

## Report to

**To:** Chair and Members  
Community and Protective Services Committee

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

**Subject:** Property Management Agreement with London and  
Middlesex Community Housing for 345 Sylvan Street

**Date:** October 1, 2024

## Recommendation

That, on the recommendation of the Deputy City Manager, Planning and Economic Development, the following actions be taken:

- a) The attached proposed by-law (Appendix “A”) **BE INTRODUCED** at the Municipal Council meeting to be held on Oct 15, 2024 to:
  - i. Approve the Property Management Agreement between The Corporation of the City of London and London & Middlesex Community Housing Inc. attached as Schedule 1 to the proposed by-law (the “Agreement”);
  - ii. Authorize the Mayor and the City Clerk to execute the Agreement; and
  - iii. Authorize the Deputy City Manager, Planning and Economic Development, or their written designate to approve and execute amending agreements to the Agreement that do not require additional funding.
- b) This report **BE RECEIVED** for information.

## Executive Summary

The affordable housing development at 345 Sylvan Street is the City’s latest affordable housing initiative that is slated for occupancy by Q3 2024. With funding received from Round 3 of the Federal Government’s Rapid Housing Initiative, the site will provide a three-story 42-unit apartment building on City-owned lands.

The purpose of this report is to provide an update on the Property Management Agreement for this housing initiative. The proposed property management agreement provides the framework for how the property will be managed by London Middlesex & Community Housing (LMCH) at this site and any others they may operate. As the operator, LMCH will be responsible for the daily operations and maintenance of the building. As owners of the property, the City will continue to be involved in strategic decisions and outcomes.

## Linkage to the Corporate Strategic Plan

Council and staff continue to recognize the importance of actions to support housing, as reflected in the 2023-2027 - Strategic Plan for the City of London. Specifically, the efforts described in this report address the following Areas of Focus, including:

### Housing and Homelessness Strategic Area of Focus:

The following strategies are intended to increase access to a range of quality, affordable, and supportive housing options that meet the unique needs of Londoners:

- Increase the supply, range, and depth of affordability of quality housing options where people feel safe.
- Align policies and programs recognizing the broad range of factors that contribute to accessing and maintaining transitional, supportive, community, affordable and market housing.

## Analysis

### 1.0 Background Information

#### 1.1 Previous Reports Related to this Matter

- [SS-2023-089 – Single Source Procurement to Deliver the 345 Sylvan Street Rapid Housing Initiative \(RHI\) Round 3 Project](#) (CPSC: March 21, 2023)
- [Rapid Housing Initiative - Round 3 Agreement](#) (CPSC: January 10, 2023)

#### 1.2 Background

In April 2023, Council approved a single source procurement contract to EllisDon Corporation for the design and construction of a new multi-residential affordable rental housing development at 345 Sylvan Street. Following this approval, EllisDon prepared the site for development and submitted all applicable building permits for review and approval. Construction activities began April 17, 2023, and is on schedule for completion within 16 months. Occupancy is anticipated to commence by Q3 2024.

##### The Development

The 345 Sylvan housing development which was largely funded through a grant from the Federal Government's Rapid Housing Initiative (RHI) Round 3, offers a 3-storey, 42-unit brick building design that includes two elevators providing barrier-free access to all floors. There are three main floor offices for building management and/or tenant services, a multipurpose amenity room with a full kitchen for residents, guests, and programs. There is also an accessible common-use washroom and laundry room situated directly off the main floor lobby space, and 33 indoor bicycle parking spaces.

The development also provides for exterior amenities, including a pavilion, leisure seating areas, active and passive recreation areas, open greenspaces, and surface parking for 21 vehicles (including 4 barrier-free parking spaces).

The unit types delivered through this development include 2 bachelor units, 36 one-bedroom units, and 4 two-bedroom units, and provide for a range of barrier-free accessible design such as wider interior hallways and doors, turning circle clearance and structural backing to support future grab bars, among many other features.

#### 1.3 LMCH Relationship with the Corporation of the City of London

In 2000, the London & Middlesex Community Housing Inc. ("LMCH") was created when the management of community housing transferred from the Province of Ontario to the City of London. The City of London is the corporation's sole shareholder. LMCH is a local housing corporation under the *Housing Services Act, 2011* and is governed by the *Housing Services Act, 2011*, the *Business Corporations Act* and the Declaration of the Sole Shareholder agreement. LMCH oversees 3,282 housing units across 32 properties for more than 5,000 people with a mission to provide safe and affordable housing.

##### LMCH Shareholder Agreement with The City of London

As referenced in the Declaration of the Sole Shareholder agreement, Section 3.4 Activities permits LMCH to engage in any of the following business activities subject to LMCH's financial resources:

- a) Own, operate or have an ownership interest in rental housing and affordable ownership housing and provide related services.
- b) Develop new affordable housing (subject to prior approval of the Shareholder and the Service Manager).
- c) Redevelop existing Housing Projects (subject to prior approval of the Shareholder and the Service Manager).
- d) Deliver program-related services on behalf of the Service Manager including but not restricted to rent supplement programs, the completion of applicant/tenant income testing functions and a housing registry or wait list.

As it relates to the operations for the 345 Sylvan Street housing development, LMCH will be tasked to provide property management services aligned to section 3.4 a) of the Sole Shareholder agreement. With more than 50 years of experience operating community housing, LMCH is well-positioned to manage and operate the day-to-day activities at 345 Sylvan Street.

## **2.0 Discussions and Considerations**

### **2.1 Sylvan Project Vision**

This housing project represents an opportunity for the City to create more purpose-built affordable housing stock in alignment with Council's visions under the Roadmap. The design and vision is for housing that is safe, affordable, and appropriate for the populations served. A safe place to call home can nurture hope and stability for those in need.

Consistent with the Housing Pledge and policies of the Official Plan, every new housing development also presents an opportunity to revitalize a community. During the planning and design phase of any housing project, considerable time and effort is directed toward understanding the needs and concerns of the existing community. The long-term success for a housing project takes this into consideration.

### **2.2 Tenant Population and Placement**

Leading up to initial occupancy in mid-September, City staff worked closely with LMCH to align the tenant profile with the needs of the housing project dictated by the RHI funding received and the surrounding community. Understanding the tenant profile also has implications for building design and ongoing operational costs. From inception, Sylvan was designed as an affordable housing site situated within an existing residential neighbourhood surrounded by single family dwellings, a low-rise building, and two community churches. Recognizing that LMCH will be managing and operating the project, the appropriate tenant population should not require housing stability related support services.

In order to utilize government funding for the construction of Sylvan, all units are required to be provided to the following priority populations:

- 11 units for Survivors of Domestic Violence
- 11 units for Persons with Disabilities
- 6 units for Indigenous Peoples
- 4 units for Seniors (65+)
- 4 units for Young Adults (18-25)
- 4 units for People Experiencing Homelessness
- 2 units for Veterans

Through City's coordinated access framework, LMCH will be matching individuals from the priority populations identified for this site from the waitlist ensuring individuals support the vision and populations noted above. Matching of tenants will follow the process guide and support individuals who meet the project's required priority populations.

## **2.3 Framework for Property Management**

LMCH, acting in the capacity of property manager for 345 Sylvan Street, will be responsible for the daily operations and maintenance of the building. Services will be compensated based on a percentage of gross rental income. LMCH will act as the main point of contact for tenants and all sub-contractors who may be procured to provide services. As will be referenced in the property management agreement, the following services are assigned to LMCH:

- Tenant Administration
- Property Maintenance, Repairs, and Oversight
- Financial Management
- Management Reporting

LMCH will work directly with tenants throughout their tenancy at the housing project. This includes tasks such as execution of lease agreements and renewals as well as ensuring that tenants have access to and understand rules and policies expected of them during their tenancy. Staff at LMCH will also be responsible for collecting monthly rents, pursuing rental arrears, and considering eviction as a last resort.

Operating within industry rules, standards, and practices, LMCH will ensure that the property is kept safe, secure, and presentable. This includes activities that are included in an annual operating budget such as housekeeping and cleaning of the premises, maintenance of landscaping, parking areas, and walkways. Periodic physical interior and exterior inspection of the premises would also be carried out to ensure conformity to normal maintenance standards. Capital repairs that are significant and beyond the scope of an annual operating budget would be assessed and reviewed by the City for further action.

On a quarterly basis, a management reporting package is provided to the City. The report should provide insights into the performance of the housing site with respect to delivery of building and tenant services, financial position, as well as any pertinent information that presents risk to finances, tenancies, or legal and corporate obligations.

