

Report to Strategic Priorities and Policy Committee

To: Chair and Members
Strategic Priorities and Policy Committee
From: Scott Mathers, Deputy City Manager, Planning and
Economic Development
Subject: London's Housing Pledge: A Path to 47,000 units by
2031
Date: February 7, 2023

Recommendation

That, on the recommendation of the Director, Planning and Development, the following actions **BE TAKEN** with respect to the City of London Municipal Housing Target:

- (a) This staff report **BE RECEIVED** for information;
- (b) A pledge to accelerate the housing supply of 47,000 units in our community by 2031 **BE ADOPTED** in response to the Minister of Municipal Affairs letter dated October 25, 2022;
- (c) The Mayor **BE DIRECTED** to complete a letter in response to the Minister of Municipal Affairs, by March 1, 2023, highlighting Council's pledge and the strategies and actions that the City will take to accelerate the supply of new housing;
- (d) Civic Administration **BE DIRECTED** to develop a Housing Supply Action Plan working with the Housing Supply Reference Group described in Appendix 'B' Housing Supply and Affordability Framework; and
- (e) Civic Administration **BE DIRECTED** to establish an Affordable Housing Reference Group described in Appendix 'B' Housing Supply and Affordability Framework to support the ongoing Roadmap to 3000 Affordable Units.

Executive Summary

On October 25, 2022 the Minister of Municipal Affairs and Housing sent a letter to the City of London assigning a housing target of 47,000 units by 2031. The letter also included a request that the City of London develop a Housing Pledge that includes necessary strategies and actions to facilitate the construction of the targeted housing units. This report includes the strategies and actions that the City will take to ensure housing development can be supported for up to 47,000 units by 2031.

London's Housing Pledge consists of developing a Housing Supply Action Plan that will be based on three pillars, each including specific actions designed to accelerate housing development. The three pillars are:

1. Financial Supports – Our Development Charges Background Study process, regular financial monitoring reports to Council, and the Growth Management Implementation Process will be implemented to ensure that financing is in place for required infrastructure necessary to support development.
2. Enterprise-Wide Resources – Many divisions and staff are involved in bringing development from the proposal stage to being occupied by new residents. Monitoring of workloads and capacity will be ongoing, with regular opportunities
3. Shared Accountability – We must recognise that many stakeholders play a role in achieving London's housing target, and that the City does not build the majority of housing that comes to the market. Efforts will be made to support and encourage development of housing units that have planning approvals and access to services in place. A Housing Supply Reference Group and Affordable

Housing Reference Group will be established to facilitate collaboration between partners in housing development.

The City of London is committed to accelerating housing supply and taking necessary steps to facilitate 47,000 new homes by 2031. The strategies and actions described in this report constitute London's Housing Pledge and will be delivered to the Minister, Municipal Affairs and Housing prior to the deadline of March 1, 2023.

Linkage to the Corporate Strategic Plan

London's Housing Pledge will contribute to the Strategic Plan areas of focus including "building a sustainable city" and "strengthening our community." Housing development will also form a central goal of the new Strategic Plan currently in development.

Analysis

1.0 Background Information

In May, 2019 the government of Ontario released *More Homes, More Choice, Ontario's Housing Supply Action Plan*, which identified that Ontario was in the midst of a housing crisis and included strategies to increase supply, in the hopes that doing so would allow all Ontarians to find a home that meets their needs and their budget.

Objectives of the Action Plan were to:

- "Cut red tape to make it easier to build the right types of housing in the right places,
- Make housing more affordable, and
- Help taxpayers keep more of their hard-earned dollars"

To achieve these objectives numerous changes to legislation were introduced, particularly to the *Planning Act* and *Development Charges Act*.

In 2022 the government found that additional actions had to be taken to address the housing supply shortage and so it prepared *More Homes Built Faster: Ontario's Housing Supply Action Plan 2022-2023* to support housing development. Along with the Action Plan a new suite of legislation changes was passed in Bill 23. The new Action Plan includes a goal of building 1.5 million homes across the province within 10 years, and to achieve the goal each municipality is assigned a Municipal Housing Target and asked to demonstrate its commitment to accelerating housing supply by developing a Municipal Housing Pledge. London's assigned housing target is 47,000 units.

This report, if endorsed by City Council, constitutes London's housing pledge. It describes necessary steps to facilitate an increase in housing supply and includes Cityled strategies and actions to accelerate housing development as well as key partnerships to accelerate housing development.

1.1 Recent Legislation Changes

On October 25, 2022, the Government of Ontario introduced Bill 23, the *More Homes, Built Faster Act*, which includes substantive changes to legislation that will impact planning and development, with the primary goal to increase the supply of new homes through more clarity of requirements and reducing process and financial barriers for the development industry. Bill 23 is only the most recent of a series of changes to Provincial legislation under the broad objective of increasing housing supply.

A report detailing the proposed legislative changes and resulting impacts of Bill 23, *More Homes Built Faster Act* was presented to SPPC on November 22, 2022. Bill 23 received Royal Assent on November 28, 2022.

The focus of Bill 23 and other recent legislation changes has been to reduce charges and remove regulations, in order to make housing development quicker and more affordable. The impacts of Bill 23 on Planning processes has been factored into the strategies and actions that make up London's Housing Pledge.

1.2 Ontario Housing Goal and London's Municipal Housing Target

To support the action plan, on October 25, 2022, the Minister of Municipal Affairs and Housing assigned the City of London a municipal housing target of 47,000 new homes by 2031 and requested that a municipal housing pledge be prepared and submitted to the Minister by March 1, 2023. The Municipal Housing Target includes homes of all unit types and tenures. The intent of the pledge is to demonstrate the City's commitment to accelerating housing supply and to identify the strategies and actions that the City is taking, or plans to undertake, to facilitate housing construction.

The housing pledge is not intended to be a planning document or a growth forecast. It is a recognition of the need for faster housing development and an exercise in removing barriers that may suppress the rate of growth. While amendments to the London Plan and Zoning By-law are discussed below, any amendments would still be subject to a full public process and appeal rights (though limited in certain circumstances by Bill 23).

