

## Report to Planning and Environment Committee

**To:** Chair and Members  
Planning & Environment Committee  
**From:** Gregg Barrett  
Director, City Planning and City Planner  
**Subject:** Community Improvement Plans – Performance Measures  
and Indicators of Success  
**Meeting on:** November 16, 2020

## Recommendation

That, on the recommendation of the Director, City Planning and City Planner, the following actions be taken with respect to amending Community Improvement Plans to add performance measures and indicators of success:

- (a) This staff report with respect to potential changes to the Downtown and the Old East Village Residential Development Charges Grant, Rehabilitation and Redevelopment Tax Grant, Upgrade to Building Code Loan, and Façade Improvement Loan **BE RECEIVED**;
- (b) Civic Administration **BE DIRECTED** to circulate this staff report for public review.

**IT BEING NOTED** that input received through the circulation will inform a recommendation on changes to the grant and loan programs that will be presented at a future meeting of the Planning and Environment Committee.

## Executive Summary

This report outlines the proposed performance measures and indicators of success for the Residential Development Charges Grant, Rehabilitation and Redevelopment Tax Grant, Upgrade to Building Code Loan, and Façade Improvement Loan programs available in the Downtown and the Old East Village.

Preliminary targets have also been identified that, when met, will inform Civic Administration to modify the incentive programs, including potentially reducing grant or loan funding, or to discontinue the incentive program.

This report also discusses:

- How the grant and loan programs work and the up-take;
- Consultation to date;
- Research and data collection to date;
- The COVID-19 pandemic impacts generally on businesses in the Downtown and the Old East Village;
- The cost difference between constructing a building in the Downtown versus the suburbs.

This report recommends the proposed performance measures, indicators of success, and targets be circulated to specific individuals and organizations who use the programs on a regular basis, the general public, and standard planning application circulation recipients.

A report and a Public Participation Meeting at a future Planning and Environment Committee will discuss the input received during the circulation process and recommend amending the Downtown and the Old East Village Community Improvement Plans to add the refined performance measures, indicators of success, and targets.

## 2019-2023 Strategic Plan

Municipal Council's 2019-2023 Strategic Plan identifies "Building a Sustainable City" and "Growing our Economy" as strategic areas of focus. Revitalizing London's downtown and urban areas is a strategy within both those strategic areas.

The Downtown and Old East Village Community Improvement Plan grant programs help to revitalize these areas through incentivizing and encouraging the development of new residential units and as a result, increasing the population of these neighbourhoods. Further, the loan programs encourage and assist property owners in maintaining and improving the older building stock often found in these areas.

## Climate Emergency

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

## Background

### 1.0 Previous Report Pertinent to this Matter

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

Planning and Environment Committee – December 4, 2017 – Updated Program Guidelines for Community Improvement Plan Financial Incentive Programs

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

Strategic Priorities and Policy Committee – December 17, 2019 – Review of City Services for Potential Reductions and Eliminations – Downtown and Industrial Lands Community Improvement Plans (CIPs)

### 2.0 Community Improvement Plan (CIP) Service Review

Civic Administration undertook an extensive Community Improvement Plan (CIP) Service Review in 2016 and 2017, which resulted in a May 2, 2017 Municipal Council resolution. The CIP Service Review recommended changes to existing financial incentive programs, introduced financial incentive programs to new or expanded areas, and requested the CIPs be amended to include performance measures and indicators of success.

This report will focus on the measures and indicators of success. The relevant clause of the May 2, 2017, Municipal Council resolution is provided below.

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

- n) that Community Improvement Plans for the following Community Improvement Plan Project Areas BE AMENDED to include performance measures and indicators of success to align with current City policies and Council strategic directions:
  - i.) Airport Area Community Improvement Plan;
  - ii.) Brownfield Community Improvement Plan;

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

This staff report will focus on clause n) iii.) and n) vi.), the introduction of performance measures and indicators of success for the grant and loan programs available through the Downtown and Old East Village CIPs (see maps in Appendix A and B).

### **3.0 Grant Programs**

#### **3.1 The Two Grant Programs**

The Residential Development Charges Grant and the Rehabilitation and Redevelopment Tax Grant are available in the Downtown and Old East Village community improvement project areas (excluding Richmond Row). The objective of the two grant programs is to encourage residential development in these areas.

The Residential Development Charges Grant provides a grant equal to a rebate of development charges for residential units constructed. Development charges are required to be paid up-front at the time the building permit is issued or as agreed upon by a Development Charges Alternative Payment Agreement. The program grants back a portion of the residential development charges paid by the applicant over an approximately 10-year schedule until 100% of the residential development charges have been repaid to the applicant. This program works in conjunction with the Tax Grant program.

The Tax Grant provides a grant equal to a portion of the increase in municipal property taxes that results from renovating or adding onto an existing building, or constructing a new building. Upon completion of the development project and reassessment of the property by the Municipal Property Assessment Corporation, a 10-year grant schedule is calculated based on the incremental municipal property tax increase in pre-project and post-project assessment value. Only the municipal portion of property taxes is included (not the education portion).

#### **3.2 Grant Applications to Date**

Since the program changes came into effect at the beginning of 2018, no grants under the post-2018 Residential Development Charges Grant program have been issued.

There are four active commitments for the Residential Development Charges Grant program. One of these active commitments is the Youth Opportunities Unlimited application for 340 Richmond Street that was discussed at a Planning and Environment Committee meeting in October including a recommendation to direct Civic Administration to issue the grant. This recommendation was approved and the grant will be issued in November.