## **2.4 Project Governance**

An effective governance model helps all parties involved understand the structure and processes of how the housing project will operate. Although LMCH will be responsible for the daily management and operations of the housing site, the City of London is accountable for strategic decisions and overall project outcomes. Running a successful housing project will require the collective efforts from all impacted service areas and organizations that have a role to play in delivering services. For the Sylvan housing project, the governance model will focus on two key areas:

1. Establishment of roles and responsibilities for all parties involved,
2. Identification of structure and processes in which performance can be discussed, issues raised, and decisions made.

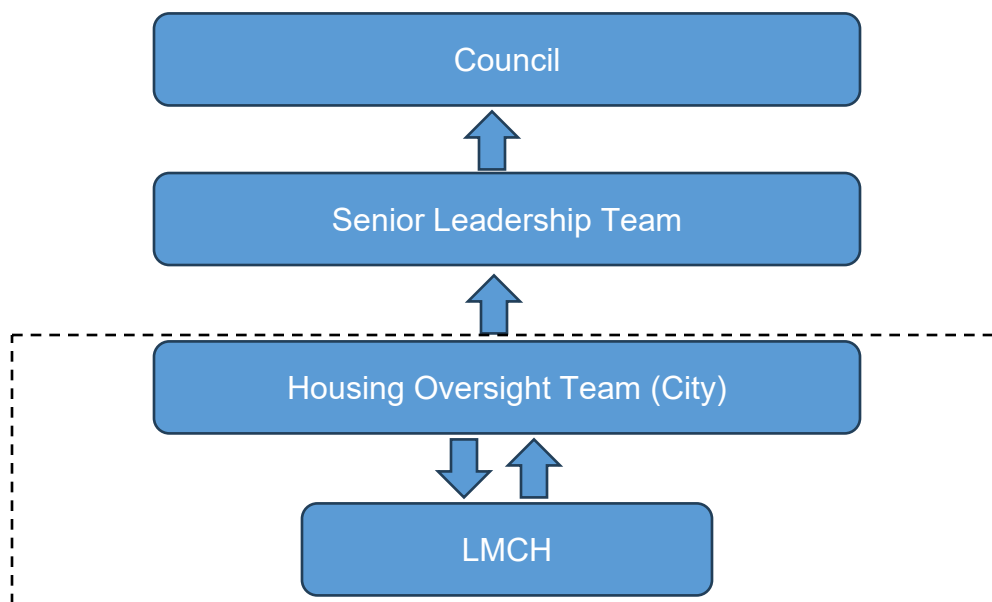
Figure 1 below details the main service areas or organizations that play a key role in delivering the vision for the Sylvan project.

**Figure 1: 345 Sylvan Housing Project – Service Area Responsibilities**

Responsibility	Activities and Role
Municipal Housing Development	<ul style="list-style-type: none"> <li>• General oversight for project management and finances</li> <li>• Makes decisions or seeks approval for strategic, policy, or capital matters</li> <li>• Acts as the main point of contact for LMCH for escalation of property management issues</li> <li>• Provides briefings or reports to City Senior Leadership Team or City Council</li> </ul>
Housing Stability Services	<ul style="list-style-type: none"> <li>• Evaluates and recommend tenants from the waitlist</li> <li>• Acts as the main point of contact for LMCH for escalation of tenant related issues</li> <li>• Issues payments for Rent Supplements</li> </ul>
London Middlesex Community Housing	<ul style="list-style-type: none"> <li>• Oversees daily operations and management of building and tenant administration, including annual rent supplement subsidy reviews</li> <li>• Collects rents, manages daily expenses</li> <li>• Escalates issues or seeks approval for strategic decisions with City Housing Oversight Team</li> <li>• Calculates monthly rent supplements for review and payment by Housing Stability Services</li> <li>• Manages daily finances and tracks performance metrics to support the management reporting package</li> <li>• Provides periodic reporting package to City Housing Oversight team</li> </ul>

As the City has accountability for project outcomes, a governance structure and process provide a mechanism to evaluate performance, manage risk, and to provide strategic direction and guidance. As depicted in Figure 2, members of Municipal Housing Development and Housing Stability Services would form a housing oversight team. The team would be responsible for reviewing financial and operational metrics for the housing project as well as providing strategic risk management and seeking approval from higher levels of governance where necessary.

**Figure 2: Sylvan Project Governance Structure**



The property management agreement (Schedule 1) includes the principles and responsibilities outlined in section 2.3 and 2.4.

### **3.0 Financial Impact**

#### **3.1 Operating Budget**

There are no anticipated operational expenditures by the City for this project.

Sylvan's overall financial position assumes that operations will be fully funded through rental revenues. As part of the City's funding agreement with other levels of government, rents can be set as high as 80% of Average Market Rents (AMR) published through Canada Mortgage and Housing Corporation (CMHC). The cost to operate the project is based on actual spends at comparable sites adjusted for current economic conditions. Project rents set at no more than 80% of AMR is forecasted to result in financial viability with small operating surpluses annually.

### **Conclusion**

The Sylvan housing development represents the third City-owned housing initiative that will be operated by a partner. With the move-ins starting in Q3 2024, 42 new affordable units will be available for individuals and families to call home.

Through aligned goals and shared accountability, City staff remain committed to learning from past experiences while continuing to evolve and adapt solutions to support successful outcomes for this housing initiative and the community.

**Prepared by:** **Kate Lawrence, MBA, CPA, CMA**  
**Manager, Housing Systems & Administration**

**Submitted by:** **Matt Feldberg, MPA, C.E.T**  
**Director, Municipal Housing Development**

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

**cc:** **Kevin Dickins, Deputy City Manager, Social Health**  
**Services**  
**Craig Cooper, Director, Housing Stability Services**

## APPENDIX "A"

Bill No. 2024

By-law No. A-

A by-law to authorize the property management agreement for 345 Sylvan Street between The Corporation of the City of London and London Middlesex & Community Housing Inc. and authorize the Mayor and the City Clerk to execute same

WHEREAS section 5(3) of the *Municipal Act*, 2001 S.O. 2001, c.25, as amended, provides that a municipal power shall be exercised by by-law;

AND WHEREAS section 9 of the *Municipal Act*, 2001 provides that a municipality has the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority under this or any other Act;

AND WHEREAS section 13 of the *Housing Services Act*, 2011 provides that a service manager may establish, administer and fund housing and homelessness programs and services and may provide housing directly;

AND WHEREAS The Corporation of the City of London developed a building at 345 Sylvan Street for the purposes of providing affordable housing;

AND WHEREAS The Corporation of the City of London wishes to enter into an agreement with London & Middlesex Community Housing Inc. for the operation of the affordable housing at 345 Sylvan Street;

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

1. The property management agreement between The Corporation of the City of London and London & Middlesex Community Housing Inc. for the operation of 345 Sylvan Street (the "Agreement") attached as Schedule I to this bylaw is hereby authorized and approved.
2. The Mayor and Clerk are authorized to execute the Agreement authorized and approved under section 1 of this bylaw.
3. The Deputy City Manager, Planning and Economic Development is authorized to approve and execute amending agreements to the Agreement approved under section 1 of this bylaw provided that no additional funding is required.
3. This by-law comes into effect on the day it is passed subject to the provisions of PART VI.1 of the *Municipal Act*, 2001.

Passed in Open Council on October 15, 2024 subject to the provisions of PART VI.1 of the *Municipal Act*, 2001.

Josh Morgan  
Mayor

Michael Schulthess  
City Clerk

First Reading – October 15, 2024  
Second Reading – October 15, 2024  
Third Reading – October 15, 2024



## SCHEDULE 1

### PROPERTY MANAGEMENT SERVICES CONTRACT

This contract made the \_\_\_\_ day of October, 2024.