The housing pledge is not just for City Council or staff to achieve, it will require actions from all stakeholders in the development process including public sector agencies and private businesses that build housing. The City's role in housing development is to provide growth opportunities through planning and major infrastructure investments and facilitating approvals. The City of London Housing Pledge identifies actions and strategies that the City will take and the role of key partners in the development industry to build new houses.

1.3 London's Housing Supply Opportunities

The City's main role in facilitating housing supply includes undertaking long-term planning work, undertaking the capital work to provide major servicing infrastructure, and facilitating the approvals process and building permitting process. A key aspect of the City's function in delivering on the Housing Pledge is to ensure sufficient lands are available and serviced to accommodate the targeted growth of 47,000 new units to 2031.

Bringing forward new housing either in a greenfield or intensification areas is a complex process. In greenfield areas, even when done efficiently, it can take 10-15 years for unserviced land to be serviced and land permissions be determined through the planning processes outlined in the Ontario *Planning Act*. The planning process undertaken for the much of the housing being built today began over a decade ago. That is why it is essential to always be looking forward many years to ensure that there is a future supply of new opportunities for housing.

The City's land base that is currently designated for urban uses is more than capable of responding to a range of future trends, including achieving 47,000 new units by 2031. Furthermore, London has recently updated its growth forecast and identified a demand of 82,360 new units to 2046. An update to The London Plan is currently underway to incorporate the growth forecast and ensure there is enough land to accommodate the expected housing demand. This process will more than satisfy the City's responsibility to provide designated land able to accommodate the housing target. Key to assessing

these land needs is The London Plan's policy that a minimum 45% of new residential development will be achieved through intensification.

In order to meet this ambitious target, it is recommended that a Housing Supply Action Plan be developed to achieve the 47,000-unit goal. The creation and accountability for this plan would be determined through a joint effort between the City, development, and building communities. The three pillars to supporting this plan and proposed framework for delivering this plan are outlined in the following sections.

2.0 London's Housing Supply Action Plan

There will be three pillars to achieving the housing supply targets that will be highlighted in the Housing Supply Action Plan: financial supports, enterprise-wide resources, and shared accountability.

2.1 Pillar #1 Financial Supports

In order to move forward critical major infrastructure required for new development, a system of robust financial supports must be in place. This system is based on the principle that the cost of growth infrastructure does not have an adverse impact on existing residents. This system must maintain strong financial monitoring processes to respond to changes in development revenue and provides an appropriate level of funding to support key major servicing infrastructure. London has a long history of robust financial supports including our Development Charges Background Study process, regular financial monitoring reports to Council, and the Growth Management Implementation Process. These financial supports will be key to the development of a financially sustainable Housing Supply Action Plan.

2.2 Pillar #2 Enterprise-wide Resources

Although providing timely approvals in the public interest is the core function of the Planning and Development and Building areas of the City, many service areas contribute to the servicing of new homes and the development process. Staffing and consulting resources to support an enterprise system of increased approval capacity is required to meet the 47,000 unit targets.

There are many areas of the City that support development and will need additional capacity. The Environment and Infrastructure area is responsible for the capital growthfunded infrastructure projects that provide major servicing for new development in greenfield and intensification area. Environment and Infrastructure staff also provide technical reviews of new subdivision developments and major site plans. Resources within the various service areas that support development activities including and not limited to legal, realty, financial, people services staff. The services provided by all these groups are required to support the Housing Supply Action Plan.

Within the Planning Development and Building areas additional capacity will be required to support the increased numbers of application and timely approvals. Additional drawing reviewers, building inspectors, customer service staff will handle the increased numbers of building permits. Planning resources to support the increased need for long-term planning and to support the increased capacity to process applications will also be required. A full assessment of resources will be developed as part of the Housing Supply Action Plan for consideration during the multi-year budget process.

2.3 Pillar #3 Shared Accountability

The final key pillar to the Housing Supply Action Plan will be the development of a model of shared accountability. As noted above the City, development industry, and home building partners all play a critical role in the construction of new homes. The

Housing Supply Action Plan will set out clear metrics for each of the key partners that will be monitored and reported to Council. The goal will be to ensure that everyone is accountable for their role in building new homes for Londoners.

2.4 Creating London’s Housing Supply Action Plan

As the proposed Housing Supply Action Plan will be a shared approach for achieving 47,000 units, the development of the plan will be completed through consultation within a new framework being proposed to support the increase of housing supply and affordability in London. The proposed Housing Supply and Affordability Framework would align the efforts of existing internal teams and external stakeholder engagement groups in the overall goal to provide more housing to all Londoners.