The final grandfathered applicant under the pre-2018 Residential Development Charges Grant program was issued in August 2020.

As of writing this report, there are 19 active Tax Grant applications in the Downtown and the Old East Village in various years of the 10-year grant period. There are 43 Tax Grant commitments in the Downtown and the Old East Village; however, it is estimated that less than 50% of these commitments will result in a grant agreement and grant schedule. The primary reason for this is the nature of the work completed (for example, façade only improvements or roof repairs) will likely not trigger a supplementary reassessment by the Municipal Property Assessment Corporation for the improvements made to the property.

## **4.0 Loan Programs**

### **4.1 The Two Loan Programs**

The Upgrade to Building Code Loan and Façade Improvement Loan are available in the Downtown and the Old East Village community improvement project areas (including Richmond Row). The objective of the two loan programs is to support the maintenance, improvement, beautification, and viability of the older building stock. Further, the Upgrade to Building Code Loan is often used to support the development of residential units through the renovation, conversion, or adaptive re-use of a property.

The Upgrade to Building Code Loan program provides loans to property owners who improve their buildings for items that relate to Ontario Building Code requirements, Fire Code requirements, addresses one or more health and safety issues, and accessibility and/or environmental sustainability issues. Loans are up to \$200,000 or half the value of work, whichever is less. Loans are paid back at 0% interest over a 10 year period.

The Façade Improvement Loan program provides loans to property owners for building façade improvements. For example, brick repair, lighting, signage, windows, doors, or a complete store-front reconstruction. The loan are up to a maximum of \$50,000 or half the value of work, whichever is less. Loans are paid back at 0% interest over a 10 year period.

Properties within a defined targeted area of the Downtown and the Old East Village are eligible for a portion of the loan repayments to be forgiven in the form of a grant if the ground floor of the property is actively occupied by a targeted use. For Façade Improvement Loans issued after 2018, 25% of the loan repayments are potentially forgivable if all the criteria are met. For the Upgrade to Building Code Loan, 12.5% of the loan repayments are potentially forgivable.

In 2020, the ability to defer loan repayment due to road construction projects was introduced. Further, for property owners who decided to defer, loan repayments have been deferred because of COVID-19 until January 2021.

### **4.2 Loan Applications to Date**

As of writing this report, there are 48 active Upgrade to Building Code Loans in the Downtown and 38 active Upgrade to Building Code Loans in the Old East Village, for a total of 86 loans in various years of the 10-year repayment period.

There are 28 active Façade Improvement Loans (including two now discontinued Non-Street Façade Improvement Loans) in the Downtown and 22 active Façade Improvement Loans (including six now discontinued Non-Street Façade Improvement Loans) in the Old East Village, for a total of 50 loans in various years of the 10-year repayment period.

It being noted that because of the COVID-19 repayment deferrals, many of these loans will take an additional 10 months to repay in full.

As of writing this report, there are six Façade Improvement Loan commitments and 11 Upgrade to Building Code Loan commitments. Once the approved work is completed and paid for in full by the applicant, the City can move forward with issuing the loan for these commitments.

City Planning staff continue to meet virtually and safely-distanced on-site with property owners who are interested in the City's loan programs.

## **5.0 Consultation to Date**

### **5.1 Development Industry**

A meeting was held on September 11, 2020 with members of the London Development Institute, the London Home Builders' Association, and representatives from The Tricar

Group, and York Developments to discuss potential changes including reductions in the two grants program.

In addition to talking about the grant programs, the conversation also touched on the effects of COVID-19 on development and the Downtown, the cost differences between developing Downtown versus a suburban greenfield site (see Section 7.0), and land availability in the Downtown.

Discussions with the development industry will continue prior to the proposed changes to the grant programs being introduced at a future Planning and Environment Committee meeting.

**5.2 Business Improvement Areas (BIAs)**

A meeting was held on October 8, 2020 with members of the Downtown London BIA and the Old East Village BIA to discuss potential changes to the grant and loan programs.

The meeting discussed the benefits the incentives provide to the BIAs and the property owners, including qualitative aspects such as developing relationships with each other and the creation of complete communities in both these neighbourhoods.

The conversation also focused on the ways the incentives could be modified to help increase private-sector investment and up-take including, how to better allow tenants to access the programs, new tools to aid applicants in completing the application forms and providing the supporting documentation, and marketing opportunities.

Discussions with the BIAs will continue.

**5.3 Future Consultation**

If the recommendation is approved by Municipal Council, this staff report will be circulated for public review to:

- City Councillors;
- City Staff;
- Property owners who have an active Community Improvement Plan loan and/or grant in Downtown and/or Old East Village;
- Downtown and Old East Village Business Improvement Areas;
- London Development Institute;
- London Home Builders’ Association;
- London Economic Development Corporation;
- Housing Development Corporation, London;
- Developers who construct apartment buildings in the city; and
- General public notice, including a Get Involved London webpage.

A Public Participation Meeting at a future Planning and Environment Committee meeting will be required to amend the Downtown and Old East Village Community Improvements Plans to introduce the performance measures and indicators of success, as well as any recommended changes to the grant and loan programs.

