a case-by-case basis.

## **POTENTIAL AEROSPACE INDUSTRY INCENTIVES**

### ***Tax Increment Grant***

Section 28(7) of the Planning Act permits a municipality to provide grants for the purposes of carrying out a Community Improvement Plan to owners and tenants of land and buildings within a Community Improvement Project Area. One form of grant that has been utilized in London in concert with Community Improvement Plans is the Tax Increment Grant. Specifically, in Downtown and Old East Village, this Grant Program has been implemented to provide an incentive for the rehabilitation and redevelopment of local properties. This Program provides a grant to the property owner by refunding the increase in the municipal portion of the property tax ensuing from a re-assessment as a result of property improvements. The intent of the program is to remove some of the disincentives associated with property improvements and to encourage development.

## **PECULIARITIES OF THE AEROSPACE INDUSTRY**

In 2002, Price Waterhouse Coopers prepared a report for the City of Hamilton and the Ministry of Enterprise, Opportunity and Innovation (MEOI). The purpose of the report was to outline the opportunities for Hamilton's airport. This report found that promoting Canada's aerospace industry is a priority for Team Canada trade missions and MEOI forums. Furthermore, in 2003 the Bank of Montreal predicted that the aerospace sector will enjoy higher growth than most other sectors of the economy for the next several years. Therefore, opportunities exist to develop a flourishing aerospace industry.

The report also notes however, that certain elements of the aerospace industry, such as aircraft parts manufacturing, are global in nature. Design and production take place within large networks of international suppliers and manufacturers across large geographic expanses. It

concludes that the aircraft industry is spatially dispersed with part being shipped over greater distances. For this reason, it is not necessary for aircraft companies to be committed to any geographic location. In fact, the Ontario Aerospace Council reveals that a location adjacent to an airport is not a compelling enough reason in and of itself to site a new aircraft parts manufacturing plant, although the availability of land in a vibrant airport industrial area could be seen as beneficial to some companies. Locations need to be supported by well-balanced labour markets, transportation costs, labour costs, well structured government incentives and significant subsidies to offset accommodations and labour costs.

London is well positioned to support the aerospace requirements. It has the benefit of being home to the University of Western Ontario and Fanshawe College, which have committed to training future aerospace employees. Transportation costs are competitive given London's proximity to major markets, minimum traffic delays and reasonable landing fees. Labour costs are generally less of an issue than in other cities given London's reasonable cost of living. The City has an ample supply of vacant industrial land surrounding the airport with full municipal servicing and access to air, rail and vehicular modes of transportation. However, a system of well structured government incentives and subsidies must be established to retain and attract aerospace industries to London. Within Canada, Quebec currently has the largest aerospace industry concentration by attracting aerospace firms with compelling incentives. Therefore, if London is to compete with other jurisdictions the incentives must be coordinated among Municipal and Provincial levels of government.

## **SIGNIFICANT DEPARTMENT/AGENCY COMMENTS**

### ***Upper Thames River Conservation Authority (URTCA)***

No Objection.

### ***Ministry of Municipal Affairs and Housing***

Ministry will review the draft and comment further.

### ***Parks and Recreation***

No Comment.

### ***Environmental and Engineering Services Department***

Servicing is currently available to some areas within the Project Area. In other areas servicing is not planned within a 20 year time frame. At the time of development for properties in the non-serviced areas, engineering analysis may be required by the owners to determine the extent of external waterworks that may be required. In addition, the owners may be required to confirm that the size of their existing water service is adequate for supply and quality inspections.

**PUBLIC** Living in the City notice of application was published on 0 replies  
**LIAISON:** December 9<sup>th</sup>, 2006. Living in the City notice of public meeting received  
was published on December 23<sup>rd</sup>, 2008. 97 letters were sent to all  
landowners within 120m of the area.

**Nature of Liaison:** Amend the Airport Area Community Improvement to further refine the eligibility criteria for the Program incentives.

The purpose and effect is to add the Airport Area lands to the list of areas eligible for community improvement, permit Municipal Council to provide financial incentives to the Airport Area properties and to modify the boundary of the Community Improvement Project Area for Brownfield Incentives to include the Airport lands as eligible for brownfield incentives

**Responses:** None.

## ANALYSIS

The Airport Area is a unique part of the City providing a specialized opportunity for aerospace industries to maximize the local infrastructure and make use of the facilities available at the London International Airport. It is for this reason that the incentives offered in the Airport Area Community Improvement Plan are directed toward aerospace industries. The program is not intended to provide incentives to those industries whose operations do not require the specialized services offered at the Airport. The Airport Area community improvement initiatives are intended to promote the Airport Area as a specialized industrial area and will direct and prioritize public and private initiatives to encourage redevelopment and renovation.

The proposed Airport Area Community Improvement Project Area has recently undergone an expansion of services and infrastructure. Municipal water is available to all lands in the area and the Skyway Industrial Park ensured that much of the area is serviced by sanitary and storm sewers. Veterans Memorial Parkway (formerly Airport Road) has recently been expanded to four lanes from the Highway 401 corridor to Oxford Street to accommodate additional automobile and truck traffic. A further widening of Veterans Memorial Parkways is proposed between Oxford Street and Huron Street and a future expansion is anticipated between Huron Street and Killaly Road. These infrastructure improvements now enable the redevelopment and renovation efforts of local properties to proceed.

Currently this infrastructure is underutilized given that little industrial development has occurred in the proposed Project Area. Therefore, in addition to facilitating the revitalization efforts of local industries, this Community Improvement Plan also seeks to rehabilitate the Airport Area by encouraging aerospace industries to maximize the infrastructure which has been constructed in the area.

The benefits offered through this Community Improvement Plan seek to promote the rehabilitation of the Airport Area by offering incentives to aerospace industries who rehabilitate their industrial facilities. For example, the Tax Increment Grant may remove some of the disincentives associated with redevelopment and/or renovating an existing industrial facility by refunding the increase in the municipal portion of the property tax ensuing from a re-assessment as a result of property improvements. Currently there is an existing stock of buildings on the

Airport lands that could potentially redevelop for uses encouraged in this Plan. The opportunity to redevelop this existing building stock is an objective of this Community Improvement Plan, as redevelopment of these sites would provide the efficient use of both the built infrastructure and the servicing infrastructure currently in place. Combining these benefits with the incentives offered through other community improvement plans provides an additional enticement to locate in London. For example, the Community Improvement Plan for Brownfield Incentives provides benefits to those properties with contamination present and encourages the private sector to redevelop these sites. The remediation of brownfield sites can stimulate environmental improvements and community vitality, while utilizing existing municipal infrastructure.

The following table summarizes the strategies and initiatives that may be pursued through this Community Improvement Plan, and through any other Council action intended to foster redevelopment and renovation in the Airport Area. This list is not intended to be exclusive or exhaustive, but rather, is intended to provide a framework for redevelopment and renovation of the Airport Area.

This Plan is also intended to be generic, so that as additional projects are identified, they can be undertaken without amendment to the Plan, as long as they meet the test that they are intended to encourage redevelopment and renovation in the Airport Area. Specific projects may be added to this Plan by appendix, identifying the project and any sources of financing, recognizing that no sources of financing have been identified at this time.

STRATEGIES	DESCRIPTION
<b>A. REDEVELOPMENT, REHABILITATION AND RENOVATION INCENTIVES</b>	
Tax Increment Grants	Grants to offset increased assessment arising from property improvements.
No Development Charges for Industrial Development	Consistent with the Development Charges By-law.
May be used in conjunction with other approved community improvement plans	Other CIPs can offer specialized incentives that are not available in this CIP such as those for brownfield remediation.
<b>B. NEW DEVELOPMENT INCENTIVES</b>	
Development grants for new "green" development	Grants to offset increased assessment arising from new development that promotes energy efficiency.
Development grants for new development	If the regulatory requirements permit, provide grants to offset increased assessment arising from new development that makes use of underutilized infrastructure.
<b>C. REGULATORY FRAMEWORK</b>	
Limit the incentives to those industries related to aerospace activities	The Airport Area is a unique area of the City providing specialized facilities.
<b>D. INFRASTRUCTURE</b>	
Water/sanitary Infrastructure	Water is available to the existing development sites and to the Skyway Industrial Park.
Transportation Infrastructure	Veterans Memorial Parkway has been expanded to 4-lanes. Further expansion and interchanges are proposed for Veterans Memorial Parkway. London International Airport has undergone extensive renovations.