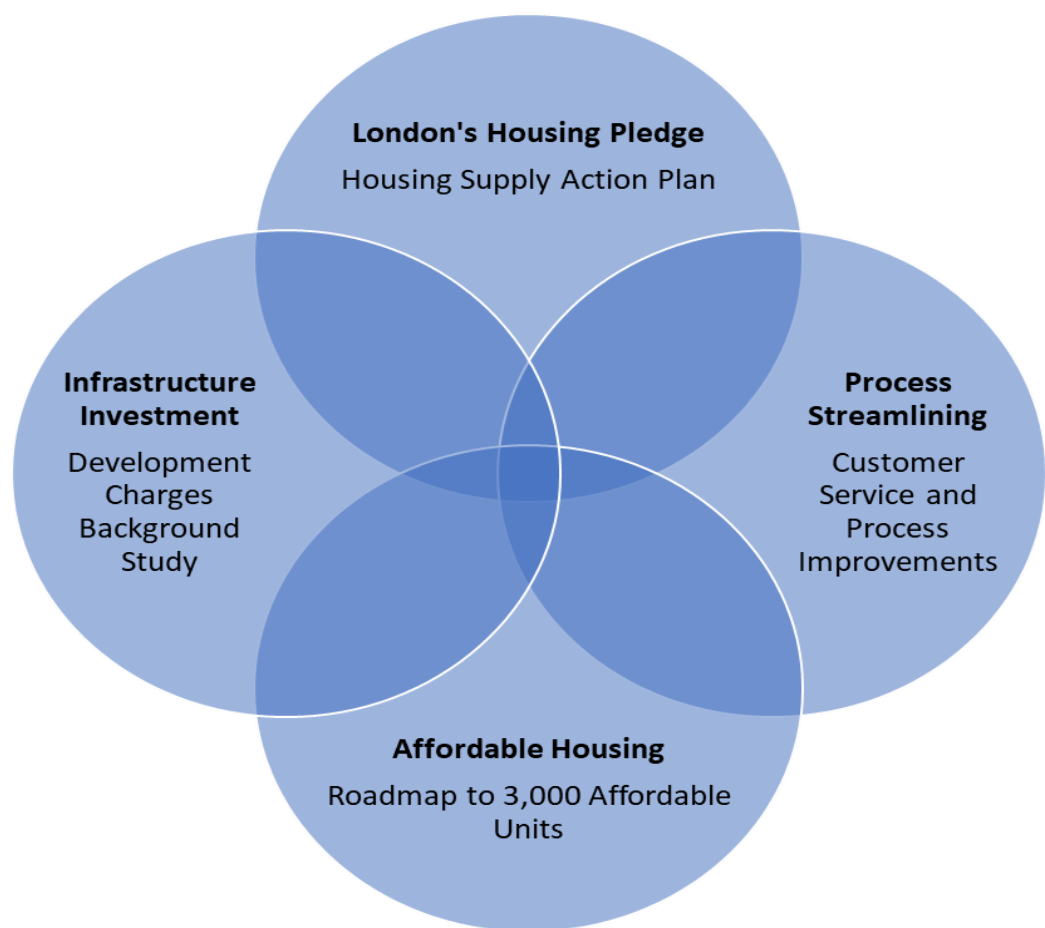


Figure 1 – London's Housing Supply and Affordability Framework

Each of the major initiatives above would be supported by an internal team and external stakeholder reference group. Appendix ‘B’ Housing Supply and Affordability Framework provides further details on the purpose and proposed membership of these groups. The groups tasked with the development of the Housing Supply Action Plan Housing Supply Action Team and the Housing Supply Reference Group. The Housing Supply Action Team will be made up of city staff from across the organization tasked with developing a draft plan. The Housing Supply Reference Group will include city staff and industry stakeholders and will provide critical input and feedback on the plan. Once the plan has been developed it will be brought back to Council for consideration and adoption.

3.0 Strategies and Actions to be included in the Housing Supply Action Plan

The following sections will highlight several key areas that will be further formalized and implemented as part of the Housing Supply Action Plan.

3.1 Developing Areas Primed for Residential Development

To achieve our housing target, it is essential that lands where the substantial cost of servicing has already been invested should be prioritized for development. If land is development-ready but remains vacant or underutilized, it will undermine the logical pattern of growth and hamper our ability to build more housing.

The following table identifies that the City has a supply of over 18,000 units (as of the end of 2022) that have advanced through or are in the latter stages of *Planning Act* processes and are available for development over the short-term. These include units on vacant lands in registered plans and reference plans, approved or open site plans, and registered or draft-approved condominium units. A focus on moving these opportunities forward to housing units will provide a head-start towards achieving the housing target.

Table 1 – Current units in approved or open subdivisions, site plans, and condominiums.

Category	Low Density Units	Medium Density Units	High Density Units	Total units
Registered and Reference Plans (Subdivisions)	1,301	2,271	1,844	5,416
Site Plans	0	2,577	8,992	11,569
Condominiums	0	1,528	0	1,528
Total	1,301	6,376	10,836	18,513

This short-term amount does not include units that have advanced to the draft-approved subdivision stage or are located on lands outside of registered plans that have approved zoning in place but have not proceeded to submitting a site plan application. Also not included are lands where owners have not yet advanced an application despite being provided with access to external servicing through GMIS infrastructure investments.

A better understanding of any obstacles to developing these lands will be an early focus of the Housing Supply Action Plan.

3.2 Promoting Gentle Intensification in Neighborhoods

One of the key strategies and areas of focus in the Province's housing plan is the concept of gentle intensification – meaning that small scale redevelopments or renovations should be permitted that modestly increase the number of dwelling units. Bill 23 introduces as-of-right permission for three residential units on serviced land that is zoned for residential use. This concept is already included in The London Plan’s approach to neighbourhood planning, but actions will be taken to accelerate the implementation of this policy.

Short-Term Actions – Amendments to Zoning By-law No. Z.-1

In the short-term we will revise The London Plan policy and related zoning regulations to reflect the legislative change permitting additional residential units “as-of-right.” Currently, additional residential units are permitted in association with a single detached, semi-detached, or street townhouse dwelling. Up to two additional units are permitted on a lot including one in the main building and one in an accessory structure. Existing additional limitations will also be reviewed including the maximum size of additional units relative to the main unit and the requirement that building character remains that of the main permitted dwelling. A review of existing policies to ensure

compliance with Bill 23 has already begun and is expected to be complete in the second quarter of 2023.

Longer Term Actions – Rethink Zoning

London is preparing a new zoning by-law to implement the policies of The London Plan and replace the current Zoning By-law No. Z-1. Key considerations for the new by-law include more additional opportunities for gentle intensification in neighbourhoods that consider the permitted use, intensity, and form of development. Additional as-of-right permissions will streamline or remove the need for some planning applications to increase the number of residential units permitted within neighbourhoods while identifying only the key elements that need to be considered to fit within established neighbourhoods.

3.3 Facilitating Intensification in Priority Areas and Across the City

Identifying and promoting the development of priority intensification areas is another key element of the Province's Action Plan, and one of the changes to the *Planning Act* through Bill 23 was to require that zoning be approved to implement Protected Major Transit Station Area Policies within one year. The London Plan identifies the Downtown, Transit Village, and Rapid Transit Corridor Place Types as Protected Major Transit Station Areas and work is underway through Rethink Zoning to apply zoning regulations that promote intensification and allow a significant level of intensity in these key areas for growth.

3.4 Improving Application Processes

Planning Application process improvements are a one opportunity to facilitate housing development by reducing the time and cost of development. Efforts to streamline approvals has been ongoing, while recent legislation changes made through Bill 109 have also necessitated updates to the Zoning By-law Amendment process.