**Discussion**

**6.0 Research and Data Collection**

Research and data collection has been on-going since 2018, focused on:

- The annual collection of data related to the loan programs, including: ground floor vacancy rates and ground floor targeted uses across all community improvement project areas;
- How other municipalities have approached the development of measures and indicators for Community Improvement Plans and Official Plans;

- How the Ministry of Municipal Affairs and Housing approached the development of measures and indicators for the Growth Plan for the Greater Golden Horseshoe, 2006;
- A review and analysis of pertinent Census of Canada data, including: population, population density, and growth rate;
- A review and analysis of residential units being proposed and constructed in the Downtown and Old East Village;
- A review of 10 years of building permit data in the Downtown and Old East Village;
- The retention of urbanMetrics Inc. to undertake an independent assessment of expected residential absorption and construction activity in Downtown;
- A review of development pro forma and sensitivity analysis to help determine the impact of financial incentives on the internal rate of return and financial feasibility of a residential development project;
- A brief look at the population and other factors needed to help attract a grocery store to the Downtown;
- The (on-going) development of a Façade Evaluation Tool to help rate how well building façades meet design guidelines and policy;
- Research and data collection for other Community Improvement Plans (for example, Lambeth).

Research and data collection continues for this project and will be an annual or biennial exercise.

7.0

Key Considerations

7.1 COVID-19 Impacts

The impacts of COVID-19 on Downtown development was discussed during the September meeting with members of the development community. It was emphasised by these members that, in their opinion, the impacts of COVID-19 may not be truly felt for 12 to 24 months or longer. Some of the potential unknowns include, how will working from home affect the Downtown office market, how will parking lot operators handle the downturn in parking revenue (especially if office workers do not return — though this could potentially lead to the sale of surface parking lots, if they become unprofitable to operate), and how will businesses like retail and restaurants fair with the reduced Downtown foot traffic and the limits on the number of patrons permitted inside.

The City of London Back to Business action team was launched in June 2020 to support London businesses in reopening, as well the City continues to support long term economic recovery though a wide range of community relief measures and program, such as deferring Community Improvement Plan loan repayments.

7.2 Building in the Downtown versus the Suburbs

The objective of the two grant programs is to increase the residential population in the Downtown and the Old East Village. Building in these locations presents challenges and costs often not found when building in a greenfield suburban location. The grant programs help to level that playing field. During the September meeting with the development community, it was mentioned that other Ontario municipalities have cancelled Downtown incentive programs, such as development charges grants or waivers, leading to development applications coming to a halt in those places. Civic Administration has yet to verify this claim.

Examples of the extra costs include:

- Excavation methods. Downtown requires shoring and often dewatering;
- Constructing underground parking and structured parking versus surface parking; Land is generally more expensive per hectare in the Downtown.

7.3 Importance of Incentives to Development

Members of the development community also indicated that financial incentives for the Downtown and the Old East Village are in the top three reasons for constructing in these neighbourhoods.

On a related matter, a report on encouraging rental housing in York Region indicated that for the high density base case project having tax grant and development charge incentives added upwards of a 3% increase in the Internal Return of Return (IRR) for the project. The IRR being the means of measuring the feasibility of a project.

A “good” IRR is one which is higher than the alternative investments available. Condominium developers (build to sell) historically target an IRR of 15% or higher; whereas, long-term investors (build to hold) historically target ~10%. A 3% increase in the IRR from financial incentives can often be the difference between a project being feasible to construct or not.

The BIAs indicated how they use and market the financial incentives to attract businesses to their areas.

8.0 Grant Performance Measures

This Section outlines the two measures being proposed for the grant programs: population and assessment value. Population will also be separated into population density and growth rate, but total residential population will be the primary measure used to determine when the grant programs should be modified. Assessment value is also measured to help indicate the health and tax base growth of Downtown and Old East Village.

8.1 Population

Indicator

Residential population in the Downtown and the Old East Village.

Question

Has the Downtown and Old East Village residential population grown enough to support the needs — both daily and long-term — of the residential and commercial community?

Why it Matters

The Downtown in *The London Plan* is identified as becoming a neighbourhood rich with housing, services, and amenities targeted to serve a wide spectrum of lifestyles such as families, seniors, and young adults. The revitalization and regeneration of Downtown and other urban neighbourhoods and inward and upward growth are key themes throughout *The London Plan*.

Strategic Direction 5 ‘Build a great neighbourhood’ of *Our Move Forward: London’s Downtown Plan* is to support the development of a larger residential community in the downtown to foster a local trade market to offer a diverse array of neighbourhood “daily needs” commercial enterprises.

The Old East Village in *The London Plan* is identified as a Rapid Transit Corridor Main Street segment. Main Street segments will continue to provide local shopping and commercial options so that residents can walk to meet their daily needs. The *Old East Village Dundas Street Corridor Secondary Plan* area is envisioned as a vibrant commercial core with a unique heritage character that serves as a community hub for local residents and draws visitors as a distinct destination.

Baseline

Downtown (excluding Richmond Row):

- The 2016 Census of Canada indicated the population at 4,415 people;
- The 2016 residential population density is 43.5 people / hectare;

- The five-year residential population growth rate (2011 to 2016) is 10%

#### Old East Village:

- The 2016 Census of Canada indicated the population at 1,059;
- The 2016 residential population density is 64.2 people / hectare;
- The five-year residential population growth rate (2011 to 2016) is 85.8%

### **Proposed Targets**

#### Downtown:

- A residential population of 12,000 people in the Downtown has been identified as the target needed for the Downtown to become a neighbourhood with the ability to support the needs of the residential and commercial communities.
- A population of 12,000 people is 118 people / hectare.
- Five-year Downtown residential population growth rates:
  - 2016 to 2021: 25%
  - 2021 to 2026: 25%
  - 2026 to 2031: 15%

#### Old East Village:

- A population of 3,000 people in the Old East Village community improvement project area has been identified as the target needed to achieve a substantial residential population better able to support the Dundas Street commercial corridor;
- A population of 3,000 people is 182 people / hectare;
- Five-year residential population growth:
  - 2016 to 2021: 25%
  - 2021 to 2026: 25%
  - 2026 to 2031: 25%

### **Considerations**

The Protected Major Transit Station Areas Information Report presented at the August 10, 2020 meeting of the Planning and Environment Committee contained forecasted density (residents and jobs combined per hectare) for the Downtown up to 2034.