## COST SCENARIOS

An important factor that must be addressed is the cost to the City if the incentives proposed in the Airport Area Community Improvement Plan are implemented. First and foremost it must be noted that there are not out-of-pocket costs to the City associated with these incentives. The costs can more accurately be described as forgone revenue or deferred income. The incentives proposed in the Airport Area Community Improvement Plan are in the form of rebates whereby the applicant submits the initial payment and the City refund the eligible portion back. By rebating an initial payment no additional funds need to be earmarked for the incentive programs. In addition, after the grant period expires, the City would then collect the full portion of the property tax. It should be noted that this incentive applies only to a redevelopment or renovation of an existing structure and will not apply to new construction on vacant lands.

The following scenario depicts a hypothetical industrial redevelopment project within the Airport Area using generally accepted costs. A large-scale aerospace manufacturing facility rehabilitates its existing 18,500 square meter facility and then expands its facility by an addition 18,500 square meters:

<b>SCENARIO 1</b>								
<b>Large scale manufacturing expansion of existing facility</b>								
Existing Building	Building Size (Sq. m)	Construction Cost	Land Area (Ha.)	Cost			Property Taxes	
				Building Permit	Development Charges	Total	City Portion	Other
Building	18,500 sq. m		20 ha.				\$129,000	\$115,000
<b>Total</b>	18,500 sq. m		20 ha.				\$129,000	\$115,000
<b>Building Expansion</b>								
Building Expansion								
Manufacturing Use	16,650 sq. m	\$700.00/sq. m	0 ha.	\$5.80/sq. m	\$0.00/sq. m	\$98,570	\$274,000	\$255,000
Accessory Office	1,850 sq. m	\$700.00/sq. m	0 ha.	\$9.20/sq. m	\$0.00/sq. m	\$17,020		
<b>Total</b>	18,500 sq. m	\$12,950,000	0 ha.			\$113,590	\$274,000	\$255,000
<b>GRAND TOTAL</b>	<b>37,000 sq. m</b>	<b>\$12,950,000</b>	<b>20 ha.</b>			<b>\$113,590</b>	<b>\$274,000</b>	<b>\$255,000</b>

Using a construction cost of \$700 per square meter, a doubling of this manufacturing facility would represent \$12,950,000 in building costs. The increase in the municipal portion of the property tax is estimated to be \$274,000 for a total of \$403,000. The Tax Increment Grant to be rebated to the manufacturer will be based on the increase in the municipal portion of the property taxes associated with the improvement of the facility. Using the pre-improved assessment value of \$129,000 as the base and the post improved assessment value of \$403,000, the property owner will receive a property tax grant based on the \$274,000 increase in assessed value over a ten (10) year period.

At the conclusion of the ten (10) year tax increment grant period the City will collect the full amount. The value of the Tax Increment Grant will be capped at the cost of rehabilitation of the facility. This is consistent with subsection 28 (7.3) of the *Planning Act* which prohibits the municipality from offering grants in excess of the cost of rehabilitation. The City will continue to receive the pre-improved property tax of \$129,000 and the value of the property tax attributed to

the expanded facility plus any tax increases that result from a general re-assessment. The City will rebate the increase in the municipal portion of the property tax that is attributed to the rehabilitation of the facility. In addition, the City will receive \$113, 590 in building permit fees from the expansions of the facility. In this scenario, development charges are exempt which is consistent with the Development Charges By-law for industrial development in the City of London.

While the amount of taxes forgone is significant it must also be noted that this scenario may not have been possible without the incentives offered in the Airport Area Community Improvement Plan. Without these incentives the City may still receive property tax revenue but forgo the possibility of a long-term increase in revenue through new construction.

## CONCLUSION

The recommended Community Improvement Plan proposes the use of a Tax Increment Grant as an incentive to encourage revitalization of aerospace properties in London. The benefits to the City include the possibility of retaining local aerospace firms whose inadequate facilities may act as a catalyst to relocate out of the City, the potential to maximize the capacity of the local infrastructure and improving the local industrial tax base that increases as the tax grants decrease.

This package is designed to encourage aerospace companies to redevelop and renovate their operations in London by deferring the increased portion of municipal taxes stemming from property improvements.

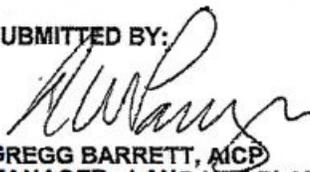
The City should work in concert with the Province to issue a package of incentives that will allow London to compete with other jurisdictions. Retaining London's existing aerospace industries must be considered a matter of provincial interest and the package of incentives should reflect this concern. By designating a Community Improvement Project Area, the City is demonstrating to the Province its commitment to creating an aerospace industry. Even without the Province's input London has much to offer the aerospace industry given its strategic location near major international markets, an ample supply of industrial land, skilled labour supply, proximity to London International Airport and infrastructure improvements.

PREPARED BY:



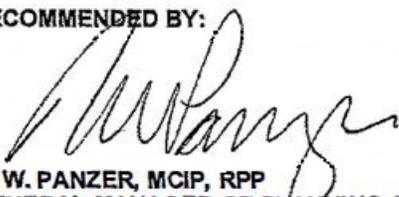
**MICHAEL TOMAZINCIC  
PLANNER II**

SUBMITTED BY:



**GREGG BARRETT, MCIP  
MANAGER - LAND USE PLANNING,  
POLICY**

RECOMMENDED BY:



**R. W. PANZER, MCIP, RPP  
GENERAL MANAGER OF PLANNING AND DEVELOPMENT**

APPENDIX "A"

Bill No. (number to be inserted by Clerk's Office)  
2007

By-law No. (number to be inserted by Clerk's Office)  
A by-law to adopt the Airport Area  
Community Improvement Plan as amended.

**WHEREAS** by subsection 28(4) of the Planning Act enables the Council of a municipal corporation to adopt community improvement plans within designated areas;

**AND WHEREAS** the Council of the Corporation of the City of London has, by By-law No. C. P.-1454-108, designated a community improvement project area identified as the "Airport Area Community Improvement Project Area";

**AND WHEREAS** the Airport Area Community Improvement Project Area is in conformity with the Official Plan;

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

1. The Airport Area Community Improvement Plan date November 2006, attached hereto, is hereby adopted as the Community Improvement Plan for the area defined therein.
2. The General Manager of Planning and Development is authorized and directed to make application to the Minister of Municipal Affairs and Housing for approval of the said Airport Area Community Improvement Plan, and upon approval of the said plan by the Minister, the plan shall take effect within the designated area.
3. This by-law comes into effect on the day it is passes.

**PASSED** in Open Council on January 22<sup>nd</sup>, 2007.

Anne Marie DeCicco-Best  
Mayor

Kevin Bain  
City Clerk

**First Reading – January 22<sup>nd</sup>, 2007**  
**Second Reading – January 22<sup>nd</sup>, 2007**  
**Third Reading - January 22<sup>nd</sup>, 2007**

# **Airport Area Community Improvement Plan**

November 2006

## **Executive Summary**

In 2005, the first phase of the Skyway Industrial Park subdivision was registered. Coinciding with the registration was an initiative by the Greater London International Airport Authority (GLIAA) to alter their marketing strategy to retain aerospace industries to lands in proximity of the Airport. It was suggested that a Community Improvement Plan be implemented to support the GLIAA and the local aerospace industry.

In order to facilitate the GLIAA's desired to revitalize the aerospace industry, it is intended that only aerospace manufacturing and servicing companies will be eligible to receive incentives through the Community Improvement Plan. To do otherwise would allow all industries to benefit and may therefore impede the goal of focusing on the revitalization of the local aerospace industry.

To reduce any confusion as to which companies will be eligible to receive incentives the North American Industry Classification table could be used to qualify potential beneficiaries. IT is recognized that using this method to classify potential beneficiaries may exclude some legitimate aerospace companies from the benefits. In such cases eligibility for incentives will be considered on a case-by-case basis.