Streamlining Approvals Project

Through the Province's \$1.7 million grant to the City of London in February 2022, under the Streamline Development Approval funding, a comprehensive review of every *Planning Act* application process is underway and recommendations for streamlining the current workflow are being actioned through a series of rapid improvement initiatives. By systematically reviewing and improving current workflows, City staff can identify key project milestones that will form the backbone of the future tracking system. Some near-term process improvements will be made, including the creation of checklists to scope requirements for a complete application and templates to provide clear, actionable comments to keep files moving.

Using this funding, Planning and Development is also working towards a software solution that will, in part, address many of the industry's tracking recommendations. This is aligned with Strategic Business Case #11 (a) in the 2019-2023 Multi-year Budget through the Digital Planning Application Tracker project. The business planning work is well underway and has been enhanced by the streamlining activities.

Ultimately, re-aligning the current processes and workflow to provide repeatable, standardized approach to all applications will include developing a single source of truth for tracking the various reports and studies that a software solution would rely upon. While work is progressing on the Digital Planning Application Tracker project, an external-facing self-serve software solution is not attainable by July 2023 as recommended in *London: A Place to Call Home*. Incremental process changes will be shared and tested with stakeholder groups beginning in early 2023.

Planning Application Process Changes (in response to Bill 109)

In April 2022, the Province passed Bill 109, the *More Homes for Everyone Act*, to implement some of the recommendations of the Ontario Housing Affordability Task Force. Among the amendments included in Bill 109 was a change to the *Planning Act* that requires municipalities to refund application fees on a graduated basis over time if they fail to meet the statutory timelines for decisions on applications. Zoning By-law Amendments and Site Plan approval applications that are received on or after January 1, 2023, are subject to the mandatory refunds. It is noted that, as of the writing of this report, the Minister of Municipal Affairs and Housing has committed to extending this timeline to July 1st, 2023, to provide a transition period for implementing refunds, and an amendment to the legislation is forthcoming.

Planning application fees are established based on a cost recovery model, and the intent of the legislation is to ensure municipalities in Ontario make decisions within the required timeframe. Therefore, changes to the planning application review process are required that will be implemented on any application received after January 1, 2023 (or July 1, 2023). Some key changes include:

- Pre-Application Consultation will be emphasized and will be where most discussions between City staff and the applicant take place. Any issues identified with an application need to be resolved before an application is submitted.
- The Record of Pre-Application Consultation will include specific issues that need to be addressed within required reports and studies for an application to be accepted as complete.
- Some application requirements, such as community information meetings or review by the Urban Design Peer Review Panel will be moved to the preapplication phase of the project.
- Once an application is received there will be no opportunity for major changes requiring recirculation.
- All applications will be brought to Council for decision within the legislated timelines.
- If refusal is being recommended by staff, the reasons for refusal will identify issues that could be addressed in a subsequent application.

The above changes will streamline the processing of applications by providing more certainty and transparency as to the major issues identified and the ability for staff to support development proposals.

3.5 Growth Management

One of the most tangible ways the City can support development is by designating and zoning land to accommodate new residential development. The City is undertaking a comprehensive review of The London Plan to ensure that sufficient opportunities exist to accommodate residential growth over the next 20-25 years.

Growth forecasts were recently approved by Council and set the context for the comprehensive review. London Plan policies provide for a planning horizon of up to 20 years. Due to changes to the Provincial Policy Statement, 2020, Council may consider increasing the planning horizon to a maximum of 25 years. Using 2021 as the baseline, London's housing demand is forecasted to grow by 66,290 units to 2041, and 82,350 to 2046. While the forecasted rate of growth is below the target of 47,000 units, the planning horizon of The London Plan will ensure that there is potential for more than enough housing units. The recently approved housing forecast is summarized in the table below.

Table 2 – London’s Forecasted Housing Units

Year	Total Number of Housing Units	New Housing Units in 5-year Period	Total New Housing Units After 2021
2021	174,660	21,510	N/A
2026	192,350	17,690	17,690
2031	208,640	16,290	33,980
2036	224,830	16,190	50,170
2041	240,950	16,120	66,290
2046	257,010	16,060	82,350

The next step in a comprehensive review process is to complete a Land Needs Assessment. This exercise takes the housing demand that is determined through the forecast and applies it to the existing supply. Supply will be determined by considering opportunities for housing units to be created either through intensification within the existing built-up area or through development on greenfield sites identified in The London Plan for urban uses. If through this review it is determined that the land supply is not sufficient to meet demand then additional supply will be considered through increasing opportunities for intensification or an urban growth boundary expansion.

A report identifying any land supply shortfall will be provided by the end of 2023. A review of alternative directions to accommodate any shortfall can then be considered with recommendations on possible amendments to the urban growth boundary and The London Plan in 2024.

3.6 Development Charges and Servicing

To achieve the housing target, the City already has a process in place to make servicing available to support growth. Through servicing strategies, municipal services necessary to accommodate growth are identified as projects that are then incorporated into each Development Charges (DC) Background Study. The timing and cost of these projects form the basis for the development charge rate calculation – which once approved becomes the charge for new development that is used to recover the costs to construct growth infrastructure. The DC-funded projects, their timing and the funding sources are then incorporated in the City’s capital budget.

The next DC Study is scheduled for Council approval in 2024 with a By-law effective date of January 2025. However, the timing of the next DC Study is being re-evaluated due to several factors, such as the anticipated completion date of the comprehensive review and Bill 23 implementation, noting that regulations that would provide required clarification on several Bill 23 changes that impact DC’s are still outstanding. Administration will be bringing forward a report in March 2023 that will provide an update on Bill 23, including the timing of the next DC Study.

Infrastructure timing identified in the DC Study is informed by the Council-endorsed growth projections and the allocation of residential and non-residential growth to locations throughout the city. Should annual growth monitoring reveal that increased levels of development are occurring, the receipt of additional DC revenues can mean that project timing can be accelerated, if needed and warranted. The City also has the ability to enter into servicing agreements with developers should there be the need to use this tool to support further development. It should be noted that the City has invested significantly in growth infrastructure in the past 10 years, which provides beneficial conditions to support the housing target.

The Growth Management Implementation Strategy (GMIS) is the tool that provides flexibility to allow for timing adjustments of DC-funded projects between DC studies. The GMIS is updated annually to ensure project timing continues to align with growth and responds to market conditions while ensuring financial sustainability. The GMIS

considers the pace of development, the status of DC reserve funds, and the desires of developers to progress development applications in areas designated for growth.