Based on that report and the City of London Population and Employment Growth Forecast by Traffic Zone data it uses, by 2034, the Downtown is projected to have a population of 9,701 or a residential density of 79 people / hectare. Noting that the size of the Downtown in the Protected Major Transit Station report is calculated by summing the area in hectares of the Traffic Zones that comprise the Downtown Place Type in the London Plan (122.6 hectares). Whereas, the Downtown community improvement project area equals 101.4 hectares and a similar population of 9,700 would have a density of 96 people / hectare.

An unknown for the future is how much the COVID-19 pandemic will affect residential population growth in Ontario and London. For example, will the recent drop in immigration to Canada be a blip in the short to mid-term or last much longer and how this decrease will affect residential population growth is yet to be determined.

### **Proposed Changes to Grant Programs**

The Downtown Residential Development Grant and the Old East Village Development Charge Grant programs will reduce as follows as population targets are met, except that affordable housing units with an appropriate contribution agreement and/or Affordable Housing CIP loan agreement will remain a 100% Residential Development Charges Grant.



Downtown Population	Residential DC Grant (%)
7,500	75%
9,000	50%
10,500	25%
12,000	0%

Old East Village Population	Residential DC Grant (%)
1,500	75%
2,000	50%
2,500	25%
3,000	0%

As each population target is met as confirmed by Census of Canada data, a two-year grace period will be set before the grant percentage is reduced.

The trigger for a development project to be included in the program is the submission of a building permit application and the payment of the required development charges prior to the end of the grace period.

Upon reaching the final target population, the Residential Development Charges Grant program will conclude. At that time, Staff will make a recommendation if the program should continue for affordable housing units only.

The Downtown and Old East Village Rehabilitation and Redevelopment Tax Grant Program will continue to operate as outlined in the program guidelines for each applicable community improvement project area until the following population targets are met:

CIP	Population
Downtown	10,500
Old East Village	2,500

When the above population targets are met, the Level 3 grant for the development of vacant or cleared land will be reduced by 50% as shown below:

Level 3		
Vacant or Cleared Land		
Year	Existing	New
1	60%	30%
2	60%	30%
3	50%	25%
4	40%	20%
5	30%	15%
6	20%	10%
7	10%	5%
8	10%	5%
9	10%	5%
10	10%	5%

The Level 1 grant for Part IV heritage designated properties and the Level 2 grant for existing buildings will continue to offer the grant schedules as outlined in the program guidelines for each eligible community improvement project area.

Once the population target is met as confirmed by Census of Canada data, a two-year grace period will be set before the grant percentage is reduced.

The trigger for a development project to be included in the program is the submission of a building permit application prior to the end of the grace period.

8.2     Assessment Value

Indicator

The assessment value of the properties in the Downtown and the Old East Village community improvement project areas.

Question

Is the assessment value growing?

Why it Matters

An increasing assessment value can indicate that property values are increasing because of growth and investment in the community. This can help increase the tax base city-wide.

Baseline

Downtown Unweighted Assessment:

Year	Value (in millions)	Annual Growth Rate
2015	\$1,645.3	
2016	\$1,702.9	3.5%
2017	\$1,747.7	2.6%
2018	\$1,811.5	3.7%
2019	\$1,956.8	8.0%

Old East Village Unweighted Assessment:

Year	Value (in millions)	Annual Growth Rate
2015	\$86.4	
2016	\$92.6	7.2%
2017	\$137.3	48.3%
2018	\$126.8	-7.6%
2019	\$132.4	4.4%

Proposed Target

A 1% per year assessment value growth rate in the Downtown and Old East Village community improvement project areas.

Considerations

None at this time.

Proposed Changes to Grant Programs

Not applicable.

9.0 Loan Performance Measures

This Section outlines the measures being proposed for the loan programs: façade condition, targeted uses, ground floor vacancy, and the existing loan measures (private-sector investment vs. public-section investment ratio and number of loans issued) used in such reports as the *State of the Downtown Report*. The first three measures will have targets that when met, may result in changes to the loan programs. The existing loan measures are used to report out on the success (or failure) of the loan programs to contribute to the revitalization of the Downtown and the Old East Village building stock and will help inform Civic Administration when undertaking any future Community Improvement Plan reviews.

9.1 Façade Condition

Indicator

Building façade condition.

## Question

Are building façades being improved and upgraded?

## Why It Matters

A well maintained building façade provides an interesting and aesthetically pleasing environment for people to enjoy while living in or visiting a neighbourhood. Further, the maintenance, improvement, and beautification of the exterior appearances of buildings is a key theme throughout the Downtown and the Old East Village Community Improvement Plans. The intent of the community improvement policies in the *London Plan* are to stimulate private sector property maintenance, repair, rehabilitation, redevelopment, and other forms of private sector investment and reinvestment activity. Specific community improvement policies also intend to foster the revitalization and continued improvement of the Downtown. Community improvement policies also encourage the conservation, restoration, adaptive re-use, and improvement of cultural heritage resources — including the façades of any heritage resource.