It is recommended that the Community Improvement Project Area generally be bounded by Veterans Memorial Parkway, Cuddy Boulevard and Crumlin Sideroad on the west; the Canadian Pacific Railway on the south; Creamery Road and Nissouri Road on the east and Evelyn Drive, Robin's Hill Road and the northern lot lines of City owned lands to the north. This will encompass the entire Skyway Industrial Park as well as additional municipally owned lands, the abutting Airport lands and federally owned lands.

The benefits available to qualified industries may include tax increment grants, whereby the City would refund the municipal portion of the property tax increases resulting from property improvements and any other benefits eligible under the Community Improvement Plan for Brownfield Incentives.

The issuance of incentives will be left to the discretion of Municipal Council. Council may limit or restrict the granting of one or more of the incentives based upon the benefit to the public interest and amount of budgeted municipal funding among other criteria. In no case shall the total combined incentives offered through this Community Improvement Plan or in conjunction with other community improvement plans exceed the costs of Redevelopment, Rehabilitation and/or Renovation.

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## **1.2 Provincial Regulation**

In Ontario, the *Municipal Act*, 2001 outlines municipal powers and duties with respect to matters within their jurisdiction. Particularly, Part III of the *Municipal Act*, 2001 delegates specific powers to municipalities. Section 106 of Part III relates to economic development and it explicitly forbids municipalities from providing assistance to business enterprises. Subsection 106(1) states, “Despite any Act, a municipality shall not assist directly or indirectly any manufacturing business or other industrial or commercial enterprise through the granting of bonuses for the purpose.” Subsection 106(2) further describes the type of assistance that is prohibited. However, subsection 106(3) concedes that these restrictions will “not apply to a council exercising its authority” under subsection 28(6) or (7) of the *Planning Act*, 1990.

Section 28 of the *Planning Act*, 1990 provides the legislative framework for the designation of a community improvement project area and the preparation of community improvement plan. The Act states, “Where there is an official plan in effect in a local municipality that contains provisions relating to community improvement in the municipality, the council may, by by-law, designate the whole or any part of an area covered by such an official plan as a community improvement project area.” Subsection 28(6) prescribes council’s authority with regard to land and subsection 28(7) prescribes council’s authority with regard to grants or loans. Therefore, if a municipality chooses to exercise its authority to undertake a community improvement initiative council is permitted to make grants or loans providing that it be done for the purposes of carrying out a community improvement plan that has come into effect.

Given that subsection 28(2) of the *Planning Act*, 1990 enables a municipality to designate a community improvement project area the next matter that must be resolved is to determine the set conditions that must exist in order for an area to be qualified for a community improvement designation.

The *Planning Act*, 1990 defines a community improvement project area as “...an area within a municipality, the community improvement of which in the opinion of council is desirable because of age, dilapidation, overcrowding, faulty arrangement, unsuitability of buildings or for any other environmental, social or community economic development reason”.

Furthermore, Bill 51 – An Act to amend the Planning Act and the Conservations Land Act and to make related amendments to other Acts expands the definition of “community improvement” to include construction, improvement of energy efficiency and structures.

In addition, subsection 1.3.1b) of the *Provincial Policy Statement*, 2005 directs municipalities to promote economic development and competitiveness by “providing opportunities for a diversified economic base, including maintaining a range and choice of suitable sites for employment uses which support a wide range of economic activities and ancillary uses, and take into account the needs of existing and future businesses”.

### **1.3 Official Plan Policies**

Consistent with the requirements of Section 28 of the *Planning Act*, 1990 the *City of London Official Plan*, 1989 contains provisions related to community improvement in the municipality. Specifically, Chapter 14 of the Plan identifies the desired objectives of community improvement initiatives, the selection of community improvement areas and implementation of community improvement plans.

As it related to the Airport Area Community Improvement Plan, Section 14.1 of the Official Plan objectives seeks to:

- Promote the long-term stability and viability of the area, encourage the coordination of municipal expenditure and planning and development activity; and
- Stimulate private property maintenance and reinvestment activity.

This is consistent with the goal of the Airport Area Community Improvement Plan which seeks to encourage long-term economic development in the City by encouraging aerospace companies to improve their facilities through Redevelopment, Rehabilitation and/or Renovation.

Subsection 14.2.1. ii) of the Official Plan identifies the criteria by which the eligibility of industrial community improvement areas will be based. The eligibility of the Airport Area for a community improvement initiative is, therefore, based on the criteria that permit community improvement in those areas exhibiting:

- Land use problems associated with under-utilization of land that detracts from the functioning and viability of the area; and
- A demonstrated interest in community improvement by the private firms within the area.

The Airport Area has considerable amount of underutilized, serviced industrial land that could accommodate Redevelopment, Rehabilitation and/or Renovation. Additionally, there have been inquiries by local stakeholders regarding the provision of municipal incentives to stimulate economic development.

Subsection 14.3.3 of the Official Plan, relating to implementation policies for industrial community improvement initiatives, require that:

- Municipal services be provided or upgraded to improve the function of the area and its potential attractiveness for new firms or the expansion of existing firms.

Additionally, an Official Plan amendment to Section 14.3 permits Municipal Council to provide loans to industrial properties for the purposes of carrying out community improvement in addition to the provision of municipal services. This is consistent with the Airport Area Community Improvement Plan initiatives.

**1.4 Purpose of the Airport Area Community Improvement Plan**

The Airport Area is a unique part of the City providing a specialized opportunity for aerospace industries to maximize the local infrastructure and make use of the facilities available at the London International Airport. It is for this reason that the incentives offered in the Airport Area Community Improvement Plan are directed towards aerospace industries. The program is not intended to provide incentives to those industries whose operations do not require the specialized services offered at the Airport. The Airport Area community improvement initiatives are intended to promote the Airport Area as a specialized industrial area and will direct and prioritize public and private initiatives to encourage redevelopment, rehabilitation and renovation.

The purpose of the Airport Area Community Improvement Plan is to outline the strategies and framework for a coordinated Municipal effort to stimulate community economic development by retaining aerospace companies within London.

The community improvement initiative will informally work together with the Greater London International Airport Authority’s marketing strategy which is intended to retain aerospace industries in London. Recent attempts by other Canadian jurisdictions to lure London’s aerospace companies away from the City emphasize the need for economic development tools that can compete with other jurisdictions.

The following table summarizes the strategies and initiatives that may be pursued through this Community Improvement Plan, and through any other Council action intended to foster redevelopment, rehabilitation and renovation in the Airport Area. This list is not intended to be exclusive or exhaustive, rather, is intended to provide a framework for redevelopment, rehabilitation and renovation of the Airport Area.

This Plan is also intended to be generic, so that as additional projects are identified, they can be undertaken without amendment to the Plan, as long as they meet the test that they are intended to encourage redevelopment, rehabilitation and renovation in the Airport Area. Specific projects may be added to this Plan by appendix, identifying the project and any sources of financing recognizing that no sources of financing have been identified at this time.

STRATEGIES	DESCRIPTION
<b>A. REDEVELOPMENT, REHABILITATION AND RENOVATION INCENTIVES</b>	
1. Tax Increment Grants	Grants to offset increased assessment arising from property improvements.
2. No Development Charges for Industrial Development	Consistent with the Development Charges By-law
3. May be used in conjunction with other approved community improvement plans	Other CIPs can offer specialized incentives that are not available in this CIP such as those for brownfield remediation
<b>B. NEW DEVELOPMENT INCENTIVES</b>	
1. Development grants for new “green” development	Grants to offset increased assessment arising from new development that promotes energy efficiency.

2. Development grants for new development	If the regulatory requirements permit, provide grants to offset increased assessment arising from new development that makes use of the underutilized infrastructure
<b>C. REGULATORY FRAMEWORK</b>	
1. Limit the incentives to those industries related to aerospace activities	The Airport Area is a unique area of the City providing specialized facilities
<b>D. INFRASTRUCTURE</b>	
1. Water/sanitary infrastructure	Water is available to the existing developed sites and to the Skyway Industrial Park
2. Transportation Infrastructure	<ul style="list-style-type: none"> <li>- Veterans Memorial Parkway has been expanded to 4-lanes</li> <li>- Further expansion and interchanges are proposed for Veterans Memorial Parkway</li> <li>- London International Airport has undergone extensive renovations</li> </ul>

**1.5 The Need for Community Improvement**

In 2002, a report prepared by Price Waterhouse Coopers found that promoting Canada’s aerospace industry is a priority for Team Canada trade missions and Ministry of Enterprise, Opportunity and Innovation (MEOI) forums. Furthermore, in 2003 the Bank of Montreal forecasted that the aerospace sector will enjoy higher growth than most other sectors of the economy for the next several years. Therefore, opportunities prevail to develop a flourishing local aerospace industry.