The GMIS has been a very effective tool since its introduction in 2008. In response to Development Charges Act changes, a review of the GMIS is necessary to ensure it continues to act as a robust implementation tool that provides in a financially sustainable manner the infrastructure needed to facilitate growth. The review is planned over 2023 as the DC Act legislative changes are implemented, and their implications are better understood.

3.7 Using Community Improvement Plans to Incentivise Affordable Housing Development

Through the approved Community Improvement Plans (CIP) and their Financial Incentives programs, the City aims to incentivize residential development, among other types of private sector investment. CIPs are the legal avenue for municipalities to provide grants and loans to businesses and property owners. There are city-wide and area-specific Financial Incentive programs aimed at incentivizing residential development by helping to offset the costs associated with development. The Affordable Housing CIP offers two loans that are available city-wide to encourage developing affordable housing: Affordable Housing Loan and Additional Residential Unit Loan. The loans are 0% interest and paid back over a 10-year period. Likewise, the City offers area-specific grants to builders to encourage development in areas that would otherwise receive less private sector investment. The Rehabilitation and Development Tax Grant provides back to developers a proportion of their post-redevelopment property tax increase, over a 10-year period. It is available in Downtown, Old East Village, and SoHo. The Residential Development Charge Grant provides developers the money they paid in DC grants back to them, over 10-years, for creating residential developments. It is available in Downtown and Old East Village.

A 5-year review of all the Community Improvement Plans and Financial Incentives programs is currently underway. The purpose of the review is to ensure the CIPs and Financial Incentive programs are working well and are still required to encourage private sector investment that would not occur without municipal help. One of the major considerations of the review is how to better incentivize affordable housing, reduce vacancies, and to promote additional housing stock. On May 24, 2022 Council received the first report that outlined the review process, stakeholder engagement, and the project timelines. The outcome of this review will be a list of recommendations that, if passed, would amend the Financial Incentive programs and identify amendments required to better incentivize the development desired to achieve community improvement aims. These recommendations are scheduled for Council's consideration in Q2 of 2023. Any required subsequent bylaw amendments for the Financial Incentives will be presented to Council later in 2023. Any changes that are approved by Council to the Financial Incentives programs would be in force starting January 1st, 2024 for the 2024-2027 budget.

The proposed CIP amendments will be implemented past 2023. The Community Improvement Plans and Financial Incentive programs undergo major reviews every 5 years to ensure that they are meeting the needs of the City. Likewise, many of the metrics that have been put in place to measure the success of the CIPs and Financial Incentives programs are collected and analyzed bi-annually for tracking purposes.

3.8 Reusing Vacant Commercial and Office Spaces in the Core Area

London's Core Area continues to experience the effects of commercial retail and office space vacancies. Municipal Council at its meeting held on July 6, 2021 directed staff to report back on a proposed strategy that sets out potential tools that may assist in reducing Core Area land and building vacancy. On December 7, 2021 Council approved

the Terms of Reference to address this work and on June 14 2022 results the results of Phase 1 work. This consists of an inventory undertaken across City service areas indicating 35 Current Actions being undertaken by City staff to help to address the causes and/or consequences of these vacancies. Two-thirds of those actions were regarded as having an indirect impact.

The first part of Phase 2 work is well advanced, being a Core Area Vacancy Study to gather London-specific Core Area vacancy data. This information is necessary for establishing a 2022 baseline condition from which to measure the nature and extent of vacancies to help order priorities of possible interventions to address them, be they extensions of existing City actions, proposed new initiatives, or collaborative partnerships with the work being done by others. This work includes participation from an independent expert in real estate market trends, conditions and prospects will be engaged to verify how London's situation in these areas is consistent with or contrasts national trends. Working with City staff to collect, document, and analyze various quantitative and qualitative data regarding land and buildings located in the City's Core Area, landlords and major employers were contacted regarding their return to in-person work plans and schedules to understand what actions may support their transition.

The second and final part, a Core Area Land and Buildings Vacancy Reduction Strategy has begun. Using research gathered from City service areas and the consultant, it will contain recommendations aimed at increasing commercial occupancies and options for conversions of space for residential units. The Strategy is expected to establish achievable targets for improved commercial occupancy rates, strategies to promote residential conversions, land ready for development, and buildings available to be repurposed in the aftermath of the COVID-19 pandemic. The development of the proposed Strategy is occurring in coordination with the preparation of a Core Area Strategy forming part of the City's next Strategic Plan, and will be detailed in a Q2 2023 report for the consideration of Council in 2023.

3.9 Municipal Affordable Housing Development

Earlier actions taken by the City to respond to the housing affordability crisis have included a "Roadmap to 3,000 affordable units for the City of London" within 5 years. These units will contribute to the overall goal of 47,000 homes and provide greater affordability than the homes built and sold or rented at market rates. Detailed information is available on the City's progress through various reports that have been prepared, most recently to the Community and Protective Services Committee on January 10, 2023.

At a high level the road map includes strategies to:

- Locate non-traditional property that can be used for housing.
- Establish a land acquisition and servicing strategy for non-traditional lands.
- Identify City-owned property that are candidates for intensification.
- Ensure adequate servicing is available (or will be) to permit intensification.
- Initiate a zoning amendment process to enable such intensification projects.
- Provide an expedited approvals process.
- Facilitate partnerships among property owners and non-profit and for-profit developers to build new affordable housing projects.

4.0 Key Partnerships to Accelerate Housing Development

4.1 Housing Supply Reference Group

The Housing Supply Reference Group will provide a forum to discuss opportunities to increase housing supply collaboratively with stakeholders internal and external to City

Hall. The group will identify bottlenecks and brainstorm opportunities to accelerate review process. This group will also provide a venue to discuss the specific sites that have not been built despite having municipal approvals in place and services available.

4.2 Affordable Housing Reference Group

In addition to the Housing Supply Reference Group a separate taskforce, comprising external stakeholders, is recommended to address the growing need for affordable housing. Affordable housing is defined in The London Plan as including housing that does not exceed 30% of the gross income of low or moderate income households, or housing that is below the average market rent. As housing prices have increased it has become impossible to find homes meeting this definition for many London households.