## Baseline

A façade condition and compliance evaluation tool is being developed to determine the baseline data. Data collection has been delayed due to COVID-19.

## Proposed Target

90% of façade condition being rated ‘does not need improvement.’ This target will be refined once the baseline data has been collected.

## Considerations

The evaluation of a façade’s condition will be subjective. Civic Administration is developing an internal review process using the façade condition evaluation tool to account for this subjectivity, including potentially having multiple individuals review the same façade independently and taking the average of the results as the final value.

It is also important to note that the façade condition and compliance evaluation tool is for purposes only related to the Façade Improvement Loan Program and does not replace or overrule the City of London’s Property Standards By-Law.

Many properties may also be subject to specific processes or guidelines including the Downtown Heritage Conservation District Guidelines, the Old East Village Commercial Corridor Design Guidelines or a Heritage Alteration Permit process.

Some unique properties will likely not be subject to the façade condition review, for example, the London Courthouse at 80 Dundas Street.

## Proposed Changes to Façade Improvement Loan Program

Civic Administration will complete a comprehensive review of façade condition and compliance on a biennial basis for the Downtown and Old East Village.

Once the target is met for façade conditions that are rated ‘does not need improvement’, Civic Administration will begin to transition the loan program to:

- Focus on the areas that are rated needs improvement;
- Focus on the parts of façades that are receiving the lowest scores (for example, upper façades, storefronts, or lighting);
- Continue to focus on Dundas Place in the Downtown and Dundas Street in the Old East Village.

The Façade Improvement Loan amount will remain at a maximum of \$50,000 until the next Community Improvement Plan Review for the 2024-2027 Multi-Year Budget.

## 9.2 Targeted Uses

### Indicator

The percentage of targeted uses in the community improvement project areas.

## **Question**

Are the financial incentive programs being used to establish businesses and uses that are in line with the objectives of each CIPs and key directions of *The London Plan*?

## **Why It Matters**

Targeted Uses are uses that are considered pedestrian generators by helping increase the liveliness of a neighbourhood and encouraging shopping and eating in the Downtown and the Old East Village. Common examples include, restaurants, retail stores, and support services for the surrounding residential community and people who work in the area.

Targeted Uses play an important role in the City's Loan programs. In the Downtown and the Old East Village only properties with a Targeted Use are eligible to receive a Forgivable Loan. *The London Plan* Strategic Direction #5 discusses building a mixed-use compact city - mixing stores, restaurants, clean industry, live-work arrangements, and services in ways that respect the character of neighbourhoods, while enhancing walkability and generating pedestrian activity. By incentivizing for Targeted Uses, the City can help achieve this direction.

## **Baseline**

Downtown – 144 storefronts and properties were measured in the Targeted Use Area. Three year (2017-2019) average: 66.5%

Old East Village – 165 storefronts and properties were measured in the Targeted Use Area.

Two year (2017 & 2019) average: 53.4%

2018 data for Old East Village was not collected due to resource constraints.

2020 data was not collected due to COVID-19.

## **Proposed Targets**

Downtown – 75% to trigger a refinement; 90% to eliminate programs

Old East Village – 70% to trigger a refinement; 90% to eliminate programs

## **Considerations**

To reach the proposed targets in the Downtown and the Old East Village, properties that are consistently vacant will require targeted use tenants, non-targeted uses will need to be replaced with targeted-uses, and in the Old East Village, numerous residential only buildings exist in the commercial corridor that will need to be converted to include a ground floor targeted commercial uses. Alternatively, existing ground floor residential uses could be removed from the calculation if Civic Administration is okay with the residential uses remaining.

## **Proposed Changes to the Loan Programs**

Civic Administration will complete a comprehensive review of the targeted areas in both Downtown and the Old East Village on a biennial basis to determine the number of properties with a targeted use on the ground floor.

Once the 90% target is met, eliminate the Forgivable Façade Improvement Loan. If the target is not met, continue the program and refine the targeted area to encourage targeted uses where they are needed most.

Civic Administration is contemplating keeping Dundas Place in the targeted area until at least 2027.

The Forgivable Façade Improvement Loan amount will remain at a maximum of \$50,000 with 25% of the annual loan repayment being forgivable if the ground floor of the property is actively occupied by a targeted use. This will continue until the next Community Improvement Plan Review for the 2024-2027 Multi-Year Budget.

The Forgivable Upgrade to Building Code Loan amount will remain at a maximum of \$200,000 with 12.5% of the annual loan repayment being forgivable if the ground floor of the property is actively occupied by a Targeted Use. This will continue until the next Community Improvement Plan Review for the 2024-2027 Multi-Year Budget.

9.3 Ground Floor Vacancy Rate

A healthy ground floor vacancy rate in the Downtown and the Old East Village.

Question

Are the loan programs being used to renovate properties to help reduce ground floor vacancies?

Why It Matters

A healthy ground floor vacancy rate indicates there is choice in the market for interested business owners to locate in the neighbourhood.

A high vacancy rate may create gaps in the streetscape with little to no “eyes on the street” to help reduce undesirable behaviour.

Baseline

CIP	2017	2018	2019	Average
Downtown (Targeted Use Area only)	18.1%	17.4%	20.1%	18.5%
Old East Village	16.0%	N/A	14.1%	15.1%

2020 data was not collected due to COVID-19.

Proposed Target

A ground floor vacancy rate below 9%.

