

City of London: Transit Oriented Development CIP

January 2025

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The City of London

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1.0 Introduction

In September 2023, the City of London (City) was announced as the first successful recipient of funding from the federal government's Housing Accelerator Fund (HAF) program. This program was initiated in April 2023 to increase housing supply, encourage affordable housing, and support local government initiatives to remove barriers and increase certainty in the development process. The \$74 million in funding must be used to support the actions proposed in the City's HAF application, with all funding spent by September 8, 2027.

Through the City's HAF application, the following objectives were identified:

- Help the City of London achieve its target of 2,187 additional residential units by 2027.
- Support the City of London RoadMap to 3,000 Affordable Units by 2026.
- Help develop affordable housing units for families, students, and seniors.
- Support the Climate Emergency Action Plan's "Transforming Buildings and Development" Area of Focus through the reuse of underused properties.
- Reduce car dependency by creating more housing around rapid transit stations.

To help accomplish the above objectives, the City has identified a number of initiatives and funding proposals. One of these initiatives is the creation of a Community Improvement Plan (CIP) to accelerate residential development within the City's Protected Major Transit Station Areas (PMTSA) as delineated on **Map 10** of *The London Plan*. As defined in the City's Official Plan:

Protected Major Transit Station Area means the area surrounding and including an existing and planned higher order transit (e.g. rapid transit) station or stop. The Downtown, Transit Village, and Rapid Transit Corridor Place Types are focused around rapid transit routes and are identified as Protected Major Transit Station Areas.

PMTSAs are further defined by the 2024 Provincial Policy Statement (PPS) as follows, with additional policy direction provided in Section 2.4.2. of the policy document:

Major transit station area: means the area including and around any existing or planned higher order transit station or stop within a settlement area; or the area including and around a major bus depot in an urban core. Major transit station areas generally are defined as the area within an approximate 500 to 800-metre radius of a transit station.

High-density development within the City's PMTSAs has been modest for a variety of factors identified through the CIP background analysis (e.g., higher development and land costs, land holdings and developer interest in other areas of the City, parking accommodation, demand for transit-oriented living, and others). In addition to these PMTSA specific challenges, broader macroeconomic impacts related to rising construction costs and interest rates, consumer confidence, and other interrelated factors have negatively impacted development feasibility. These impacts have been experienced in London, but also broadly across the Ontario market.

As a result, housing construction across the province has slowed considerably as developers struggle to advance feasible projects.

This CIP is therefore intended to encourage greater intensification within the City's PMTSA while also accelerating development that is currently proposed but not advancing due to current market challenges affecting development feasibility.

1.1 What is a Community Improvement Plan?

A CIP is a tool that enables municipalities to achieve broad land use planning and economic policy objectives by offering financial incentives to attract private investment. Through Section 28 of the *Planning Act*, municipalities must adopt policies within the Official Plan and approve an implementing by-law to designate a Community Improvement Project Area, which can be restricted to a specific location(s) or be municipality wide.

Common objectives of a CIP can include downtown / neighbourhood renewal and intensification, affordable housing, office development, transit-oriented development, brownfield remediation, building retrofits and improvements, and many others.

1.2 CIP Purpose

The purpose of this CIP is to accelerate high-density development within the City's PMTSAs. Considering the current market and economic conditions, as well as the short timeline of the HAF, the available incentives are provided as up-front, per-unit capital grants and will be stackable with incentives provided by the City's other CIPs and other government programs.