An Affordable Housing Reference Group would support the development of Affordable Housing units while also contributing to the overall housing supply, thereby helping to meet the target of 47,000 units. This group would be made up of external members supported by staff and the membership of the group would be comprised of various industry stakeholders, an organization representing people in need of affordable housing, and those with lived experience. By bringing together stakeholders and experts in affordable housing development we can identify and remove barriers to affordable housing development and work together towards finding the funding sources and necessary partnerships to encourage new affordable units to be built. If this approach is approved by Council, a request for participation will be made to organizations interested in supporting this group.

Appendix B: Housing Supply and Affordability Framework provides further details on the proposed groups including their purpose and proposed membership.

4.3 Public Engagement and Communications

As the housing affordability crisis has deepened, the level of public interest in finding solutions has also grown. Achieving the housing target in London will require investment and buy-in from many stakeholders and should also be communicated to the public.

Some changes to planning processes may be required to expedite intensification projects and these priorities will be included in the way planning reports are prepared and applications are described to the public. Public notices and reports prepared by City Planning & Development staff will clearly identify where the creation of housing units is being prioritized. Similarly, development of the City's new Zoning By-law through Rethink Zoning will consider how to limit the need for planning amendments and increase as-of-right planning permissions to facilitate housing development.

Progress will be communicated through the Annual Development Report, which is presented to the Planning & Environment Committee in the first quarter of the year to describe development trends from the previous year (the 2022 report is expected to be presented on February 21, 2023).

Engagement with landowners of development-ready lots will also be targeted in an effort to identify opportunities and make the most of past infrastructure investments. These meetings will seek to identify obstacles to development and attempt to provide necessary information so that development can begin where the services and regulations support growth.

5.0 Next Steps

Section 1 of this report describes the creation of London's Housing Supply Action Plan to facilitate the development of 47,000 units in London. If this approach is approved by

Council, this work would commence immediately. The following sections describes the immediate steps that can be taken in furtherance of this goal. Some actions and strategies will require more ongoing effort that will be developed more fully in subsequent reports, this section describes new initiatives to be implemented in the short term.

5.1 Completing the Comprehensive Review of The London Plan

The comprehensive review is a key policy review that will ensure sufficient land is designated and a review of key policies that could be amended to expedite housing development. Terms of Reference will be presented to the Planning & Environment Committee on February 21, 2023 and will describe the process to complete an analysis of land needs in 2023, with consideration of alternate directions for a potential expansion to the urban growth boundary to be completed in 2024. Specific tasks that will be included in the comprehensive review are:

- Apply the growth forecast to alternative development patterns to identify the land needed to accommodate a 20-year supply of residential growth
- Consider the Employment land supply and possible conversion of existing industrial lands for possible residential uses
- Review all policies for conformity with current Provincial policies and legislation that may have changed since the Plan was approved in 2016
- Consider other policy changes that could affect the land needs, such as the intensification target currently set at 45%
- If an urban growth boundary expansion is necessary, develop criteria for alternate directions for growth and bring forward London Plan amendments to expand the settlement area boundary

In order to keep this ambitious work plan moving towards completion in 2024, staff resources will be identified, particularly as it relates to growth management and data tracking within the Long-Range Planning team. Growing this team will be imperative to keep moving the Comprehensive Review process forward while also working on other strategic initiatives related to growth management.

5.2 Advancing Rethink Zoning towards a New Zoning By-law

Rethink Zoning is already underway and will recommend a new zoning by-law that will replace the current Zoning By-law no. Z.-1 and implement The London Plan. The new zoning by-law will be a key tool in achieving The London Plan's vision, including the increasing opportunities to grow inward and upward, and reducing the need for amendments to build what should be permitted as-of-right.

While the project has already begun and includes hiring planning consultants to develop the new by-law, additional resources would benefit the project and help deliver a highquality product in a shortened amount of time.

Additional resources dedicated to the project are being assigned to expedite the completion of this critical project. The following measures have been taken to ensure the first version of the bylaw is available for public review as soon as possible:

- A dedicated staff team has been reassigned from regular duties to focus on the intensive review of the first draft of the By-law. While the consultants should deliver a high-quality product it is expected that the level of institutional and local knowledge possessed by City staff focusing on the planning, building, enforcement, and engineering aspects of planning processes.
- External planning support has been procured to review and provide comments on the first draft of the report.

- Planning models of possible development scenarios have been developed under the draft regulations to ensure a desirable built form will be possible, and prevent undesirable forms of development.
- Stakeholder groups will be activated early in the review process in order to provide meaningful input into the process as early as possible.

5.3 Monitoring Housing Development and Supporting Construction

Improving the monitoring of land supply, housing construction and servicing trends is critical to having the information available to better understand gaps and bottlenecks. Phases of the development process to be considered for improved monitoring include:

- Planning Application (ZBA, Site Plan approval)
- Infrastructure availability
- Building Permit
- Project Planning and Financing
- Construction
- Sales and occupancy

5.5 Ensuring a Strong Growth Financing Framework to Support Growth

It is essential that housing strategies be supported by robust infrastructure investment plans. The City relies on DC revenue being received in order to fund future projects. Investments, however, must be managed – it is vital that the City matches construction projects with the timing of when development occurs to avoid pre-mature servicing. This ensures that assets can realize their full lifecycle, that the DC reserve funds remain healthy, and that future homebuyers are not faced with higher-than-necessary DC rates. Actions to ensure a strong growth financing framework include:

- Review growth infrastructure project costs and timing through the Multi-Year Budget.
- Continue DC rate monitoring, examining revenue actuals and variances from project cost estimates.
- Update the Annual Growth Management Implementation Strategy (GMIS) in response to DC Act changes with a focus on maintaining the health of the DC reserve funds in the provision of infrastructure projects to support growth.
- Update the Development Charges Background Study to update growth-related infrastructure projects, timing and costs.

5.6 Customer Service and Process Improvements

Application process improvements and streamlining have been implemented already and resulted in significant progress towards a more effective application review process. Additional initiatives that may be considered include:

- Establishing a new Customer and Process Improvement Team to lead the development and implementation of new customer service improvements to support the faster and more effective increase in housing supply. This team will be an internal team focused on enterprise-wide strategies to support development processes.
- Repurpose the existing Building and Development Liaison Forum as the Customer and Process Improvements Reference Group to improve collaboration with development industry partners focusing on continuously improve our processes.