#### BETWEEN:

THE CORPORATION OF THE CITY OF LONDON  
(hereinafter called the "City")

- and -

LONDON & MIDDLESEX COMMUNITY HOUSING INC.  
(hereinafter called the "Property Manager" or "LMCH")

#### WHEREAS:

- A. The City is the registered owner of the three-storey, 42-unit, affordable housing apartment building located on lands known municipally as 345 Sylvan Street, London, Ontario, as described in Schedule "A" (hereinafter referred to as "the Premises");
- B. The City is responsible for the administration and development of activities for capital development within the Rental Housing Component of the Ontario Transfer Payment Agreement for the Ontario Priorities Housing Initiatives between the City and the Ministry of Municipal Affairs and Housing, as approved under By-law A-8423-286;
- C. The City is in the process of completing the construction of an affordable housing development on the Premises which shall be managed in accordance with the City's role as the owner of the property;
- D. The City agrees to retain the Property Manager and the Property Manager agrees to serve the City, as its agent, and to manage the Premises on behalf of the City in a faithful, diligent, and honest manner, subject always to the direction of the City, and in accordance with the terms of this Contract and all applicable laws, regulations or ordinances of all competent authorities having jurisdiction over the Premises; and
- E. The Property Manager agrees to accept those terms and conditions;

**IN CONSIDERATION OF** the mutual covenants and agreements and the subject terms and conditions contained herein, the Parties agree to the following:

#### 1. INTERPRETATION

##### 1.1 Definitions

In this Contract, unless the subject matter or context is inconsistent therewith:

- "Applicable Law" means all statutes, laws, regulations, ordinances, rules, codes, policies, orders, and by-laws of any authority having jurisdiction with respect to the Management Services, the Premises, the City or the Property Manager.
- "Approved Operating Budget" shall mean the operating budget approved by the City for operating expenditures for the Premises as of the date of this contract and any subsequent operating budget approved by the City during the term of this contract.
- "Business Day" means any day except Saturday, Sunday or a statutory holiday observed in Ontario, Canada.
- "City" means The Corporation of the City of London.

- “Contract” means this Property Management Services Contract and any other document expressly attached to or incorporated in this Contract.
- “Contribution Agreement” means an agreement entered into between a Successful Proponent and the City setting out the terms and conditions under which any financial assistance will be provided to the Proponent under the Ontario Priorities Housing Initiative (OPHI) Rental Housing Component.
- “Lease” means any lease, offer to lease or like agreement made by a prospective Tenant and accepted by the Property Manager as agent for the City for the use and occupancy of space in the Premises.
- “Management Fee” means the fee payable by the City to the Property Manager, as described in Section 5, for Management Services rendered in accordance with this Contract, as outlined in Section 3 and Schedules “D”, “E”, “F”, and “G”.
- “Management Services” means the scope of services outlined in Section 3 of this Contract.
- “Manager, Housing Stability Services” means the position held within the City of London with responsibility to coordinate the placement of tenants in the Premises.
- “Operating Budget” shall mean a proposed operating budget submitted by the Property Manager for approval by the City and shall include all operating expenditures for the Premises.
- “Operations Plan” shall mean the operational plan prepared by the City in consultation with all stakeholders identified in the City-Led multi-stakeholder Operations Team.
- “Operations Team” shall mean the stakeholders, organizational roles and operational oversight aligned to support the overall delivery of services related to both the building and the tenants of the Premises.
- “Owner” means who owns the legal title of the land and is registered at the Land Registry on the title deeds.
- “Parties” means the City and the Property Manager, collectively, and “Party” means either one of the Parties.
- “Premises” means the municipal affordable housing development asset and the respective residential units, as outlined in Schedule “A” of this Contract, and includes all buildings and improvements on the land, and the equipment and other assets of the City used in connection with them.
- “Tenant” means any individual or other person that has entered into or assumed a Lease for space in the Premises.
- “Term” means the term of this Contract as set out in Section 8 of this Contract.

## 1.2 Governing Law

This Contract shall be governed by, interpreted, and enforced in accordance with the laws in force in the Province of Ontario and the laws of Canada applicable therein. Subject to Section 13.1, each Party irrevocably submits to the non-exclusive jurisdiction of the Courts of Ontario with respect to any matter arising under this Contract or related thereto.

## 1.3 Entire Contract

This Contract and all schedules annexed thereto constitutes the entire agreement between the Parties pertaining to the subject matter hereof, and supersedes all prior agreements, negotiations, discussions, and understandings, written or oral. There are no representations, warranties, conditions, other agreements, or acknowledgements, whether direct or collateral or express or implied, that form part of or affect the Contract or which induced any Party to enter into the Contract or on which reliance is

placed by any Party, except as specifically set forth in the Contract.

In the event of a conflict or inconsistency between the provisions of this Contract and the provisions of a Schedule, the provisions of this Contract shall prevail.

#### 1.4 Schedules

The following Schedules are attached to and form part of this Contract (as amended or replaced from time-to-time):

Schedule "A"	Description of Premises
Schedule "B"	Management Fee
Schedule "C"	Approved Operating Budget
Schedule "D"	Management Services – Corporate Reporting
Schedule "E"	Management Services – Financial Management
Schedule "F"	Management Services – Tenant Administration
Schedule "G"	Management Services – Property Maintenance
Schedule "H"	OPHI Contribution Agreements

## 2. CITY'S RESPONSIBILITIES

- 2.1 The City agrees to provide governance of its municipal affordable housing portfolio with the assistance of the Operations Team, including the Municipal Housing Development, the Housing Stability Services (Housing Support Services Coordinator) service areas, and with LMCH as the Property Manager.
- 2.2 The City agrees to prepare, support, and monitor the implementation of the following over-arching strategy documents established to guide the delivery of all services related to the Premises:
- a. a tenant placement strategy
  - b. an annual operations budget forecast
- 2.3 The City agrees to establish and communicate expectations and measures related to the Property Manager's services and ensure that quarterly reporting and annual evaluations, as outlined in this Contract, are implemented.
- 2.4 The City agrees to provide the Property Manager with the following:
- a. Set of drawings providing the property and unit plans
  - b. Set of keys for the Premises, including keys/fobs for each unit
  - c. The City's approved Operations Plan
  - d. The City's Approved Operating Budget
  - e. All correspondence, newsletters/directives, and administration manuals issued to the City by the Service Manager or other governing parties relating to the administration and operation of the project.
- 2.5 The City agrees to facilitate and attend regular meetings with the Property Manager, individually, and collectively with the Operations Team which includes the Property Manager.

## 3. MANAGEMENT SERVICES

### 3.1 Scope of Management Services

In consideration of the Management Fee summarized in Section 5 and outlined in Schedule "B", and in addition to its other covenants, agreements,

duties and obligations hereunder and in alignment with the Operations Plan, the Property Manager covenants and agrees that it shall perform the following duties in connection with the Premises:

- 3.1.1 Manage the Premises on behalf of the City in a faithful, diligent and honest manner. The Property Manager agrees generally to do and perform all things desirable or necessary for the proper and efficient management of the Premises and to perform every other act in or about the Premises to carry out the intent of this Contract.
- 3.1.2 Comply promptly with all applicable restrictions and obligations, statutory, municipal, or otherwise made by any governmental authority or agency having authority therefore with respect to the Premises and imposed upon the City or for which the City may be liable at law. If the Property Manager becomes aware of any non-compliance, it will promptly notify the City in writing and advise in such notice of the actions taken to rectify any non-compliance. If, after examining the actions taken by the Property Manager, the City, in its sole discretion, determines that the actions of the Property Manager were insufficient, the Property Manager shall comply with any instructions received from the City to rectify any outstanding non-compliance.
- 3.1.3 Perform and supervise all clerical, accounting, and administrative duties in connection with managing the Premises and all direct routine maintenance, preventive maintenance, and cleaning of the Premises, as outlined in the Scope of Management Services herein and further described in Schedules "D", "E", "F", and "G".
- 3.1.4 Provide all necessary personnel to efficiently manage and operate the Premises, as would a reasonable and prudent owner of residential properties comparable in age, type, and class to the Premises. The Property Manager agrees to provide, or cause to be provided, qualified and competent personnel for operating, administering, leasing, controlling, and managing the Premises, as outlined in the Scope of Management Services herein and further described in Schedules "D", "E", "F", and "G".

The Property Manager agrees that such employees, agents, and subcontractors, as the case may be, engaged in the performance of this Contract are hired and dismissed solely by the Property Manager and shall be the employees, agents, or subcontractors of the Property Manager and not of the City. All costs, damages and/or expenses related to such hiring, dismissal, discipline and/or severance shall be the Property Manager's responsibility.
- 3.1.5 Prior to commencing employment of any individual(s) with respect to the Premises, where the compensation and related employment expenses of such individual(s) are to be charged as an operating expense that is not provided for in the Approved Operating Budget, the Property Manager shall obtain prior written approval of the City as to the estimated related expenses and proposed increases to the Operating Budget.
- 3.1.6 In accordance with the *Employment Standards Act*, as amended, be deemed the employer of every employee of the former building Management Services provider of the Premises, as applicable. The Property Manager shall indemnify and save harmless the City from and against all losses, costs, claims, expenses, penalties, obligations and/or damages suffered by the City arising from the failure of the Property Manager or any subcontractors to comply with the *Employment Standards Act*, as amended.
- 3.1.7 Cause its employees, agents, and subcontractors to, at all times, act professionally and ethically in their performance of the Management Services under this Contract, including in their dealings with the City,

its employees, and Tenants of the Premises. The Property Manager shall be responsible at all times for the conduct of all of its employees, agents and subcontractors in the carriage and performance of its duties under this Contract. The City shall have, at all times, the right to inspect the work performed by the Property Manager and its employees, agents, and subcontractors, as it deems necessary. The Property Manager shall promptly notify the City when it becomes aware of any actions or omissions on the part of such employees, agents, or subcontractors that may involve financial loss or liability to the City.