However, the report also noted that certain elements of the aerospace industry, such as aircraft parts manufacturing, are global in nature. Design and production take place within large networks of international suppliers and manufacturers across large geographic expanses. It concluded that the aircraft industry is spatially dispersed with parts being shipped over greater distances. For this reason, it is not necessary for aircraft companies to be committed to any geographic location. In fact, the Ontario Aerospace Council reveals that a location adjacent to an airport is not a compelling enough reason in and of itself to site a new aircraft parts manufacturing plant, although the availability of land in a vibrant airport industrial area could be seen as beneficial to some companies. Locations need to be supported by well-balanced labour markets, transportation costs, labour costs, well structured government incentives and significant subsidies to offset accommodations and labour costs.

London is well positioned to support the aerospace requirements. It has the benefit of being home to the University of Western Ontario and Fanshawe College which have committed to training future aerospace employees. Transportation costs are competitive given London’s proximity to major markets, minimum traffic delays and reasonable landing fees. Labour costs are generally less of an issue than in other cities given London’s reasonable cost of living. The City has an ample supply of vacant industrial land surrounding the airport with full municipal

servicing and access to air, rail and vehicular modes of transportation. However, a system of well-structured government incentives and subsidies must be established to retain and attract aerospace industries to London. Within Canada, Quebec currently has the largest aerospace industry concentration by attracting aerospace firms with compelling incentives. Therefore, if London is to compete with other jurisdictions the incentives must be coordinated among municipal and provincial levels of government.

The competitive nature of the aerospace industry and the limited range of municipal-level economic development tools that are available for use in Ontario require that the City be creative in developing mechanisms to encourage economic development. The use of the community improvement provisions of the Planning Act, while they do not explicitly contemplate such a program, could be used within the context of “environmental, social, or community economic development reason” as a justification for the use of this legislative tool.

## **2.0 Implementation**

### **2.1 Eligibility Criteria and Requirements**

The following general eligibility criteria apply to the incentives offered under the Airport Area Community Improvement Plan. While the general and program-specific criteria are intended to be comprehensive in nature they are not intended to be exclusive and Municipal Council reserves the right to establish other criteria or requirements that may be deemed appropriate. These criteria include:

- **Definitions:**
  - “REDEVELOPMENT/REHABILITATION” – means the removal of buildings or structure from land and the construction or erection of other buildings or structure thereon.
  - “RENOVATION” – means the restoration or reconstruction of buildings, structure or parts thereof to modern building standards without the removal of the building or structure from the lot.
- Properties eligible for incentives corresponding with the Airport Area Community Improvement Plan must be located within the Airport Area Community Improvement Project Area defined in Section 2.2 and illustrated Appendix 1 of this Plan.
- No financial incentives offered in this Community Improvement Plan will be offered retroactively for costs incurred prior to the approval of the Community Improvement Plan. Only those applications that are submitted for the Redevelopment, Rehabilitation and/or Renovation undertaken subsequent to the approval date of this Community Improvement Plan will be eligible for financial incentives.
- To be eligible for the financial incentives offered in this Community Improvement Plan, properties must not be in tax arrears. All taxes owing shall be paid prior to the disbursement of any grant or tax assistance money offered under this Plan. All required local improvement charges, taxes and other charges of the City shall be paid for the duration of the incentive programs offered in conjunction with this Plan.
- All outstanding work order and/or requests to comply from municipal departments and agencies shall be addressed to the satisfaction of the City of London prior to the disbursement of any financial incentives. For the duration of the incentives program, failure to address any work orders and/or requests to comply from municipal departments and agencies may result in the cancellation or postponement of the incentive(s).
- Municipal Council may review the eligibility criteria and incentives offered in the Community Improvement Plan to determine if the Community Improvement program should continue or cease to issue any new commitments. Additional guidelines, eligibility

requirements or modifications may be identified and implemented at any time in order to provide a more detailed description of how this Community Improvement Plan will be administered.

- Municipal Council may discontinue the incentive program at any time. However, any participants in the program prior to its cancellation will continue to receive the grant or tax assistance incentives as were approved for their properties.
- All applicants for the grant and tax assistance incentives offered under this Community Improvement Plan shall enter into an agreement with the City of London, that will specify the terms, conditions and obligations of the applicant and the City.
- In compliance with subsection 28(7.3) of the Planning Act, 1990 the total of financial incentives granted in respect of particular lands and buildings offered under this Community Improvement Plan or in combination with any community improvement plans shall not exceed the cost of Redeveloping, Rehabilitating and/or Renovating the lands and buildings.
- It is intended that only aerospace manufacturing and servicing companies be eligible to receive the incentives offered through the Airport Area Community Improvement Plan. Based on the North American Industrial Classification standards, those industries whose primary operation can be identified under the following classifications are eligible for incentives:
  - **AEROSPACE PRODUCTS AND PARTS MANUFACTURING** – This industry group comprises establishments primarily engaged in manufacturing aircraft, missiles, space vehicles and their engines, propulsion units, auxiliary equipment, and parts thereof. The development and production of prototypes is classified in this industry, as is the factory overhaul and conversion of aircraft and propulsion systems.
  - **SCHEDULED AIR TRANSPORTATION** – This industry group comprises establishments primarily engaged in transporting passengers and/or goods by aircraft, over regular routes and on regular schedules. Establishments in this industry have less flexibility with respect to choice of airports, hours of operation, load factors and similar operational characteristics than do establishments in 4812, Non-Scheduled Air Transportation.
  - **NON-SCHEDULED AIR TRANSPORTATION** – This industry group comprises establishments primarily engaged in the non-scheduled air transportation of passengers and/or goods. Establishments in this industry have more flexibility with respect to choice of airports, hours of operation, load factors and similar operational characteristics than do establishment in 4811, Scheduled Air Transportation. Establishments primarily engaged in providing specialty air

transportation or flying services using small, general-purpose aircraft are included.

- Non-Scheduled Chartered Air Transportation – This Canadian industry comprises establishments primarily engaged in the non-scheduled air transportation of passengers and/or goods by aircraft, at a toll per mile or per hour for the charter of the aircraft.
- Non-Scheduled Specialty Flying Services – This Canadian industry comprises establishments primarily engaged in providing a combination of flying services, with no single service predominating. These establishments use small, general-purpose aircraft. The services performed may be specialized, such as aerial photography, aerial crop spraying, fighting forest fires, air ambulance, towing advertising banners, skywriting, and aerial traffic reporting, or general air transportation of passengers and goods.
- SCENIC AND SIGHTSEEING TRANSPORTATION, OTHER – This industry group comprises establishments, not classified to any other industry, primarily engaged in providing scenic and sightseeing transportation. Some examples of these services are scenic helicopter rides and hot-air balloon rides.
- SUPPORT ACTIVITIES FOR AIR TRANSPORTATION – This industry group comprises establishments primarily engaged in providing specialized services to the air transport industry.
  - Airport Operations – This industry comprises establishments primarily engaged in operating international, national and other civil airports. The activities involved in operating airports include renting hanger space, and providing air traffic control services, baggage handling, cargo handling and aircraft parking services. Public flying fields are included.
    - Air Traffic Control – This Canadian industry comprises establishments primarily engaged in operating air traffic control services to promote the safe, orderly, and expeditious flow of air traffic.
    - Other Airport Operations – This Canadian industry comprises establishments, not classified to any other Canadian industry, primarily engaged in operating civil airports.
  - Other Support Activities for Air Transportation – This industry comprises establishments, not classified to any other industry, primarily engaged in providing specialized services to the air transport industry. Some

important activities are servicing aircraft, repairing and maintaining aircraft (except on a factory basis), and inspecting and testing aircraft.