5.7 Strategic Plan and Multi Year Budget Process

The Enterprise-wide resources pillar of this Housing Pledge recognizes that the actions and increased capacity necessary for long-range planning, development review and servicing to meet the 47,000 unit target will require additional staff resources.

The priorities identified in this Housing Pledge report will be translated into draft strategies, metrics, and actions that will be provided to Council as part of the City’s 2023-2027 strategic planning process currently underway. The strategic plan will then set the basis for the multi-year budget process.

Any future business case through the multi-year budget process will consider the need for enterprise-wide resources to support the work ahead. Business cases will be developed that are scalable with identifiable triggers that are responsive to changes in the housing marketplace.

Short-term resources to support the additional capacity needed to develop and sustain the Housing Supply Plan and other key initiatives listed above will be funded through the Efficiency, Effectiveness, and Economy Reserve Fund. In addition, a review of the Building Permit Stabilization Reserve Fund will be undertaken in order to assess whether further Building Division staff can be funded to provide additional capacity in 2023.

Conclusion

London’s Housing Pledge consists of developing a Housing Supply Action Plan that will be based on three pillars, each including specific actions designed to accelerate housing development. This report includes the strategies and actions that the City will take to ensure housing development can be supported for up to 47,000 units by 2031. The three pillars in London’s Housing Supply Action Plan are:

- 1. Financial Supports
- 2. Enterprise-Wide Resources
- 3. Shared Accountability

Specific actions that will be taken as part of London’ Housing Supply Action Plan are:

- 1. Developing Areas Primed for Residential Development
- 2. Promoting Gentle Intensification in Neighborhoods
- 3. Facilitating Intensification in Priority Areas and Across the City
- 4. Improving Application Processes
- 5. Growth Management
- 6. Development Charges and Servicing
- 7. Using Community Improvement Plans to Incentivise Affordable Housing Development
- 8. Reusing Vacant Commercial and Office Spaces in the Core Area
- 9. Municipal Affordable Housing Development

The City of London is committed to accelerating housing supply and taking necessary steps to facilitate 47,000 new homes by 2031. The strategies and actions described in this report constitute London’s Housing Pledge and will be delivered to the Minister, Municipal Affairs and Housing prior to the deadline of March 1, 2023.

Prepared by: Justin Adema, MCIP, RPP
Manager, Long Range Planning & Research

Reviewed by: Kevin Edwards, MCIP, RPP
Manager, Long Range Planning, Research, and Ecology

Recommended by: Heather McNeely, MCIP, RPP
Director, Planning and Development

Submitted by:

**Scott Mathers, MPA, P.Eng
Deputy City Manager, Planning and Economic
Development**

Appendix A: Letter from the Minister, Municipal Affairs and Housing

**Ministry of
Municipal Affairs
and Housing**

Office of the Minister

777 Bay Street, 17th Floor
Toronto ON M7A 2J3
Tel.: 416 585-7000

**Ministère des
Affaires municipales
et du Logement**

Bureau du ministre

777, rue Bay, 17^e étage
Toronto ON M7A 2J3
Tél. : 416 585-7000



Ontario

234-2022-4625

October 25, 2022

**City Clerk
City of London
P.O. Box 5035
300 Dufferin Avenue
London Ontario N6A 4L9**

**Subject: Municipal Housing Targets and Municipal Housing Pledges
City of London: 47,000**

Dear Michael Schulthess,

Our government is taking bold and transformative action to get 1.5 million homes built over the next 10 years.

To help fulfill this commitment, we have announced and are implementing More Homes Built Faster: Ontario's Housing Supply Action Plan 2022-23. This plan includes a suite of legislative and non-legislative changes across government that will help unlock more housing, streamline development approvals, remove barriers, accelerate planning, and further protect homebuyers and owners.

To support the new action plan, we have introduced the **More Homes Built Faster Act, 2022**, which, if passed, would ensure that cities, towns, and rural communities grow with a mix of ownership and rental housing types that meet the needs of all Ontarians.

To achieve the goal of building 1.5 million homes, large and fast-growing municipalities, including yours, are being assigned a **Municipal Housing Target**. While municipalities have taken significant steps in increasing their housing supply, Ontario needs an unprecedented amount of housing to meet current demand and that of generations to come. Our government requires a commitment from our municipal partners to do their part in providing housing for future population growth.

To implement the 1.5 million homes target I am asking the City of London to demonstrate its commitment to accelerating housing supply by developing a **Municipal Housing Pledge** and take the necessary steps to facilitate the construction of 47,000 new homes in your community by 2031. I ask that you bring this letter to the attention of your Head of Council so that your municipality is positioned to deliver its pledge to me, the Minister of Municipal Affairs and Housing, by the March 1, 2023, deadline. See the

info sheet attached to this letter for information and considerations in developing a Municipal Housing Pledge.

Pledges will provide important information that showcase the strategies and actions that municipalities choose to adopt in order to prioritize and accelerate housing. Our government intends to use your pledges to monitor and track progress so we can continue to play a role in supporting municipalities and removing barriers to housing development.

Our government recognizes the key role that municipalities will play in implementing Municipal Housing Targets through their Municipal Housing Pledges and know that you share the desire to bring more housing to the people of Ontario. We are committed to addressing the policy and implementation barriers you may encounter as you develop your pledges and I encourage you to reach out to Wendy Ren, Executive Lead, Municipal Policy/Program Collaboration, at Wendy.Ren@ontario.ca or 437-995-7094, if you have any questions, comments, or suggestions.

I look forward to working together to increase housing supply for all Ontarians.

Sincerely,



Steve Clark
Minister

Encl.

c: The Honourable Michael Parsa, Associate Minister of Housing
Kate Manson-Smith, Deputy Minister
Ryan Amato, Chief of Staff, Minister's Office
Joshua Paul, Assistant Deputy Minister, Housing Division

Info Sheet: Considerations in Developing Municipal Housing Pledge

The pledge is not intended to be a land-use planning document, and its development should not require external technical expertise. The format and language used in the pledge should be accessible to the general public. The pledge is intended to be approved by municipal councils and should help codify Council's commitment to meeting their municipal housing target.