- 3.1.8 Notify the City, in writing, of any events on the Premises giving rise to injury. The Property Manager shall provide as much specificity as the City shall reasonably require, including, at a minimum, a copy of the notice or claim and a written report setting out reasonable details of the events giving rise to the injury, as soon as possible after receipt of notice of any injury occurring in, on or about the Premises or any of them, or of any claim against the City and/or the Property Manager or which involves the Premises.

The Property Manager shall take no steps (such as the admission of liability) which would operate to bar the City from obtaining the protection afforded by any policies of insurance it may hold or which would operate to prejudice the defense in any legal proceedings involving the City or the Premises, or otherwise prevent the City from protecting itself against any such claim, demand, or legal proceeding. The Property Manager agrees to cooperate fully in the defense of any claim, demand, or legal proceeding. Notwithstanding the above, the Property Manager has a duty to defend where allegations made in the pleadings, if true, are related to the Property Manager's responsibilities under this Contract.

- 3.1.9 Immediately report any change of control within the Property Manager, and any contracts and/or transactions entered into between the Property Manager with any of its subsidiaries or affiliates related to the Management Services outlined for the Premises.
- 3.1.10 The Property Manager, its employees, agents, and/or subcontractors engaged in providing all or any part of the Management Services shall adhere to and comply with the City's obligations under the Contribution Agreement(s), attached hereto as Schedule "H", to this Contract at all times and shall not undertake any action on behalf of the City that would conflict with this Schedule.
- 3.1.11 Supervise sufficient on-site management and maintenance staff in order to carry out the duties and responsibilities as contemplated and required under this Contract, at the expense of the City as outlined in the attached Schedule "G". The aforementioned on-site management and maintenance staff shall be properly qualified and shall devote their scheduled time, as approved by the City, to manage the Premises and to provide routine and extraordinary maintenance of the Premises, where and as required.

- 3.2 Subject to Section 7, the Property Manager is authorized to obtain and enter into short term contracts on behalf of the City for supplies, materials, equipment and services for and as required in the maintenance, repair and operation of the premises pursuant to the Approved Operating Budget. The Property Manager agrees that it will not enter into any contractual obligations related to the Contract which will extend beyond the end of the term of this Contract, have the effect of binding the City or create any privity of contract between the City and any subcontractor of the Property Manager without the City's written consent.

3.3 The Property Manager acknowledges having received a copy of this Contract, the Operations Plan, and relevant program guidelines and policies. The Property Manager confirms that they are familiar with these documents and agrees not to undertake any action on behalf of the City which would be in conflict of any of these documents.

3.4 Changes in Management Services

The City may, in its discretion and without invalidating this Contract, make changes to the nature of the Management Services or the scope thereof, by altering, adding, or deducting from the Management Services and residential building that comprises the Premises subject to this Contract, provided that the Management Fee and Approved Operating Budget shall be adjusted accordingly due to the increase or decrease in Management Services. For any change in the number of units managed, the Management Fee shall be adjusted on a pro-rated basis. The Property Manager shall keep and present, in such form as the City may require, an itemized accounting of all applicable and related costs and expenditures or savings in respect of any such changes, together with supporting data.

#### **4. STATUS OF PROPERTY MANAGER**

4.1 Independent Contractor

The Property Manager is and shall remain an independent contractor and not an employee of the City, and the Property Manager and its employees, representatives, agents, and subcontractors will not be entitled to any benefits which would ordinarily accrue to any employee of the City by virtue of their status as an employee. Except for the Property Manager's limited authority to act as agent of the City for certain purposes as described in this Contract, this Contract does not constitute the Parties as partners, joint venturers or agents of each other and no Party may so represent itself in this manner.

4.2 Deductions and Remittances

The Property Manager shall be solely responsible for any and all payments, deductions and remittances required to be made by law in respect of any payments received by the Property Manager for the Management Services or payments made by the Property Manager to any of its employees, representatives, agents and subcontractors, including, without limitation, any such payments, deductions or remittances in respect of Canada or Ontario pension plans, employment insurance, WSIB, income tax, health premiums, HST tax or other sales or transfer taxes.

#### **5. MANAGEMENT FEE**

5.1 The Management Fee, as described in Schedule "B", excludes HST.

5.2 The City agrees to pay the Property Manager a fixed annual Management Fee to provide for all Management Services rendered in accordance with this Contract, exclusive of the contracted services costs for on-site cleaning, maintenance personnel and other costs as outlined in Schedule "B".

5.3 The Management Fee shall be payable in equal monthly instalments, the first of which shall be made one calendar month following the commencement date of this Contract.

5.4 The City reserves the right to withhold the monthly Management Fee payments, or any part thereof, where in the opinion of the City, the Property Manager is not fulfilling or has breached the terms of this Contract.

## **6. SPENDING AUTHORITY**

- 6.1 All payments required to be drawn on the City's bank account shall be prepared by the Property Manager and shall be executed jointly by two designated signatories of the City, one of which may be the Property Manager in accordance with the City's approval.
- 6.2 Subject to the emergency provisions herein set forth, the Property Manager shall expend no funds, undertake no work, nor engage any contractors for maintenance or capital outlay unless the same are set forth and approved in the City's annual capital budget or unless the Property Manager first obtains the prior approval of the City to the expenditure.
- 6.3 For contracts exceeding FOURTEEN THOUSAND NINE HUNDRED AND NINETY-NINE DOLLARS (\$14,999) or a consistent predetermined lesser amount, the Property Manager will ensure that a public or invitation tender (minimum three invitations) is implemented in accordance with the City's approval.
- 6.4 If a situation arises which in the opinion of the Property Manager constitutes an emergency, the Property Manager may take such steps as are required to react to and rectify such emergency and expend such funds as may be necessary. In an emergency situation, the Property Manager must use its best efforts to contact the City as soon as possible and shall provide the City promptly with a full written report outlining the emergency, the steps taken to rectify the emergency and a record of the resulting expense.

## **7. TERM**

- 7.1 This Contract shall be for a term of five (5) years commencing on the first day of October 2024 and ending on the last day of August 2029.
- 7.2 This Contract shall be renewable for two (2) additional five (5) year terms, which may be exercised by the City upon written notice to the Property Manager, and subject to the provisions of Section 9 regarding termination.
- 7.3 The Property Manager acknowledges that the City has the right to tender for the Management Services of a succeeding property manager prior to the expiration of the Term outlined herein.

## **8. TERMINATION**

- 8.1 Either Party may terminate this Contract by providing SIXTY (60) days written notice where the other Party has:
  - a. abandoned performance under this Contract;
  - b. become insolvent;
  - c. committed an act of bankruptcy, has been declared bankrupt, or has made an assignment in bankruptcy; and
  - d. where the Property Manager has assigned the Contract or any part thereof without prior written consent.
- 8.2 It is hereby expressly agreed that the City reserves the right to cancel and terminate this Contract without cause by giving the Property Manager SIXTY (60) days written notice of such termination. Such termination shall take effect on the last day of the month at which time accounts between the Parties shall be settled.
- 8.3 It is hereby expressly agreed that the City reserves the right to cancel and terminate this Contract with cause by giving the Property Manager THIRTY (30) days written notice of such termination. Such termination shall take

effect on the last day of the month at which time accounts between the Parties shall be settled.