- Air Ambulance Services – This Canadian industry comprises establishments primarily engaged in the air transportation of patients and the provision of emergency medical care. The vehicles are equipped with life-saving equipment operated by trained personnel.
- OTHER INDUSTRIES – While the list of eligible industries may be comprehensive, it is not intended to be exclusive. It is recognized that the list of eligible industries may exclude some legitimate aerospace industries whose industrial classification is not included above. Examples may include companies related to airline food services, airline janitorial services and other industries whose operation is not limited to aerospace uses. Allowing these types of industries to be eligible for Community Improvement Plan incentives may complement the local aerospace industry. In circumstances where a company is engaged in activities other than those listed above the company’s eligibility for incentives will be considered on a case-by-case basis.

## **2.2 Area of Application**

Prior to the adoption of a Community Improvement Plan, a Community Improvement Project Area must be designated to outline the area that will be eligible for the incentives identified in the Community Improvement Plan.

In order to encourage the Redevelopment, Rehabilitation and/or Renovation of London’s aerospace industry it is vital that the area in proximity to the Airport be utilized to facilitate this growth. Given that the GLIAA has altered their marketing strategy to coincide with the first phase of the Skyway Industrial Park it is recommended that land identified in the Draft Plan of Subdivision of the Skyway Industrial Park be included in the Community Improvement Project Area. This will allow the City of London to benefit from the Skyway Industrial Park’s location adjacent to London International Airport, while taking advantage of the GLIAA’s new marketing strategy. There are additional lands owned by the City situated between the Canadian National Railway and the proposed Veterans Memorial Parkway expansion that are currently designated General Industrial in the City’s Official Plan. These lands are capable of supporting aerospace industries that can take advantage of the adjacent railway and proposed expressway expansion.

Furthermore, since it is anticipated that some aerospace industrial activity will occur on Federally owned lands, it is recommended that lands owned by the GLIAA or Transport Canada which are adjacent to the Airport also be included in the Community Improvement Project Area.

And lastly it is recommended that the sites known as 1480 and 1560 Crumlin Sideroad, located southwest of the Airport property, also be included in the Community Improvement Project Area. This is to recognize the existing aerospace use on the site and to encourage future aerospace uses to continue to benefit from the proximity and access to London Airport.

Generally, the Community Improvement Project Area will be bounded by Veterans Memorial Parkway, Cuddy Boulevard and Crumlin Sideroad on the west, the Canadian Pacific Railway to the south, Creamery Road and Nissouri Road on the east and Evelyn Drive, Robin's Hill Road and the northern edge of municipally owned lot lines on the north as shown in Schedule A – *Community Improvement Project Area* in Appendix 1 of this Plan.

## **3.0 Tax Increment Grant Program**

### **3.1 Program Description**

The Tax Increment Grant Program is intended to encourage the Redevelopment, Rehabilitation and/or Renovation and upgrading of existing buildings in the Airport Area and to provide incentive for Redevelopment, Rehabilitation and/or Renovation of underutilized lands. The Program provides a grant to the property owner by refunding the increase in the municipal portion of the property tax ensuing from a reassessment as a result of property improvements. The purpose of the program is to remove some of the disincentives associated with property improvements in order to encourage Redevelopment, Rehabilitation and/or Renovation.

Subsection 28(7) of the Planning Act permits a municipality to provide grants for the purposes of carrying out a community improvement plan to owners and tenants of land and buildings within a community improvement project area. However, the cumulative value of the grants and loans may not exceed the costs of Redeveloping, Rehabilitating and/or Renovating the lands.

The amount of the tax increment grant is equal to the difference between the municipal portion of the property tax prior to Redevelopment, Rehabilitation and/or Renovation and the municipal portion of property taxes after the Redevelopment, Rehabilitation and/or Renovation project. Tax increases that result from a general reassessment, a change in tax legislation or an increase in the tax rate will not be considered for the purposes of calculating the grant. Rebate grants are not provided for the education portion of property taxes. The annual grants are provided to eligible property owners over a ten (10) year period.

Tax increment grants have been successful in Downtown and Old East Village to encourage Redevelopment, Rehabilitation and/or Renovation. A similar incentive program will apply in the Airport Area to improve the condition of existing buildings and to utilize the area's excess servicing capacity by encouraging Redevelopment, Rehabilitation and/or Renovation of underutilized industrial sites.

### **3.2 Program Eligibility Requirements**

- All existing aerospace related companies that are located within the Airport Area Community Improvement Project Area are eligible to apply for a tax increment grant subject to the General Eligibility Criteria and Requirements identified in Section 2.0 of this Plan, the specific criteria and requirements listed below as well as the availability of funding, as approved by Municipal Council.
- New Aerospace companies that choose to Redevelop, Rehabilitate and/or Renovate facilities on underutilized lands within the Airport Area Community Improvement Project Area are eligible to apply for a tax increment grant subject to the General Eligibility Criteria and Requirements identified in Section 2.0 of this Plan, the specific criteria and requirements listed below as well as the availability of funding, as approved by Municipal Council.

- Each application will be considered on a case-by-case basis to consider the public and economic benefit of providing one or more incentive(s) to a property. In evaluating applications, approval of the incentive(s) may be recommended where:
  - There are no outstanding property taxes, municipal orders or by-law infractions on the subject property;
  - All relevant supporting documentation and reports have been provided to the City;
  - Providing financial support toward the application is considered to be both cost effective for the City and in the public interest;
  - The amount of available and budgeted municipal funding is sufficient to cover the cumulative cost of all incentives that have been approved; and
  - Municipal Council deems that the benefits associated with providing the program incentives outweigh the cumulative costs of providing the incentive(s).
- Applications for the Tax increment Grant Program may only be submitted for properties on which Redevelopment, Rehabilitation and/or Renovation has been initiated after this Community Improvement Plan has come into effect.
- The combined benefits offered through this Community Improvement Plan or in conjunction with other community improvement plans cannot exceed the costs of Redevelopment, Rehabilitation and/or Renovation. For this reason the Tax Increment Grant Program will be monitored in relation to the total value of work done and the grant amount will be limited if the financial benefits under this Community Improvement Plan equal the eligible value of the Redevelopment, Rehabilitation and/or Renovation.
- The annual grant is defined as the grant amount that would be given to the applicant in any one (1) year of the ten-year grant period. The annual grant will be constant each year but may be adjusted in the final year, if necessary, so that the total amount of financial benefits issued under this Community Improvement Plan or in conjunction with other community improvement plans does not exceed the total amount of eligible Redevelopment, Rehabilitation and/or Renovation costs.
- Tax increment grants become liable for payment in full, with interest, in cases where the landowner defaults on by-law or agreement requirements.

### **3.3 Grant Period**

- Grants for the municipal portion of property taxes will be paid over a ten (10) year period, or until the total amount of the financial assistance and grants issued under this Community Improvement Plan or in conjunction with other community improvement plans equals the total amount of eligible Redevelopment, Rehabilitation and/or Renovation costs, which ever occurs first.
- “Year 1” of the program will be defined as the first full calendar year that taxes are paid after the project is completed (ie. After the development period) and the property is reassessed.