Municipalities can leverage new and existing policy tools as they develop housing pledges and work towards their housing targets.

Below is a non-exhaustive list of potential strategies and actions that municipalities may include in developing their housing pledges. There may be additional opportunities based on local circumstances and the Province is interested in hearing about those ideas and creative solutions.

- Strategies to encourage and promote gentle intensification to enable and expedite additional residential units in existing residential areas
- Outline ways in which funding under provincial programs, such as the Streamline Development Approval Fund (SDAF) or Municipal Modernization Program (MMP), has been used to streamline existing municipal development approval processes
- Information on municipal development approval timelines and whether municipalities are being appealed for non-decisions
- Identify potential measures where current lack of infrastructure capacity (e.g., water/wastewater servicing) may limit future housing development
- Strategies to use municipal surplus lands
- Commitment to plan for, fund, and approve (where applicable) specific critical municipal infrastructure to support growth and new housing (e.g., water, wastewater, transit etc.), which may include expanded capacity as well as fully new facilities/assets
- Priorities for strategic and site-specific planning decisions to expedite housing in priority areas (e.g., around transit stations and in transit-serviced areas)
- Update zoning by-laws to permit a greater range of housing to be built without the need for costly and lengthy rezoning applications
- Municipalities may also consider existing tools such as the Community Infrastructure and Housing Accelerator, [Community Planning Permit System](#), Major Transit Station Areas, and Protected Major Transit Station Areas.

Below are some of the potential components of a municipal housing pledge. Municipalities are free to choose, alter, or add any new components that seem reasonable. Pledges can be represented in the form of plain text, tables, charts, maps, or a combination of them.

- Municipal Housing Target

- Planned and proposed Municipal Initiatives
- Initiative Owner and Additional Stakeholders
- Context and Description of How Initiative Accelerates Housing
- Number of units per initiative and housing type
- Considerations (Barriers, Implementation, Risks, etc.)
- Potential Mitigation Strategies and Proposal to Accelerate Housing
- Potential Reporting and Monitoring Measures

The deadline for municipalities to submit housing pledges to the Minister of Municipal Affairs and Housing is March 1, 2023.

Municipal housing pledges are intended to be public documents and it's anticipated that municipalities will post them online.

Municipalities can contact Ministry staff with any questions and for clarification.

47,000 Unit Housing Supply Action Plan

Housing Supply Action Team

Purpose:

Leads the development and implementation of the 47000 Housing Supply Action Plan.

Membership:

Chair: DCM Planning and Economic Development

Includes staff representatives from the following areas:

- Planning and Development
- Building
- Legal
- Finance Supports
- Municipal Housing Development

Housing Supply Reference Group

Purpose:

Provides information and advice to Civic Administration on the development and implementation of the 47000 Housing Supply Action Plan.

Membership:

Chair: DCM Planning and Economic Development

Stakeholders:

- London Development Institute,
- Non-London Development Institute Representatives, and
- London Home Builders Association.

Includes staff representatives from the following areas:

- Planning and Development
- Building
- Legal
- Finance Supports
- Municipal Housing Development

Development Charges Study Update

Appendix B2: Housing Supply and Affordability Framework

Development Charges Internal Team

Purpose:

Leads the development and implementation of the next Development Charges Study.

Membership:

Chair: DCM Finance Supports

Includes staff representatives from the following areas:

- Capital Assets and Projects
- Finance Supports
- Planning and Development
- Building
- Legal Services
- Water, Wastewater and Stormwater
- Transportation and Mobility
- Legal Services
- Subject matter experts as required

DC External Stakeholder Reference Group

Purpose:

Provides information and advice to Civic Administration on matters related to the next Development Charges Study

Membership:

Chair: DCM Finance Supports

Stakeholders:

- Community Representatives
- London Development Institute Representative
- London Home Builders Association Representative

Includes staff representatives from the following areas:

- Capital Assets and Projects
- Legal Services
- Finance Supports
- Planning and Development
- Building
- Water, Wastewater and Stormwater
- Transportation and Mobility
- Legal Services
- Subject matter experts as required

Appendix B3: Housing Supply and Affordability Framework

Customer and Process Improvements

Customer and Process Improvements Team

Purpose:

Leads the development and implementation customer and process improvements to support the faster and more effective increase in housing supply and affordable housing

Membership:

Chair: DCM Planning and Economic Development

Includes staff representatives from the following areas:

- Planning and Development
- Building
- Strategy and Innovation
- Subject matter experts as required

Customer and Process Improvements Reference Group

Purpose:

Collaborates on initiatives to strengthen relations, enhance customer service experiences, and improve the efficiency and effectiveness of building and development in London.

Membership:

Chair: DCM Planning and Economic Development

Stakeholders:

- London Home Builders' Association
- London District Construction Association
- London Development Institute
- London Area Planning Consultants
- Association of Consulting Engineering Companies
- Thames Valley District School Board
- London District Catholic School Board
- London Association of Architects
- Real Estate Sector

Includes staff representatives from the following areas:

- Planning and Development
- Building
- Strategy and Innovation
- Subject matter experts as required

Appendix B4: Housing Supply and Affordability Framework

Roadmap to 3,000 Affordable Units

Affordable Housing Enterprise Action Team

Purpose:

Leads implementation of the 3000 Affordable Housing Units Action Plan

Membership:

Chair: Director, Municipal Housing Development

Includes staff representatives from the following areas:

- Municipal Housing Development
- Building Services
- Planning and Development
- Economic Services and Supports
- Social and Health Development
- Finance Supports □ City Manager's Office
- Legal Services
- Subject matter experts as required

Affordable Housing Reference Group

Purpose:

Provides information and advice to Civic Administration on the implementation of the 3000 Affordable Housing Units Action Plan.

Membership:

Chair: Director, Municipal Housing Development

Stakeholders:

- London Middlesex Community Housing
- Organization representing those in need of affordable Housing
- Individuals with lived experience
- London Community Foundation
- London Home Builders' Association
- London Development Institute
- Not-for-profit Housing Providers

Includes staff representatives from the following areas:

- Municipal Housing Development Support Staff
- Social and Health Development Support Staff
- Subject matter experts as required