- 8.4 It is hereby expressly agreed that where the Property Manager has failed to observe or perform any of the provisions of this Contract and has been given notice thereof by the City, and such breach is not remedied within THIRTY (30) days after such notice is communicated, in the event that the Property Manager fails to remedy the breach within the THIRTY (30) days, the City may carry out the Management Services the Property Manager failed to observe and/or perform, including but not limited to repair work utilizing the City resources. The Property Manager shall reimburse the City in full for the costs incurred, including legal costs for the Management Services undertaken by the City.
- 8.5 In the event of any intent to re-tender the Management Services prior to the termination of this Contract, the Property Manager shall provide prospective bidders with full and free access to the Premises for the purposes of site inspection.
- 8.6 Where the City intends to sell, lease, or in any way dispose of the Premises covered by this Contract, or any part thereof during the term of this Contract, or if the City decides at any time during the Term to demolish and redevelop the Premises or any part thereof, the City shall give the Property Manager sixty (60) days written notice of their intent. The Property Manager agrees that this Contract shall automatically terminate at the time of the sale, lease or other disposition. In the event only part of the Premises is sold, leased, redeveloped, demolished, expropriated or in any way disposed of, this Contract shall, as determined by the City in its sole discretion and such determination made in writing to the Property Manager, continue to operate with respect to the remaining portion of the Premises owned or controlled by the City with such adjustments on a pro-rated basis to the Management Fee and Approved Operating Budget due to the change in Management Services for the Premises;
- 8.7 Obligations of Property Manager Upon Termination
- 8.7.1 Upon termination of this Contract, the Property Manager shall immediately return to the City: all keys, files, invoices, books of account, leases, operating contracts, working papers, records, documents, data, equipment, computer programs/software and any other information and property which the Property Manager may have in its possession pertaining to the Premises and as well as in electronic format. The Property Manager acknowledges and agrees that these are the sole and exclusive property of the City.
- 8.7.2 Immediately after termination of this Contract, the Property Manager shall prepare, at its sole expense, a final report containing all information that would normally be submitted to the City under this Contract. The Property Manager shall cooperate fully with the City's accountants and representatives in performing any audit or investigation with respect to any period prior to and up to the date of termination of this Contract.
- 8.7.3 The Property Manager will be held legally responsible by the City for any substantial deterioration of site conditions through neglect, deliberate action or inaction, or as a result of mismanagement during the final months of this Contract.
- 8.7.4 The Property Manager shall be responsible for any outstanding invoices after the termination of this Contract, unless the invoices have been properly accrued within the limits of the Approved Operating Budget and the City is satisfied that the work contracted for was completed properly and/or materials delivered in full.



8.7.5 The remedies provided herein are in addition to the rights and remedies available to the City at law and in equity.

## 9. INSURANCE, CONTRACT SECURITY AND INDEMNITIES

### 9.1 General Liability Insurance

The Property Manager shall, at its own expense, obtain and maintain throughout the term of this Contract and provide the City with evidence of General Liability Insurance for an amount of not less than **TEN MILLION DOLLARS (\$10,000,000)** inclusive per occurrence for bodily injury and property damage, including loss of use thereof, with a deductible of not more than \$1,000.00.

The Property Manager shall ensure that the Corporation of the City of London, as the owner, is named as an additional insured under such policy.

Further, such policy must state, by endorsement or otherwise, that all insurers waive their rights of subrogation against the City, except with respect to any liability arising from an intentional or negligent act by the City.

The Property Manager shall not commence the Management Services until such time as the required evidence of insurance has been filed with and approved by the City. The Property Manager shall further provide evidence of the continuance of said insurance is filed at each policy renewal date during the term of this Contract.

### 9.2 Automobile Insurance

The Property Manager shall, at its own expense, obtain and maintain throughout the term of this Contract and provide the City with evidence of automobile liability insurance for an amount not less than **TWO MILLION DOLLARS (\$2,000,000)** per occurrence on forms meeting statutory requirements covering all vehicles used in any manner in connection with the provision and performance of the Management Services.

The Property Manager shall not commence the Management Services until such time as the required evidence of insurance has been filed with and approved by the City. The Property Manager shall further provide that evidence of the continuance of said insurance is filed at each policy renewal date during the term of this Contract.

### 9.3 Fidelity Insurance

The Property Manager shall, at its own expense, obtain and maintain throughout the term of this Contract and provide the City with evidence of a certificate of insurance that it carries a Fidelity Bond or Employee Dishonesty Insurance coverage for all staff employed by the Property Manager in an amount not less than **TWENTY-FIVE THOUSAND DOLLARS (\$25,000)** per occurrence for indemnifying the Property Manager against loss by theft, embezzlement, employee dishonesty or other fraudulent acts on the part of the Property Manager's employees who are engaged in carrying out the Management Services.

The Property Manager shall not commence the Management Services until such time as the required evidence of insurance has been filed with and approved by the City. The Property Manager shall further provide evidence of the continuance of said insurance is filed at each policy renewal date during the term of this Contract.

### 9.4 Contractors and Subcontractors Insurance

The Property Manager must ensure that all contractors engaged on behalf of the City and all of the Property Manager's contractors, subcontractors and consultants have the benefit of or effect and maintain equal insurance coverage as required to be affected by the Property Manager. Any deviation from this section requires the prior written consent of the City.

## 9.5 Indemnities

- 9.5.1 the City shall and does hereby indemnify and save harmless the Property Manager, its directors, officers, appointees, employees, representatives and agents of and from all actions, causes of action, suits, claims, costs, damages, liabilities, losses and expenses paid, suffered or incurred by the Property Manager in respect of (directly or indirectly) the physical condition of the Premises (and including, without limitation, the exercise of its powers and authority hereunder), other than those caused by the breach of this Contract by the Property Manager, or negligence of the Property Manager or by any action taken by the Property Manager outside the scope of authority set out in this Contract, and provided that the Property Manager is acting in good faith in furtherance of the City interests at all material times.
- 9.5.2 The Property Manager must ensure that all agreements with contractors engaged on behalf of the City and all agreements with Property Manager's contractors, subcontractors and consultants include an indemnification in favour of the City as set forth above.
- 9.5.3 The Property Manager agrees that it shall, at all times, indemnify, defend and save harmless the City, its directors, officers, appointees, employees, representatives and agents (other than the Property Manager) (the "Indemnitees") from and against any and all liabilities that the Indemnitees may suffer, sustain or incur, and any claims (including without limitation, legal fees incurred in defending any claim on a full indemnity basis actions, causes of actions, suits, judgements, liens, awards, damages and other proceedings) against the Indemnitees, arising out of, directly or indirectly, in whole or in part, to any act or omission by the Property Manager or any of its partners, directors, officers, appointees, employees, agents, contractors, representatives, subcontractors or volunteers in the performance of the Management Services.
- 9.5.4 The indemnities in this section shall survive the termination or the expiry of the term of this Contract.

## 10. CONFLICT OF INTEREST

- 10.1 The Property Manager will carry out their responsibilities without an actual, potential or perceived conflict of interest. A conflict of interest includes any circumstances where the Property Manager or any person who has the capacity to influence decisions, has outside commitments, relationships or financial interests that could, or could be seen to, interfere with the best interests of the City. The Property Manager will disclose to the City all actual, potential or perceived conflicts of interest, and comply with any terms and conditions that the City may prescribe as a result of the disclosure.

## 11. CONFIDENTIALITY

- 11.1 The Property Manager agrees that all of its employees and/or agents having access, by virtue of this Contract, to materials and information regarding the individual tenants of the City shall treat same as confidential information not to be disclosed to third parties or used in any unauthorized way without the prior consent and knowledge such individual tenants of the Premises, in accordance with the *Freedom of Information and Protection of Privacy Act R.S.O. 1990, chap. F-31*, as amended.
- 11.2 The Property Manager acknowledges that, during the term of this Contract, the City may disclose to the Property Manager or the Property Manager may otherwise obtain as a result of this Contract, confidential information and/or trade secrets concerning the City, including without limitation, information of or relating to the City's finances, business, purchasing information, mailing

lists, Tenant identification and related information, employees and other information regarding or relating to the City and its undertakings (collectively “Confidential Information”).

- 11.3 The Property Manager agrees to keep confidential and will not, without the expressed written consent of the City, disclose or communicate the Confidential Information, directly or indirectly, and will not use for any purpose other than to perform its obligations under this Contract.
- 11.4 The Property Manager may only disclose the Confidential Information to the Property Manager’s employees, agents and subcontractors and its affiliates’ employees who have a need to know the Confidential Information and who agree to comply in all respects with this provision.
- 11.5 The Property Manager shall ensure that all of its employees, appointees, agents, representatives and subcontractors having access, by virtue of this Contract, to materials and information regarding the individual Tenants of the City shall treat such materials and information as personal information not to be disclosed to third parties or used in any unauthorized way, without the prior and written consent and knowledge of the individual Tenants, and the said employees, appointees, agents, representatives and subcontractors shall treat such personal information in accordance with the *Municipal Freedom of Information and Protection of Privacy Act (MFIPPA)*.
- 11.6 The Property Manager shall indemnify and hold harmless the City from and against any and all claims, proceedings, actions, damages, costs, expenses, losses, obligations, and liabilities whatsoever arising out of or relating to a breach of this provision by the Property Manager, its affiliates, employees, appointees, agents, representatives, or subcontractors. This term shall survive the termination or the expiry of the term of this Contract.