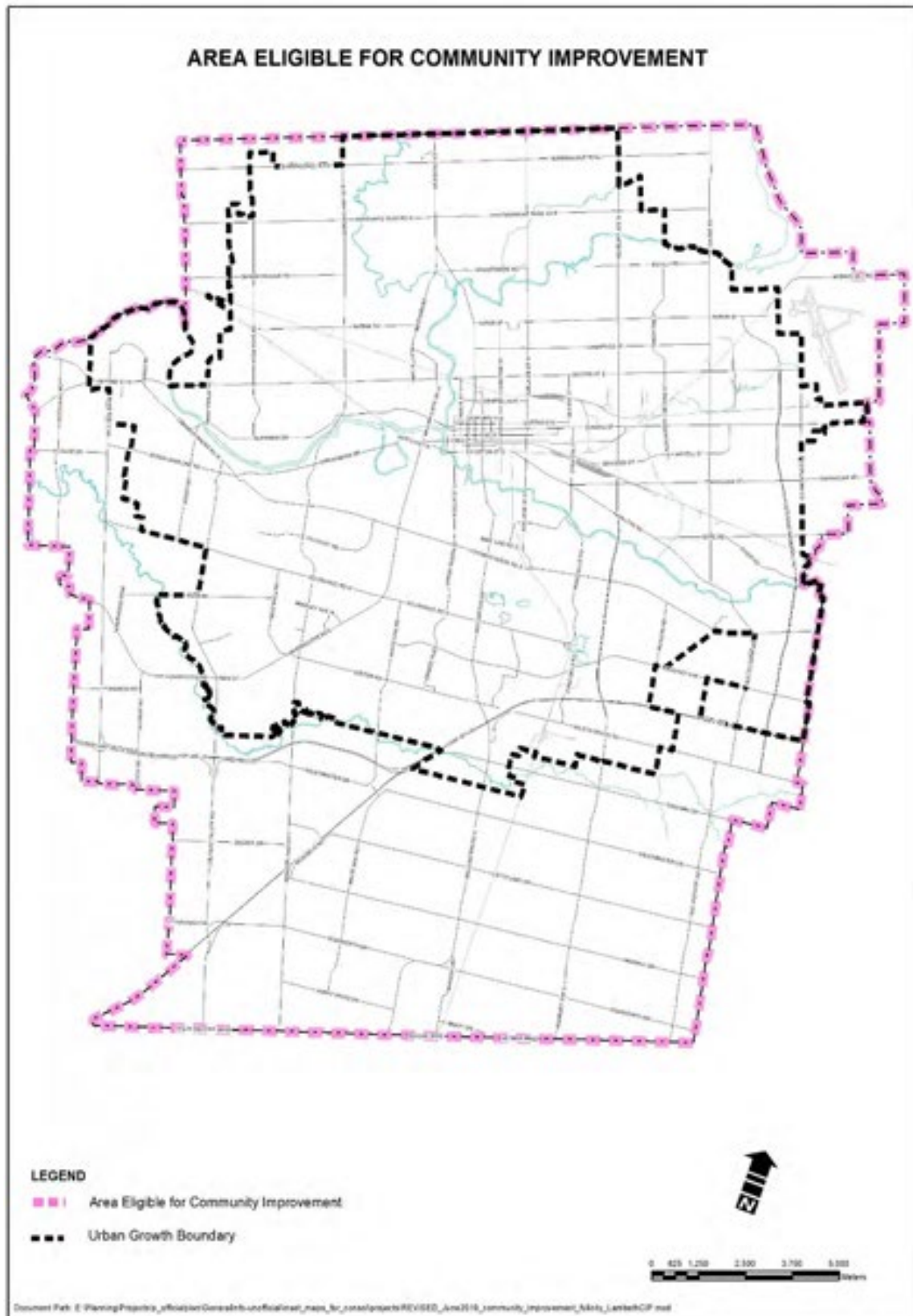
1.3 Community Improvement Project Area

Section 28(2) of the *Planning Act* states:

Where there is an official plan in effect in a local municipality or in a prescribed upper-tier 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.

The Community Improvement Project Area (CIPA) is the entire municipality as illustrated by **Figure 1**. The CIP's Financial Incentive Program Guidelines will identify the eligible locations for the proposed financial incentive program, which will be concentrated within and around the City's PMTSAs.

Figure 1



2.0 Incentive Program Overview

2.1 Mandatory Eligibility Criteria

To be eligible for funding under the CIP, the following Criteria must be met by the project / applicant:

- **Applicant:** Applicants may be private or non-profit organizations. Partnerships between private and non-profit organizations are also permitted and encouraged.
- **Typology:** The development must be residential or mixed-use apartment buildings. The available incentive is only applicable to the residential component of mixed-use buildings.
- **Tenure:** The development must be rental.
- **Minimum Project Size:** New apartment buildings with a minimum of 20 units or an office-to-residential conversion with no minimum project size.
- **Project Status:** Any development that has not yet begun construction is eligible to apply. For clarity, this includes development that has already secured a building permit but has not yet begun below or above grade construction.
- **Project Timeline:** A development must have already secured a building permit or will receive a building permit no later than December 31, 2026.
- **Good Standing with the City:** Applicants must be in good standing with respect to by-laws, property taxes or other financial obligations to the municipality, and not be involved in ongoing litigation with the City.