### **3.4 Program Administration**

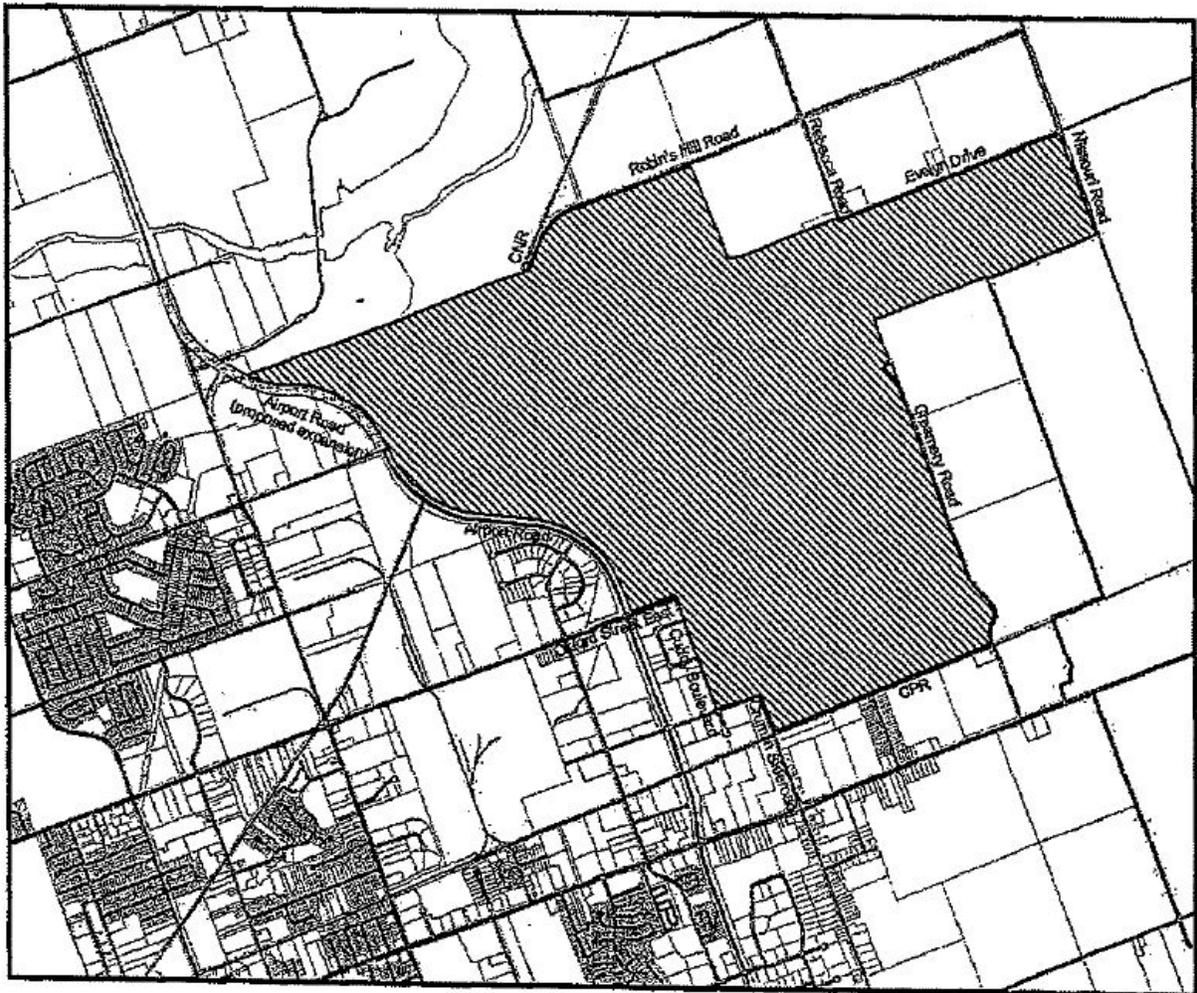
- The grant application form must be submitted prior to the improvements being undertaken and can be submitted concurrently with the Building Permit request.
- All applications under the Tax Increment Grant Program shall be submitted to Municipal Staff, and shall include the following information:
  - Name and address of the property owner and agent;
  - Assessment roll number;
  - A plan illustrating existing development and land uses on the subject property;
  - Legal property description including easements, restrictive covenants, rights-of-way and any other encumbrances or instruments registered on title;
  - A description of the Redevelopment, Rehabilitation and/or Renovation work that is being proposed;
  - Cost estimate, name and qualifications of the contractor who will be conducting the proposed Redevelopment, Rehabilitation and/or Renovation;
  - A description of any applications for development that are currently under review, or are being proposed for the subject property.

Municipal Staff will review the application and determine if it is complete. The application will be circulated and evaluated by a review committee comprised of representatives from the Building Division, the Planning Division, the Finance & Administration Department , the City’s Solicitor’s Office and the Environmental & Engineering Services Department.

- If the application is complete and in conformity with the General Eligibility Criteria and Requirements identified in Section 2.0 as well as the specific criterial and requirements identified in Section 3.2 of this Plan any incentive or combination of incentives offered under this Plan may be granted at the discretion of Civic Administration.
- In the case where incentives are not being recommended for approval, the applicant may appeal the decision to the Board of Control. Upon being notified of an appeal, Civic Administration will submit a report to the Board of Control. The Board of Control will make a recommendation for approval or refusal of any incentive or combination of incentives to City Council.
- In the case where an applicant's industrial classification does not fall under one of the specific Industrial Classification categories listed in Section 2.0 of this plan and is therefore applying under the classification of "Other Industries", or in the case where an applicant's industrial classification is disputed, the Board of Control will determine the applicant's eligibility for incentives as an aerospace related industry and make a recommendation for approval or refusal of any incentive or combination of incentives to City Council.
- An agreement is executed between the City and the landowner outlining the terms and conditions of the approved incentive(s). If the landowner does not comply with all conditions of the agreement and other relevant municipal requirements, all financial incentives, assistance and grants provided under this program will be repaid to the City, with interest.
- A copy of the agreement is provided to the City's Finance & Administration Department who will determine and record the pre-approved assessed value of the property to be used for the purpose of calculating the annual tax increment.
- The applicant engages the consultant and/or contractor to proceed with the site Redevelopment, Rehabilitation and/or Renovation work.
- The applicant obtains building permit(s) and/or other required permits from the City and commences Redevelopment, Rehabilitation and/or Renovation work to the City.
- Once the Redevelopment, Rehabilitation and/or Renovation is complete and the property has been revalued by MPAC, the property owner will be issued a new tax notice based on the post Redevelopment, Rehabilitation and/or Renovation assessment value.

- After the property owner has paid the taxes in full for one (1) year the City will confirm that the property is not in tax arrears and all other requirements of this Community Improvement Plan have been met.
- The City calculates the eligible municipal portion of the tax increment and issues a cheque for the equivalent grant amount to the property owner.

**Schedule A – *Airport Area Community Improvement Project Area***



Appendix “B”

**Airport Area Tax Increment Grant –  
Incentive Program**

## **Airport Area Tax Increment Grant – Incentive Program Guidelines**

### ***Purpose***

- The Airport Area Tax Increment Grant Program is intended to remove some of the disincentives associated with property improvements in order to encourage redevelopment, rehabilitation and/or renovation of the Airport Area.
- The value of the grant is calculated based on the increase in the municipal portion of the property tax that is directly related to a redevelopment, rehabilitation and/or renovation project.
- Annual grants are provided to property owners over a ten-year period. The annual grant amount will remain constant over this ten-year period. While it is not structured as a tax rebate program, the effect of this program is to defer the tax increase, which results from a renovation or development project, over a period of ten years.
- Another perspective is that this program will provide those who perform redevelopment, rehabilitation and/or renovation projects with a ten-year revenue stream that they can use to address the financing of their projects.

### ***Area of Application***

This program applies to:

- Properties within the Airport Area Community Improvement Project Area as defined in the Airport Area Community Improvement Project Area By-law; and,
- Companies whose primary operation is related to aerospace manufacturing and servicing.

### ***Funding***

- The City will always receive the municipal portion of taxes equal to, or greater than, the taxes that were paid prior to the redevelopment, rehabilitation and/or renovation that “triggered” the re-assessment. The amount of the grant provided to the property owner will be based upon this increase in municipal taxes. The grants have the effect of deferring the full amount of taxes that would otherwise be due as a result of the re-assessment.

### ***Definitions***

*Annual Grant Amount* – This is the value of the grant that would be given to the applicant in any one (1) year of the ten-year grant period. Each property owner will be given ten annual grants and the annual grant amount will remain constant over this period.

*Annual Tax Increment* – The incremental difference between the municipal portion of property taxes that would be paid for a full year before the improvement vs. after the improvement. This can also be considered the tax increase that is directly related to the renovation or development project. This amount is fixed based on the mill rate at the time of pre-improved assessed value.

*Municipal Portion of Property Tax* – For the purposes of this program, property taxes refer only to the municipal portion of the property taxes paid, and does not include such charges/taxes/levies as education, water, sewer, transit or phase-in.

*Redevelopment/Rehabilitation* – The removal of buildings or structures from land and the construction or erection of other buildings or structures thereon.

*Renovation* – The restoration or reconstruction of buildings, structures or parts thereof to modern building standards without the removal of the building or structure from the lot.

### **General Provisions**

- This grant program will provide grants to property owners who redevelopment, rehabilitation and/or renovation projects, which result in a re-assessment of their properties.
- This grant program applies to a redevelopment, rehabilitation and/or renovation project associated with those industries whose primary operation is related to aerospace manufacturing and servicing.
- The amount of the grant will be based upon the increase in the municipal portion of property taxes that is directly related to a redevelopment, rehabilitation and/or renovation project (ie. Tax increase that results from the increase in assessment). Tax increases that result from a general re-assessment, a change in tax legislation or an increase in the mill rate will not be considered for the purposes of calculating the grant.