Considerations

The COVID-19 pandemic is having a significant impact on businesses across the city. At this time, it is too early to know how the pandemic, the resulting operating interruptions to local businesses, and the changing public behaviour around working from home, dining out, or gathering in large groups will affect the ground floor vacancy rate.

Civic Administration notes that the loan programs may contribute to reducing ground floor vacancies for property owners who are interested and motivated in finding tenants; however, there are property owners that do not always have that motivation.

Baseline data is a “snap-shot” of ground floor vacancies on the day the surveying was done.

Proposed Changes to the Loan Programs

Civic Administration will complete a comprehensive review of the ground floor businesses in both Downtown and the Old East Village on a biennial basis to determine the number of properties with a vacant ground floor.

If the target is not met, continue the program and refine the loan program to target areas of the Downtown and the Old East Village seeing the highest level of vacancies where they are needed most, prior to the adoption of the 2024-2027 Multi-Year Budget.

If the target is met, focus the loan programs to ensure the ground floor businesses are filled with targeted uses.

9.4 Existing Loan Measures

Indicators

- 1. The private sector investment generated by offering public sector loans for building improvements;
- 2. Number of loans issued per year.

Question

- 1. Are the loan programs generating a positive rate of return and incentivizing property owners to invest?
- 2. Are property owners and tenants continuing to use the loans?

Why It Matters

The City’s Façade Improvement Loan and Upgrade to Building Code Loan offer private property owners with access to inexpensive funding (0% interest) to incentivize them to improve their properties.

Quality facades and storefronts will help conserve the built heritage and form of the Downtown and the Old East Village. Renovating facades, storefronts, roofs, and interiors will help ensure a buildings long-term viability. Renovated buildings may result in less vacancies.

Baseline

The minimum ratio is \$2 invested by the private sector for \$1 invested by the City.

The loan values were increased beginning in 2018 to reflect the increase in construction costs for renovation projects but this increase in loan value has a negative impact on the ratio. For example, prior to 2018, a \$200,000 investment in interior upgrades would result in a maximum \$50,000 loan for a 4.0 ratio; whereas post-2018, a \$200,000 investment would result in a \$100,000 loan for a 2.0 ratio.

Upgrade to Building Code

Year	Ratio	# of Loans Issued
2015	3.7:1	12
2016	2.5:1	12
2017	2.0:1	6
2018	2.8:1	10
2019	2.2:1	14
2020*	3.0:1	6
AVG	2.7:1	10

\* As at October 1, 2020

Façade Improvement Loan

Year	Ratio	# of loans issued
2015	2.8:1	7
2016	3.6:1	7
2017	2.0:1	1
2018	2.1:1	8
2019	2.8:1	6
2020*	2.7:1	2
AVG	2.7:1	5

\* As at October 1, 2020

Proposed Targets

- 1. A minimum of \$2.8 to \$1 for both loan programs (same as the Core Area Action Plan);
- 2. A minimum of 15 loans issued per year in total.

Considerations

Though Civic Administration continues to meet with prospective applicants, the number of new applications has declined in 2020, likely due to the COVID-19 pandemic.

Proposed Changes to the Loan Programs

Not applicable at this time, but up-take of both loan programs is constantly monitored. If up-take of the loan programs begins to decline and remain low in the Downtown and the Old East Village, as part of the Community Improvement Plan Review for the 2024-2027 Multi-Year Budget, Civic Administration will consider:

- Refining the loan programs to tackle other City priorities (for example, building retrofits to address climate change);
- Focusing the loan programs on areas of the Downtown and the Old East Village that have not seen much up-take;
- Removing a loan program from the Downtown and/or Old East Village.

## Next Steps

The next steps include:

- Circulating this staff report for public review and input;
- Revising the measures, indicators, and targets (if warranted based on the public review and input) and bring to a future Public Participation Meeting at the Planning and Environment Committee to recommend formally amending the Downtown and Old East Village Community Improvement Plans to add the framework for changing the grant and loan programs. At this point, the Downtown and Old East Village CIPs will also be reformatted to bring into AODA compliance;
- Completing a similar staff report on the proposed measures, indicators, and targets for the Hamilton Road Area, Lambeth Area, and SoHo CIPs;
- Removing the Airport CIP and its community improvement project area from the *London Plan* and the *1989 Official Plan*. This project is already on the City Planning work program;
- Updating the Brownfield CIP and Heritage CIP. These projects are not on the City Planning work program yet. Both CIPs are dated and need to be refreshed. During this update would be the best time to add measures, indicators, and targets;
- Engaging with the London Economic Development Corporation and the Industrial Lands Development Strategy Implementation Team on developing measures, indicators, and targets for the Industrial Lands CIP grant programs.

## Conclusion

This report identifies the proposed performance measures, indicators of success, and targets for the loan and grant programs available in the Downtown and the Old East Village community improvement project areas. Further, the report outlines the work and consultation done to date on the project. As directed by Municipal Council, this staff report will be circulated to the public including specific individuals and organizations for input prior to a future Public Participation Meeting at the Planning and Environment Committee where the CIPs would be amended.