2.2 Available Incentives

The following financial incentives are available through this CIP, which will be offered as a per door capital grant:

- \$15,000 per residential unit created

2.3 Application Process and Timing of Incentives

Interested parties may submit a complete application for the incentive program at any time after the program has been approved and remains in effect. Applications will be processed in a first come, first serve basis. Applications will be reviewed by City staff to confirm all eligibility criteria have been met. Subject to funding availability, applications meeting the eligibility criteria will be approved.

Should the request for funding exceed the available budget, the City will apply the evaluation criteria outlined in the CIP's Financial Incentive Program Guidelines to prioritize the allocation of funding.

The financial incentive will be approved and committed at time of application approval, where the applicant will enter into a legal agreement with the City. However, the per door capital grants will not be advanced until the issuance of building permit. The approved funding amount will be rescinded where a building permit has not been issued by December 31, 2026.

Further details on application process, application forms, draft legal agreements, and other relevant information will be provided in the CIP's Financial Incentive Program Guidelines.

2.4 Stacking of Incentives

Funding received through this CIP can be stacked with funding received from the City's other incentive programs as illustrated in **Map Eight** of the *London Plan*. Interested parties must undergo a separate application and approval process to qualify for and receive funding from these other programs.

2.5 Monitoring

City of London staff will monitor the following matters to assess the impact of this CIP and its programs, as follows:

- the total amount of committed funds to the CIP;
- the number of applications submitted;
- the number of approved and denied applications;
- the total amount (in dollars) of funds committed and issued;
- the planning approval and construction status of applications;
- the total number of units and unit types funded;
- the total number of affordable housing units funded (if any);
- the location of funded projects; and,
- other indicators, as appropriate.

City of London staff will review the monitoring data and where the review finds an excess or lack of applications relative to the available funding, adjustments may be made to the CIP, including the incentive amount provided and the application intake and assessment processes. An RFP approach could be considered if incentive program intake is low. Where amendments can be made to improve outcomes, these will be made in accordance with Section 2.6 of this CIP.

2.6 Amendments

Minor changes to this CIP may advance without Council approval and without formal amendment to this CIP. Changes to provisions of this CIP which are considered to represent a material change that necessitates a formal amendment to the Plan, include the following:

- a significant change to the boundary of the Community Improvement Project Area;

- the removal of an existing incentive program, or the addition of new incentive programs to the CIP; and
- a significant change in the eligibility criteria for access to program support under this CIP.

Unless additional funding is approved for this CIP beyond 2026, incentive programs under this CIP will discontinue in 2026.

2.7 Approval and Agreements

City staff will be the approval authority for qualifying applications. Once approved, an applicant will receive a commitment letter indicating the funding which will be made available upon the applicant's successful receipt of a building permit for their proposed development. The applicant will also enter into a legal agreement with the City.

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3.0 Appendix: Policy and Legislative Context

3.1 Legislative Authority

The legislative authority to prepare a CIP and relevant financial incentives are established under Section 106 of the *Municipal Act* and Section 28 of the *Planning Act*.

3.2 Municipal Act

Under Section 106 of the *Municipal Act*, municipalities are prohibited from assisting manufacturing business or other industrial or commercial enterprise through the granting of financial incentives, including: giving or lending money or municipal properties; leasing or selling municipal lands at below fair market value; guaranteeing loans; or providing partial or total exemptions from fees, charges, or taxes. However, Section 106(3) of the *Municipal Act* provides an exception to these prohibitions, and that exception may be exercised through a CIP under Section 28 of the *Planning Act*, as well as through Section 365.1 of the *Municipal Act* regarding property tax cancellations.

3.3 Planning Act - Eligible Costs

As required by Section 28 (7) of the *Planning Act*, grants and loans provided through the CIP shall not exceed eligible costs. As stated by Section 28(7.1), eligible costs include:

...the eligible costs of a community improvement plan may include costs related to environmental site assessment, environmental remediation, development, redevelopment, construction and reconstruction of lands and buildings for rehabilitation purposes or for the provision of energy efficient uses, buildings, structures, works, improvements or facilities.