### **General Eligibility Criteria and Conditions**

- All applicable property taxes owing for each year must be fully paid prior to the disbursement of any annual grant amount under this program. If property taxes are owing on a property for more than one full year, the City will have the option, without notice and at its own discretion, or terminating all future grant payments, thereby eliminating all grant obligations to the applicant.
- Notwithstanding any other calculations relating to the grant amount, the City will not pay an annual grant which is greater than the municipal portion of the property tax collected for a property in any one year (ie. If a general re-assessment substantially reduces annual property taxes on a property, the annual grant amount will be capped at the municipal portion of the property tax collected for that property in any one year).

- The applicant(s) for an Airport Area Tax Increment Grant Incentive must be the registered owner(s) of the subject property.
- Separate applications must be made for each discrete property under consideration for a tax incentive grant.
- Applicant may be eligible for this program even if they have made applications for any other grants or loans offered by the City of London.
- A building permit application must be submitted to the Building Division coincident with the application for a Tax Incentive Grant.
- Tax Incentive Grants will not be given retroactively to recognize projects that have begun without application to this program. To be eligible for this program a completed application must be received by the Planning Division prior to any works being done which relate to the associated building permit application.
- The annual grant is based upon changes in property taxes as a result of construction and improvement to the property and is not based upon occupancy or changes in occupancy.
- If the property is under an assessment appeal, the application will be held in abeyance until the appeal is resolved.
- Tax increases that result from a general re-assessment, a change in tax legislation or an increase in the mill rate will not be considered for the purposes of calculating the grant. The annual tax increment will be held constant over the ten-year grant period (ie. Changes in mill rate or phases in assessment increases after the post-improvement date is established will not be incorporated into the calculation of the annual tax increment).
- If a participating property is sold, in whole or in part, before the grant period elapses, the applicant and/or the subsequent landowner is not entitled to outstanding grant payments (on either the portion sold or retained by the applicant). The City may, entirely at its own discretion, enter into a new agreement with any subsequent owners of the property to receive outstanding grant payments under this program.
- The amount of grants provided for a property over the life of this program will not exceed the value of the work done that resulted in the increased level of municipal tax assessment. For this reason, the amount of grants may be monitored in relation to the total value of work done and the grants will cease if they equal the value of the work done.
- The applicant will be responsible for ensuring that they can be contacted by the City for the purpose of delivering grant cheques. If applicants cannot be reached over a protracted period (greater than 2 years), the City will have the option, without notice and at its own discretion, or terminating all future grant payments, thereby eliminating all grant obligations to the applicant.

***Discontinuation of Program***

- The City may discontinue the Airport Area Tax Increment Grant Program at any time; however, any participants in the program prior to its closing will continue to receive the grants as were determined for their properties.
- Council may periodically review the Airport Tax Increment Grant Program to determine if the program should continue, be modified, or cease to issue any new commitments.

***Grant Period***

- Grants will be paid over a ten-year period.
- “Year 1” will be defined as one of the following two periods. The applicant will be asked to choose which of these two periods they wish to define as “Year 1” for the purposes of calculating their grant schedule:
  - Year 1 is the first full calendar year that taxes are paid after the project is completed and re-assessed; OR
  - Year 1 is the portion of the first calendar year after the project is completed and re-assessed.
- For example, where a project is completed and the property is re-assessed on February 28 2001, the applicant has the option of:
  - Considering 2002 as “Year 1”: under this option the grant recipient will receive a Year 1 grant, which relates to the payment of a full year of taxes. Under this option the first annual grant would be received at the end of 2002; OR
  - Considering 2001 as “Year 1”: Under this option the grant recipient will receive a Year 1 grant which relates to the payment of 10 months of their property taxes. Under this option the first annual grant would be received at the end of 2001.
- This option is provided to the applicant such that they can maximize their grant in Year 1, by waiting to pay taxes for a full calendar year, or they can minimize the time lag between the completion of their project and their first grant payment.
- In those instances where the total value of the grant over the full term of the grant period is less than or equal to one thousand dollars (\$1000), the City may exercise, at its own discretion, the option of issuing a one-time lump sum payment of the total grant amount as detailed in the Grant Agreement.

**Pre-Improved Assessed Value**

- For the purpose of calculating the annual tax increment, the pre-improved assessed value of the property will be established as the earlier of the following: (i) date of application for building permit; (ii) date of application for demolition permit; or (iii) date of application for the Airport Area Tax Increment Grant Program.

**Post-Improved Assessed Value**

- For the purpose of calculating the annual tax increment, the post-improved assessed value of the property will be established based on:
  - i. Completion of the project as identified by the applicant: AND
  - ii. Completion of the re-assessment of the property by the Regional Assessment Office such that the work done at the project completion date (defined in (i) above) is recognized.
- NOTE: that future increases in taxes that may be phased in *AFTER* the post-improved assessment date (as defined in (i) and (ii), above) will not be eligible for grant calculation.

**Calculation of Annual Tax Increment**

The annual tax increment will be calculated as follows:

- (Annual Taxes Based on Post-improvement Assessed Value – Annual Taxes Based on Pre-improved Assessed Value)
- NOTE: that the above calculation related to the Municipal portion of property taxes.
- NOTE: also that this annual tax increment is fixed for the ten-year duration of the grant schedule. Changes to the mill rate, general re-assessment or changes in tax legislation will not be considered for the purpose of calculating the annual tax increment.

**Calculation of Annual Grant**

- The annual grant is defined as the grant amount that would be given to the applicant in any one year of the ten-year grant period
- The annual grant for any single year will be calculated as follows:
  - (Annual Tax Increment \* Year/Level Factor)
- NOTE: that the above calculation related to the Municipal portion of property taxes.

**Year/Level Factors**

YEAR	YEAR/LEVEL FACTOR (%)	YEAR	YEAR/LEVEL FACTOR (%)
1	100%	6	100%
2	100%	7	100%
3	100%	8	100%
4	100%	9	100%
5	100%	10	100%

**Grant Agreement**

- Participating property owners in the Airport Area Tax Increment Grant Program shall be required to enter into a grant agreement with the City.
- This agreement shall specify such items as (but not limited to) the level of the grant applicable, the duration of the grant, and the owner’s obligation to repay the City for any grants received if the property is demolished before the grant period elapses.
- The agreement is intended to encapsulate all the terms and conditions included in these grant guidelines.

**General Application Procedure and Administration**

The First step in the process is for a property owner to make applications to the Airport Area Tax Increment Grant Program. Applications will be submitted by the applicant to the City of London Planning Division.

All applications will require reference to a related building permit application, which will be submitted by the applicant to the Building Division.

The Planning Division will review the grant application to determine the grant level under which the renovation or development project will qualify. The application will be circulated to the Building Division, where necessary. The applicant will be advised, in writing, by the Planning division of grant qualification (grant commitment letter).

Planning staff may take photographs of the property both before and after the subject work is completed.

Planning staff will send a copy of the grant application to the City’s Finance and Administration Department who will determine and record the pre-improved assessed value of the property to be used for the purpose of calculating the annual tax increment.

*The next step in the process requires action by the applicant.* The applicant will be required to notify the Planning Division, in writing, when the project is complete for the purpose of calculating the post-improved assessed value. This will be no later than one year after the associated building permit is “signed off” by the Building Division.

Following notice by the applicant that the project is complete (or one year after the building permit is signed off), the Planning Division will request an annual tax increment calculation and two optional grant schedules from the Finance and Administration Department. (See #8 and #9 below).

Upon receiving this request, the Finance and Administration Department will establish a post-improved assessed value. To do this they will review the assessed value of the property and determine whether this is the final assessment relating to the completion of the renovation or development project. If this is not the final assessment, the Finance and Administration Department will contact the Regional Assessment Office and request that a final assessment be prepared.

The Finance and Administration Department will prepare and note the annual tax increment for the purpose of calculating the grant schedule. The Finance and Administration Department will then prepare two grant schedules: one grant schedule will relate to “Year 1” being the calendar year in which the project is completed while the other grant schedule will relate to a “Year 1” being the calendar year in which the first full year of taxes is paid. The Finance and Administration Department will forward this information to the Planning Division as soon as possible.