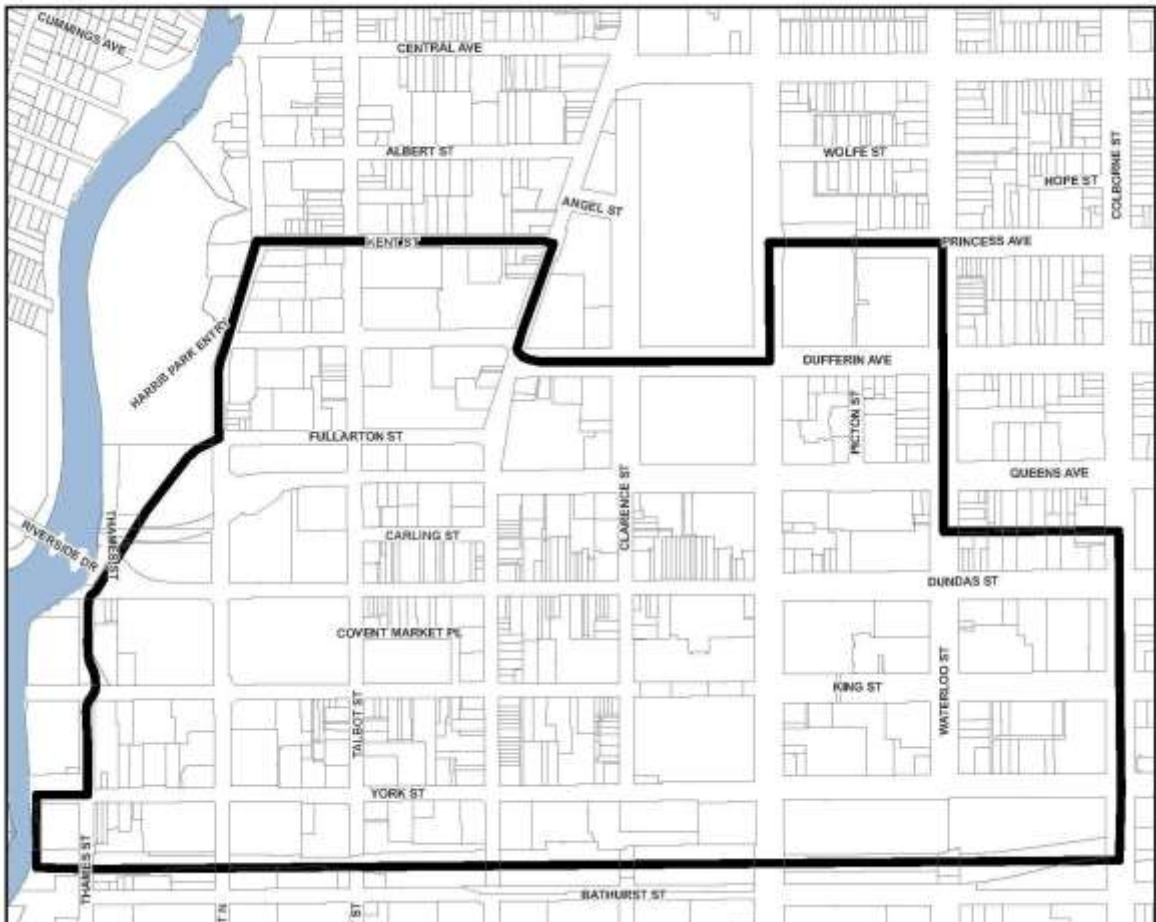
<b>Prepared by:</b>	<b>Graham Bailey, MCIP, RPP Planner II, Urban Regeneration</b>
<b>Submitted by:</b>	<b>Britt O’Hagan, MCIP, RPP Manager, City Building and Design</b>
<b>Recommended by:</b>	<b>Gregg Barrett, AICP Director, City Planning and City Planner</b>
Note: The opinions contained herein are offered by a person or persons qualified to provide expert opinion. Further detail with respect to qualifications can be obtained from City Planning.	