## **12. DISPUTE RESOLUTION**

- 12.1 In the event that a dispute arises between the Property Manager and the City, the parties shall promptly and in a good faith manner by negotiation, use all reasonable efforts to resolve any dispute regarding the respective rights, obligations, and duties of the parties or any other matter arising out of or in connection with this Agreement. If, within one month from when the dispute first arises, the parties are unable to resolve the dispute, then the matter shall be submitted to mediation, the cost of which shall be shared equally between the parties. If the Parties are unable to agree upon a mediator within thirty (30) days, or if, having selected and met with the mediator, the Parties cannot resolve the dispute, then either Party may, by notice in writing to the other Party (the Notice to Arbitrate), direct the matter to arbitration, provided that the dispute pertains to the interpretation of the terms of this Agreement.
- 12.2 If the Parties cannot agree on the appointment of an arbitrator within 15 days of delivery of the Notice to Arbitrate, then either Party may request a court to make such selection under the Arbitration Act, 1991, 5.0. 1991, c. 17 (the Arbitration Act) as replaced or amended from time to time. The arbitration shall be conducted in accordance with the Arbitration Act as replaced or amended from time to time. The reasonable fees and expenses of the Arbitrator in hearing and determining the question or questions submitted to arbitration shall be shared equally by the Parties involved in the arbitration. The reference to the Arbitrator shall be a submission for the purposes of the Arbitration Act and the person appointed to be the Arbitrator shall be an arbitrator.

## **13. AUDIT**

- 13.1 The Property Manager shall prepare and maintain books and records of account respecting its business with the City under this Contract.

- 13.2 Upon reasonable notice, the Property Manager shall give the City, or any person designated by the City, full and free access to the Premises, and to all books, documents, papers and records of the Property Manager that are pertinent to the operations under the terms of this Contract, and permit the City, or any person designated by the City, to examine, audit and copy any invoices, accounts, receipts, time sheets, travel statements or other records or materials relating to its business with the City under this Contract or to the payment of fees or transfer of funds.
- 13.3 Such examination or audit shall take place during ordinary business hours at a place to be agreed upon by the parties.
- 13.4 This section shall survive for a period of three (3) years after expiration or termination of this Contract.

#### **14. GENERAL PROVISIONS**

##### 14.1 Relationship of the Parties

Nothing in this Contract shall create any partnership, joint venture, trust, or other relationship between the Parties. The relations between the Parties are entirely contractual as set out in this Contract. Neither of the Parties has the authority to bind the other or to commit it in any way, except as specifically stated in this Contract.

##### 14.2 Amendment

No change to or modification of this Contract will be valid unless it is in writing and signed by the City and the Property Manager.

##### 14.3 Further Assurances

The Parties to this Contract shall sign such further and other documents, cause such meetings to be held, do, and perform and cause to be done and performed such further and other acts and things as may be necessary and desirable in order to give full effect to this Contract throughout the term of this Contract.

##### 14.4 Time is of the Essence

Time shall be of the essence of this Contract and every part thereof and no extension or variation of this Contract shall operate as a waiver of this provision. All dates or deadlines are to be strictly adhered to.

##### 14.5 Severability

If any provision or provisions of this Contract or application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Contract, or the application of such provision or provisions to persons or circumstances other than those to which it is held invalid or unenforceable, shall not be affected thereby, and each provision of this Contract shall be valid and be enforced to the fullest extent permitted by law and be independent of every other provision of this Contract.

##### 14.6 Assignment & Subcontract

The Property Manager may not assign this Contract or any part thereof or subcontract its obligations without the prior written approval of the City. The City reserves the right to approve or reject any proposed assignment or subcontract.

##### 14.7 Waiver

The failure by the City to insist in one or more instances upon the performance by the Property Manager of any of the terms or conditions of this Contract shall not be construed as a waiver of the City's rights to require

future performance of any such terms or conditions, and the obligations of the Property Manager with respect to such future performances shall continue in full force and effect. A waiver is binding on the City only if it is in writing.

#### 14.8 Representatives and Notices

14.8.1 Any notice required or contemplated by any provision of this Contract shall be given in writing and shall be deemed to be validly given if delivered:

a. In the case of the Corporation of the City of London:

The Corporation of the City of London  
300 Dufferin Avenue P.O. Box 5035  
London, ON N6A 4L9  
Email: [housing@london.ca](mailto:housing@london.ca)

b. In the case of the Property Manager:

London and Middlesex Community Housing  
1299 Oxford Street East, Unit 5c5  
London, ON N5Y 4W5  
Email: [care@lmch.ca](mailto:care@lmch.ca)

14.8.2 All communications shall be given by or to the respective Parties through the above individuals provided that representatives of each Party may be changed or substituted by notice to the other Party of the name and address of the substitute representative.

14.8.3 Notices may only be transmitted by email, regular mail, fax, or courier. Notices received outside business hours (8:30 AM to 4:30 PM) and during statutory holidays in the province where the representatives of the parties are located, will be deemed to have been received at 8:30 AM of the first business day immediately following the date on which the notice was actually received.

#### 14.9 Enurement

This Contract and the provisions thereof shall enure to the benefit of and will be binding upon the Parties hereto and their respective successors and permitted assigns.

#### 14.10 *Municipal Freedom of Information and Protection of Privacy Act*

The Property Manager acknowledges that the City is bound by the *Municipal Freedom of Information and Protection of Privacy Act* (MFIPPA) and this Contract is subject to the confidentiality and disclosure obligations under MFIPPA.

#### 14.11 Authority

Each Party stipulates that it has full authority to enter into and perform this Contract, and the person signing this Contract on behalf of the named Party is properly authorized to sign it, and each Party further acknowledges that it has read this Contract, understands it and agrees to be bound by it.

IN WITNESS WHEREOF the parties hereto have hereunto affixed their respective signatures by the hands of their proper signing officers authorized in that behalf.

**EXECUTED ON BEHALF OF THE CORPORATION OF THE CITY OF LONDON**

this \_\_\_\_\_ day of, \_\_\_\_\_, 2024.

PER:

Name: \_\_\_\_\_

Title: \_\_\_\_\_

PER:

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXECUTED ON BEHALF OF THE PROPERTY MANAGER**

this \_\_\_\_\_ day of, \_\_\_\_\_, 2024.

**I have the authority to bind the Property Manager**

PER:

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**SCHEDULE "A"**  
**DESCRIPTION OF PREMISES**

**Property Address:** 345 Sylvan Street, London

**PIN:** 08363-0084

**Legal Description:** BLKS A & B PL 816; PT LTS 4, 5 & 13 PL 816; PT LTS 7, 8 & 10,  
PL  
328 AS IN 710563; S/T 710563; S/T 88083 CITY OF LONDON

**Building Description:** Three-storey, brick apartment building

**Number of Units:** Forty-two (42)

**Unit Type Breakdown:**

- Bachelor Units: two (2)
- One-Bedroom Units: thirty-six (36)
- Two-Bedroom Units: four (4)



**SCHEDULE "B"**  
**MANAGEMENT FEE**

1. In consideration of the management and administration services provided for under this Contract, the City will compensate the Property Manager with a Management Fee in the amount of 8% of the gross Rental Income potential, plus H.S.T.
2. The Management Fee shall be paid monthly at the total monthly rate in Table A, below.
3. Included in the above fees is the following summary of services:
  - Monthly Manager's Reports
  - Monthly Financial Statements
  - Daily management of the Portfolio
  - Liaison with the Owner's accountant
  - Interior and exterior inspections by the Property Manager of the Premises
  - Representation at legal inquiries i.e. Landlord Tenant Board
  - Updates to Owner re: Legislative changes
  - Attendance at meetings with the Owner, as required
  - Participation at quarterly Operations Team meetings, as required to ensure effective delivery of all services
  - Complete annual income reviews of Rent Supplement tenants. Monitor and complete rent calculations of tenants that may have income changes throughout the year
  - Complete monthly Rent Supplement statements and submit to the City of London representative
  - Rental of units, including administrative requirements in alignment with the RTA
4. Costs not included in the above fees are the following:
  - On-Site contracted cleaning and maintenance services
  - Extraordinary reports, investigations or studies required from time to time, fee to be negotiated before commencement of such reports, investigations or studies
5. Below is a list of standard fees charged (where applicable) to the Owner over and above property management fees. The fees are in effect at the execution of the Property Management Agreement but are subject to change without notice.