In those instances where the total value of the grant over the full term of the grant period is less than or equal to one thousand dollars (\$1,000), the City may exercise, at its own discretion, the option of issuing a one-time lump sum payment of the total grant amount as detailed in the Grant Agreement.

The Planning Division will ask the applicant to choose one of the two optional grant schedules – this will be confirmed by the applicant’s signature.

At the completion of the calendar year, the Planning Division will ask Finance and Administration staff to confirm that all taxes have been paid for that year.

Upon receiving confirmation, a grant agreement will be drafted and signed by the City and the applicant.

At the end of each tax year the Planning Division will provide a list of grant properties to the Finance and Administration Department, requesting confirmation that all taxes have been paid for the past year. Upon receiving such confirmation, the Planning Division will contact applicants and provide them with their grant cheques.

## GRANT AGREEMENT

*This agreement consists of four pages*

Name of Property Owner(s):	Application No.
Address of Project:	
Legal Description of Property (Lot and Plan Number)	
Roll Number(s):	
Mailing Address of Owner:	Telephone No:
(If different from above)	Fax No:

**PROJECT INFORMATION** *(Attach copy of Building Permit)*

Building Permit Number:	Date of Permit:
Value of Project (from Building Permit):	

<b>Application Tracking Information</b> <i>(for Staff use only)</i>	<b>Date and Staff Initials</b>
Application Accepted	
Pre-improved Assessment Value Determined	
Comment Letter Issued	
Project Completion (applicant written confirmation)	
Request to Finance and Administration for Preparation of Schedule	
Post-improved Assessment Value Determined	
Planning Division Receives Grant Schedule from Finance & Admin.	
Applicant Chooses Grant Schedule	
Date of Lump Sum Payment (\$1,000 or less)	
First Grant Cheque Issued	
Last Grant Cheque Issued	

## GRANT AGREEMENT

*This agreement consists of four pages*

**GRANT CALCULATION:**

Pre-improved assessed value:

Date:

Post-improved assessed value:

Date:

Increase in assessed value after adjustments:

Application tax (mill) rate (municipal portion):

Annual tax increment

Year	Year/Level Factor	Schedule 1 Year 1 = First Full Calendar Year After Completion	Schedule 2 Year 1 = Portion of First Calendar Year After Completion
1	100%		
2	100%		
3	100%		
4	100%		
5	100%		
6	100%		
7	100%		
8	100%		
9	100%		
10	100%		

Lump Sum Payment Amount (if applicable):

## **GRANT AGREEMENT**

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### **Conditions:**

1. The term “Applicable Tax (Mill) Rate” refers to the General, or Municipal portion only of the total tax (mill)rate paid. It does not include such taxes/charges as Education, Transportation, Local Improvement, or other “area charges”, Business Improvement Area (BIA) levy, or any Phase In, or Encroachment Fee. Changes in the tax (mill) rate or phased in assessment increases after the post-improvement date is established will not be incorporated into the calculation of the annual tax increment.
2. Grants are not payable by the City until such time as all additional assessment eligible for the grant has been added to an assessment roll by the Ontario Property Assessment Corporation, all taxes eligible for grant have been billed by the City, and all taxes outstanding including billed taxes that have not yet become due are paid in full for all years by the taxpayer. Grants are also not payable by the City until such time as all possible assessment appeals relating to value of the land before the additional assessment or to the value of the additional assessment have been filed and decided. If property taxes are owing on a property for more than one full year, the City will have the option, without notice and at its own discretion, of terminating all future grant payments, thereby eliminating all grant obligations to the applicant.
3. Notwithstanding any other calculations relating to the grant amount, the City will not pay an annual grant which is greater than the municipal portion of the property tax collected for a property in any one year (ie. If a general re-assessment substantially reduces the annual property taxes on a property, the annual grant amount will be capped at the municipal portion of the property tax collected for that property in any one year).
4. The applicant(s) for an Airport Area Tax Increment Grant Incentive must be the registered owner(s) of the subject property.
5. Separate application must be made for each discrete property under consideration for a grant.
6. The annual tax grant is based upon changes in property taxes as a result of construction and improvement to the property, and is not based upon occupancy or changes in occupancy.
7. The total value of the grants provided under this program over the full term of the grant payment shall not exceed the value of the work done. Furthermore, the amount of the grant shall not exceed the municipal portion of the tax bill excluding transit and ignoring cap adjustments, phase-ins or claw back amounts.

## GRANT AGREEMENT

*This agreement consists of four pages*

8. Tax increases that result from a general re-assessment, a change in tax legislation or an increase in the mill rate will not be considered for the purposes of calculating the grant. The annual tax increment will be held constant over the ten-year grant period (ie. Changes in mill rate after the post-improvement date is established will not be incorporated into the calculation of the annual tax increment).
9. If a participating property is demolished in whole before the rebate grant elapses it shall cause the grant to be forfeited and be repayable to the municipality. It is to be repaid on, or before, the first day of municipal tax collection following the sale of the property. Demolition, in part, may be permitted entirely at the discretion of the City of London without a requirement for repayment, but only in those instances where a written request by the property owner is received and a corresponding letter of permission is granted by the City.
10. The amount of the grants provided for a property over the life of this program will not exceed the value of the work done that resulted in the increased level of municipal tax assessment. For this reason, the amount of grants may be monitored in relation to the total value of work done and the grants will cease if they equal the value of the work done.
11. The applicant will be responsible for ensuring that they can be contacted by the City for the purpose of delivering grant cheques. If applicants cannot be reached over a protracted period (greater than 2 years), the City will have the option, without notice and at its own discretion, of terminating all future grant payments, thereby eliminating all grant obligations to the applicant.
12. In those instances where the total value of the grant over the full term of the grant period is less than or equal to one thousand dollars (\$1,000), the City may exercise at its own discretion, the option of issuing a one-time lump sum payment of the total grant amount.
13. Any portion of the property that is sold (including one or more condominium units) during a calendar year, will not be eligible for a grant rebate for that entire year or subsequent years of the grant schedule. The grant schedule included in this agreement will be modified each year, as necessary, to reflect the sale of the property or portions thereof.
14. Any appeals of the property's assessed value that result in a reduction in the assessed value of the property, will cause the entire 10-year grant schedule to be re-calculated recognizing the property's revised assessed value.

# GRANT AGREEMENT

*This agreement consists of four pages*

- A. I/WE HERBY AGREE TO ALL OF THE CONDITIONS IN THIS GRANT AGREEMENT (consisting of four pages), and the terms and conditions of the Airport Area Tax Increment Grant Program guidelines (as attached).
- B. I/WE HERBY CERTIFY that the information given above is true, correct and complete in every respect and may be verified by the municipality. The City is relying upon the information provided by the applicant and if the information in this agreement, or the associated application, proves to be false or substantially inaccurate, the grant will be forfeited and be repayable to the City.
- C. I/WE HERBY AGREE that in the event this property is demolished in whole prior to the expiration of the grant period, any funds paid under this Program shall immediately be forfeited and all previously received grant payment will become due and repayable to the City. Demolition, in part, may be permitted entirely at the discretion of the City of London without a requirement for repayment, but only in those instances where a written request by the property owner is received and a corresponding letter of permission is granted by the City.
- D. I/WE HEREBY AGREE that is the ownership of the lands described herein, and in receipt of a grant under this program, is transferred to any person other than the signatory of this agreement (Owner), by sale, assignment, or otherwise, then this agreement shall no longer apply. The City may enter into an agreement with any subsequent owner to continue the agreement pursuant to any conditions that the City may apply or may choose to discontinue the applicable grant schedule.

I, \_\_\_\_\_ agree to the above conditions, and have the authority bind the corporation named as property owner on page 1 of this agreement.

\_\_\_\_\_  
SIGNATURE (TITLE)

\_\_\_\_\_  
DATE

\_\_\_\_\_  
CO-SIGNATURE (TITLE)

\_\_\_\_\_  
DATE

This agreement is hereby approved, subject to the above-specified conditions.

\_\_\_\_\_  
SIGNATURE (Department of Planning and Development)

\_\_\_\_\_  
DATE

\_\_\_\_\_  
SIGNATURE (City Treasurer)

\_\_\_\_\_  
DATE