November 9, 2020  
GB/gb



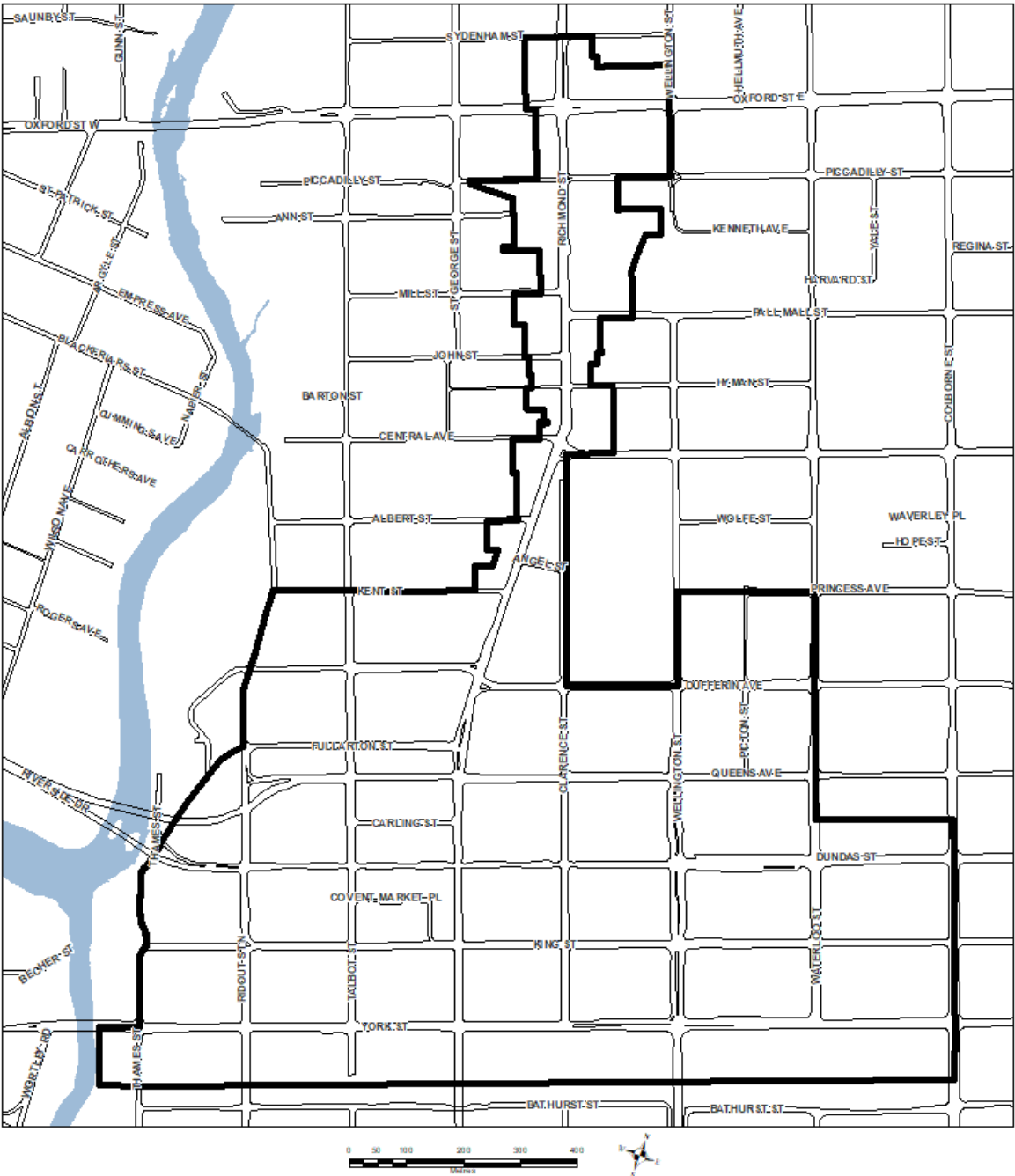
Appendix A – Downtown Maps

THE DOWNTOWN COMMUNITY IMPROVEMENT AREA



Number of hectares: 101.4

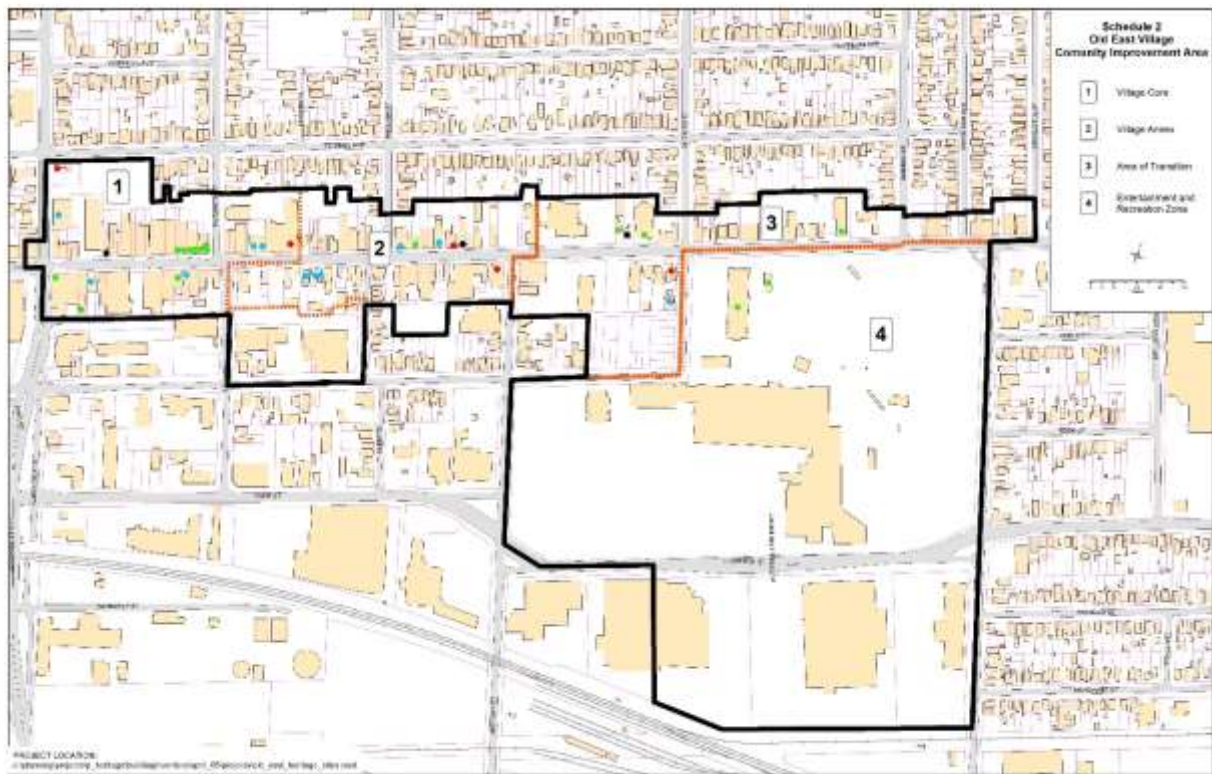
Figure 1  
THE DOWNTOWN COMMUNITY IMPROVEMENT AREA



Document Path: E:\Planning\Projects\p\_BIAs\DowntownCIExpansion\projects\Downtown\_CIP\_Area\_July2017\_8x11.mxd

Number of hectares: 119.9

## Appendix B – Old East Village Map



Number of hectares total: 46.4

Number of hectares (excluding Area 4 – Western Fair): 16.5