Administration Disbursements:

1. Photocopying fees - \$0.20/copy
2. Postage - postage per postal rates+ \$0.10 surcharge per piece+ \$0.15 per envelope
3. Courier- per cost of courier
4. Answering service - \$1.10/minute

External Services Fees:

1. legal/Paralegal Fees:
  - a. Draft landlord Application, file at LTB, serve Notice of Hearing and Application on Tenant, complete and file Certificate of Service \$100 plus filing fee of \$190
  - b. Withdraw Application prior to or at Hearing \$50
  - c. Enforce LTB Order with Sheriff \$50 plus Sheriffs Fee
  - d. Attendance at LTB for Application \$150
2. Yardi annual license fee - \$20.00 +HST per unit= \$32.96/unit
3. Capital work project management fee schedule:

Capital Cost of Project	Project Management Fee (excluding HST)
Up to \$1,000,000	5% of capital cost of project
Greater than \$1,000,000	4% of capital cost of project

Harmonized sales tax (HST) is applicable to the project management fee



SCHEDULE "C"  
**APPROVED INITIAL OPERATING BUDGET – 345 SYLVAN STREET**  
 July 2024

<b>Annual Revenue</b>	<b>Affordable</b>	<b>Notes</b>
Rental Income		% below Average Market Rent
2 - Bachelor @ \$765	\$18,360	80%
36 - One bedroom @ \$952	\$411,264	80%
4 - Two Bedroom @ \$1,183	\$56,784	80%
<b>RENT REVENUE</b>	<b>\$486,408</b>	
Laundry income \$3.25/load	\$5,764	
<b>GROSS REVENUE</b>	<b>\$492,172</b>	
Vacancy Loss 3%	\$14,765	3%
<b>NET REVENUE</b>	<b>\$477,407</b>	
<b>Annual Expenses</b>		
	<b>Affordable</b>	
Administration costs	\$39,374	8% of Rental Income
Building Operating costs	\$52,297	Cleaning & Maintenance
Contracted Services	\$88,526	Misc. Contracts
Utilities (common area and unit heat)	\$36,221	
Municipal taxes	\$60,000	estimated
Insurance	\$25,000	estimated
Replacement Reserves	\$63,982	13% Gross Revenue
Mortgage/loan Payments	N/A	
Building Manager / Superintendent	\$15,000	Part Time, in addition Cleaning & Maintenance Services or in combination to replace the services
Contingency	\$50,000	12.3% Gross Revenue
Other:		
<b>TOTAL EXPENSES</b>	<b>\$430,400</b>	
<b>Annual Surplus (Deficit)</b>	<b>\$47,007</b>	

- END -

## **SCHEDULE "D"**

### **MANAGEMENT SERVICES – Management Reporting**

In consideration of the Management Fee summarized in Section 5 and outlined in Schedule B, and in addition to its other covenants, agreements, duties and obligations of this Contract, the Property Manager covenants and agrees that it shall perform the following Management Services related to Management Reporting:

1. Within thirty (30) Business Days following the end of each calendar quarter, in a form satisfactory to the City, acting reasonably, the following details for the Premises:
  - 1.1. A revenue and expense statement, which shall include dollar comparisons to both the quarter and year-to-date figures;
  - 1.2. A variance analysis explaining the variance to budget for each line item where the year-to-date figure exceeds the budget by greater than 5%;
  - 1.3. An aged receivables report showing rental arrears and any other outstanding payments by Tenant for all amounts outstanding;
  - 1.4. A current rent roll;
  - 1.5. A detailed report outlining the quarter and year-to-date in-unit turnover expenses as compared to the Approved Operating Budget and the latest full year estimate; and
  - 1.6. An in-unit report indicating the quarter and year-to-date amounts spent on each defined turnover unit type.
2. On a quarterly basis, or as otherwise required by the City, attend the Owner meetings to deliver quarterly reports regarding:
  - 2.1. the ongoing delivery of building and tenant services, as outlined in the Operations Plan, and any emerging issues and updates to ongoing issues of interest;
  - 2.2. the status of the Approved Operating Budget;
  - 2.3. any pertinent information and advice to assist the Owner in fulfilling corporate and legal obligations in a timely way; and
  - 2.4. to assist with planning, goal-setting and evaluation of services.
3. As applicable to each tenancy, initiate the steps required to apply Rent increases in alignment with the appropriate jurisdictional rent increase guidelines and process outlined in the RTA, and provide this information, including a roll-out schedule to apply the proposed rent increase, to the Owner for its information.
4. Undertake and prepare such extraordinary reports, investigations or studies as the City may reasonably require from time to time, at a fee to be negotiated before the commencement of such reports, investigations or studies.

- END -

## **SCHEDULE "E"**

### **MANAGEMENT SERVICES – Financial Management**

In consideration of the Management Fee summarized in Section 5 and outlined in Schedule B, and in addition to its other covenants, agreements, duties and obligations of this Contract, the Property Manager covenants and agrees that it shall perform the following Management Services related to Financial Management:

1. Maintain appropriate books of account records with respect to all financial operations of the Premises, which books of account shall be kept in accordance with Generally Accepted Accounting Principles and shall be acceptable in form and content to the City.
2. Open and maintain a separate capital reserve account for the Property used for holding the approved annual reserve allocation. This amount shall be contributed to on a monthly basis from the operating account, as per the Operating Budget.
3. Pay from the Property's operating account, all expenses, invoices and charges incurred in the operation of the Premises as they become due including all municipal property taxes, rates and assessments, including local improvement rates, utility charges, advertising costs, insurance premiums, heating and cooling charges, costs of repairs, maintenance, landscaping and other operating expenditures incurred in the operation of the Premises and not included in the Management Fee or otherwise provided for in this Contract.
4. Attempt to collect all rent charge payments and all other sums required to be paid by the tenant of the Premises and any other sums of any nature which may be receipts due and payable in connection with or incidental to the Premises. This includes, without limiting the generality of the foregoing any security deposits, compensation, rent charge and non-rental charge such as parking and laundry, and deposit same into the property's operating account as instructed by the City, and provide to the City such bank receipts as the City shall require.
5. Prepare for approval of the City financial reports in such format and detail as required with respect to the Premises.
6. Review and approve all expenses, record, and track expenses with respect to the Premises, and enter such data into a computer system. Original invoices shall be retained as an e-file, held by the Property Manager on behalf of the City. Upon written request by the City, copies of records shall be provided by the Property Manager within fifteen (15) Business Days.

- END -

## SCHEDULE "F"

### **MANAGEMENT SERVICES – Tenant Administration**

In consideration of the Management Fee summarized in Section 5 and outlined in Schedule B, and in addition to its other covenants, agreements, duties and obligations of this Contract, the Property Manager covenants and agrees that it shall perform the following Management Services related to Tenant Administration:

1. Receive, record and process all applications for units for rental in the City's Premises.
2. Take all reasonable steps to maintain full occupancy of the units, contained in the Premises, including filling the units in accordance with the process directed by Housing Stability Services using the approved Housing Stability Services coordinated access system. List, offer for lease and to enter into, on behalf of the City, all lease agreements, renewals of lease agreements, extensions and termination of lease agreements on such terms as are customary for dwelling units similar to the dwelling units of the Premises and in conformity with the rental policy of the City, and the RTA.
3. Issue application acceptance and rejection letters on behalf of the Owner.
4. Review and recommend market rent charges for the Premises not less frequently than once a year and present the proposed rent charges to the City.
5. Provide written notice to each tenant for any rent increase, as required by the provincial legislation, a minimum of 90 days prior to the increase date.
6. Inform the tenants on a timely manner of their obligations under the RTA.
7. Demand, sue for, enforce payment, receive and give receipts and discharges for rent charge and other monies becoming due in respect of the Premises including taking legal proceedings as the Property Manager deems appropriate to terminate any tenancies, to recover arrears of the rent and any damages and to obtain any other remedies.
8. Commence, carry on prosecute to judgment and defend all actions and other proceedings, relating to the Premises having first obtained the City's approval.
9. Settle, compound, compromise, or submit to arbitration, if applicable, all accounts, claims and disputes in respect of such rent and other monies.
10. Supervise the moving in and moving out of tenants of the premises so as to result in a minimum of disturbance to the Portfolio or inconvenience to other tenants.
11. Require the tenant to reimburse all costs of any repairs or replacements necessitated by damage of the property caused by willful or negligent conduct of the tenant or that of a person or persons who are permitted on the premises by the said tenant.
12. Maintain tenant files and terms of confidentiality thereof in accordance with the RTA and applicable legislative requirements.
13. Perform leasing functions at the Premises on behalf of the City, as follows:
  - a. Show units to prospective applicant(s) including the applicant's Housing Support Worker, if applicable, and provide information on unit features, lease requirements, Policies, Rules and Regulations, etc.;
  - b. Communicate information required of applicant(s) to complete the application and leasing process; to the applicant(s) including the applicant's Housing Support Worker if applicable.
  - c. Review Lease agreement, Policies and key tenancy requirements with applicants at time of Lease signing;
  - d. Collect the last month rent deposit and any required payments and issue receipts prior to Tenant move in;
  - e. Provide information package for tenants, including but not limited to the Lease agreement, Property Manager contact sheets, rent payment details, RTA requirements, etc.;