3.4 City of London Official Plan

A municipality must have provisions in their Official Plan that enable it to establish a CIP. The “Our Tools” section of the *London Plan* has such enabling policy, as follows:

COMMUNITY IMPROVEMENT PLANS

1724_ In accordance with the provisions of the Planning Act, a by-law may be passed to identify areas designated for Community Improvement (a Community Improvement Project Area). These are shown on Map 8 - Community Improvement Project Areas. City Council may also adopt a community improvement plan for the area(s) designated for community improvement.

1726_ Community improvement plans are intended to provide City Council with the necessary tools to stimulate reinvestment and redevelopment, inspire appropriate infill and intensification, coordinate planning efforts, improve the physical infrastructure, support community economic development, preserve neighbourhood and cultural heritage value, and lead to the establishment of an improved neighbourhood. The tools to implement community improvement plans may include incentives and targeted private

and/or public investment to achieve the vision, key directions and policies in The London Plan. Council may also acquire, clear and dispose of land to support community improvement and economic development, or use any other methods to support community improvement or environmental, social or community economic development that is permitted by the legislation.

1727_ Community improvement is intended to meet the following objectives:

- 1. Maintain and improve the public realm, including such things as streets, sidewalks, street lights, street trees, pathways, parks, open spaces, and public buildings.*
- 4. Stimulate private sector property maintenance, repair, rehabilitation, redevelopment and other forms of private sector investment and reinvestment activity.*
- 5. Maintain and improve the physical and aesthetic amenities of streetscapes in both the public and private realms.*
- 6. Encourage the conservation, restoration, adaptive re-use and improvement of cultural heritage resources.*
- 9. Foster the revitalization and continued improvement of the Downtown and other existing commercial districts including but not limited to the Old East Village, the SoHo Area, and other established business districts.*
- 10. Upgrade social and recreational facilities and support the creation of affordable housing.*
- 11. Support the implementation of measures that will assist in achieving sustainable development and sustainable living.*
- 12. Improve environmental and social conditions.*
- 14. Facilitate and promote community economic development.*
- 15. Promote and improve long-term community stability, safety and quality.*

1728_ To identify an area for community improvement, City Council shall consider the following criteria:

- 1. Deficiencies in physical infrastructure including but not limited to the sanitary sewer system, storm sewer system, and/ or watermain system, streets, sidewalks, curbs, streetscapes and/or street lighting, and municipal parking facilities.*
- 2. Deficiencies in recreational, social or community facilities including public open space, municipal parks, neighbourhood parks, indoor/outdoor recreational facilities, and public social facilities.*

3. *Commercial, residential, industrial and mixed-use areas with poor physical condition and/or poor visual quality of the built environment, including but not limited to building façades, building condition, streetscapes, public amenity areas and urban design.*
4. *Vacant lots and/or underutilized properties and buildings which have potential for infill, redevelopment, expansion or development to better utilize the land base.*
5. *Non-conforming, conflicting or incompatible land uses or activities that disrupt or threaten to disrupt the predominant land use, function and/or viability of an area.*
6. *A demonstrated interest in community improvement by the private firms within an area.*
7. *Presence of potential or recognised cultural heritage resources.*
8. *Known or suspected areas of environmental contamination.*
9. *Lack of or deficient affordable housing or mix of housing opportunities.*
10. *Improvement to energy efficiency and/or renewable energy efficiency.*
11. *Traffic and/or parking problems or deficiencies.*
12. *Other significant barriers to the repair, rehabilitation, redevelopment or development of underutilized land and/ or buildings.*
13. *Other significant environmental, social or community economic development reasons for community improvement.*

This CIP adheres to the policies within the City's Official Plan, which also allows for a CIP to be created to promote infill and intensification and to coordinate planning efforts (in this case, on housing and transit-oriented development). The CIP would, among other things, stimulate private sector investment activity, revitalize key areas of the City, and facilitate and promote community improvement through supporting the development of new residential and mixed-use housing projects within the City's PMTSAs.

The City also considered the criteria identified in Section 1728 of the *London Plan* through the HAF application and the background analysis supporting this CIP undertaken by N. Barry Lyon Consultants Limited.