- f. Confirm next steps for Tenant in terms of accessing unit, picking up keys, move in details and similar; and
  - g. Use best efforts in accordance with reasonable and prudent property management industry standards and subject to the provisions of the Housing Management Services Act, 2011 as well as rules and regulations made thereunder by the Ministry of Municipal Affairs and Housing and/or the City of London as Service Manager.
14. Be familiar with all terms and conditions of the Lease and do or cause to be done all such things as are necessary to enable compliance by the City, as landlord, with all terms and conditions of the Lease.
  15. From the date of occupancy of the Tenants, establish and maintain any and all necessary correspondence with Tenants on behalf of the City, subject to the limitations imposed by or pursuant to this Contract.
  16. Give all notices and statements required to be sent to the Tenants under each Lease affecting the Premises and give all other notices necessary for the good management of the Premises.
  17. Receive complaints of Tenants and attend to such complaints, subject to the limitations imposed by or pursuant to this Contract.
  18. Take prudent action under the circumstances as identified in Schedule "H" attached hereto, in respect of the default by any Tenant of its obligations contained in such Tenant's Lease, providing the Property Manager, and Housing Stability Services, with such information or recommendations as may be required by the Manager, Housing Stability Services with respect to the actions to be taken.
  19. Take prudent action to collect rent payments and all other sums required to be paid by Tenants of the Premises and any other sums of any nature or kind which may be receipts due and payable in connection with or incidental to the Premises. This includes, without limiting the generality of the foregoing, any security deposits, compensation, and rent which the Property Manager shall deposit into a segregated bank account held by Property Manager on behalf of the City and provide such bank receipts as require. All such sums received are deemed to be held in trust and are the property of the City. The Property Manager shall reimburse the City for any loss suffered by the City by reason of the Property Manager's failure to implement and carry out banking controls.
  20. Ensure the correct rent determination for the Tenants of the Premises. The Property Manager shall reimburse the City for any revenue loss suffered by the City by reason of incorrect rent determination on the part of the Property Manager.
  21. Monitor the rental accounts of Tenants and adhere to the standard eviction protocols with respect to collection of rental arrears. Prior to initiating an eviction process, and in alignment with the Operations Plan, inform stakeholders of the City-Led operational oversight where eviction protocols are recommended to resolve Tenant related infractions associated with the Premises.
  22. Plan the timing of move-ins and move-outs of the Premises by all Tenants and supervise such activities to minimize any disturbance to and/or disruption of the normal operations of the Premises and the activities of other Tenants.
  23. Show units to prospective applicant(s) including the applicant's Housing Support Worker if applicable and provide information on unit features, lease requirements, Policies, Rules and Regulations, etc. and similar.
  24. Communicate information required of applicant(s) to complete the application and leasing process; to the applicant(s) including the applicant's Housing Support Worker if applicable.
  25. Review Lease agreement, Policies and key tenancy requirements with applicants at time of Lease signing.

- END -

## SCHEDULE "G"

### **MANAGEMENT SERVICES – Property Maintenance**

In consideration of the Management Fee summarized in Section 5 and outlined in Schedule B, and in addition to its other covenants, agreements, duties and obligations of this Contract, the Property Manager covenants and agrees that it shall perform the following Management Services related to Property Maintenance:

1. Arrange for, supervise and be responsible for the operational housekeeping and cleaning of the Premises, and maintenance of all landscaping, parking areas and pedestrian pathway, including snow removal appurtenant thereto, within the Approved Operating Budget, to the best of their ability, as would a prudent the City of a well maintained dwelling comparable in type, age, class and location of the Premises.
2. Arrange for tenders for landscaping and snow removal services of the Premises prior to entering into an agreement or contract with these service contractors. All such services shall be captured in the Approved Operating Budget established for the Premises and paid for by the Property Manager, in alignment with the terms of this Contract.
3. Subject to the authorities outlined Section 7 of this Contract, make or arrange for (whether by on-site staff or third-party contractors retained by the Property Manager under a contract permitted by this Contract), enter into and execute service agreements as agent for the City, and supervise, the making of all necessary repairs or alterations to the buildings, grounds and equipment in the Premises, including the maintenance, repair and replacement of appliances and the heating, plumbing and electrical equipment as may be deemed necessary or desirable for its efficient and lawful management or operation of the Premises, or to improve the rent ability thereof. This shall include those repairs or alterations necessary so as to comply with any and all regulations and requirements of the Police and Fire Departments or any other Municipal, Provincial or Federal authority having jurisdiction over the Premises, subject to the qualifications contained herein. A contingency allowance for such services shall be captured in the Approved Operating Budget established for the Premises. Costs for such services that may be aligned to the contingency allowance shall be managed and paid for by the Property Manager, on behalf of the Owner and reported in accordance with the terms provided in Schedule "D" of this Contract.
4. Arrange for and keep the Premises heated to a reasonable temperature and operate the heating and equipment in accordance with the City's obligations to its tenants.
5. Cause its property management staff to carry out at monthly intervals, such physical inspections of the Premises as would be undertaken by a reasonable and prudent Property Manager and ensure conformity to normal maintenance standards. Submit a report of such inspections to the City, in accordance with the terms provided in Schedule "D" of this Contract.
6. Arrange for and provide a base scope of work for unit turnovers (tenant move-outs), assistance with renovation scheduling, provide notice to Tenants, and coordinate access for Contractors to facilitate all in-unit renovations, as directed by the City, and in alignment with the Approved Operating Budget. The Property Manager shall issue payment upon receipt of invoices through the Approved Operating Budget and handle all communications with Tenants to minimize the impact of in-unit renovations on building operations during any improvement period.
7. Assist and cooperate with the City where the City conducts and effects any capital repairs and improvements to the Premises.
8. Expend no funds, undertake no works nor engage any contractors for maintenance or capital expenditure unless the same are set forth and approved in the Approved Operating Budget or unless the Property Manager obtains the prior written approval of the City.

9. Capital Maintenance and Repairs – In consideration of the Standard Capital Reserve Fund included in the Approved Operation Budget, and in addition to its other covenants, agreements, duties and obligations of this Contract, the Property Manager covenants and agrees that it shall manage and apply the capital reserve funds appropriately to ensure the efficient, effective and high standard of capital maintenance and repairs to the Premises.

- END -

SCHEDULE "H"

**CONTRIBUTION AGREEMENTS**

Ontario Priorities Housing Initiative  
Rental Housing Component



# CONTRIBUTION AGREEMENT

## Ontario Priorities Housing Initiative Rental Housing Component

This Agreement made the 30<sup>th</sup> day of December 2022.

### BETWEEN:

THE CORPORATION OF THE CITY OF LONDON  
(hereinafter called the "City")

- and -

MUNICIPAL HOUSING DEVELOPMENT, THE CORPORATION OF THE CITY OF LONDON  
(hereinafter called the "Proponent")

### WHEREAS:

- A. In order to create a supply of Affordable Housing, the Canada Mortgage and Housing Corporation ("CMHC") and Her Majesty the Queen In Right of Ontario, as represented by the Minister of Housing ("Minister")\_ entered into a bi-lateral agreement under the 2017 National Housing Strategy, effective April 1, 2018 (the "CMHC-Ontario Bilateral Agreement under the 2017 National Housing Strategy").
- B. The Minister has established a Canada-Ontario Community Housing Initiative and an Ontario Priority Housing Initiative pursuant to which the Minister will provide the CMHC funding and Provincial funding as applicable..

The Minister of Municipal Affairs and Housing (the "Minister") entered into an Ontario Transfer Payment Agreement ("TPA") with The Corporation of the City of London under which it is responsible as the Service Manager to administer the Program under the TPA; the Transfer Payment Agreement was approved by by-law A.-7861-175;

- C. The City is the owner of the property located at 345 Sylvan Street;
- D. The City and the Proponent hereby enter into this Contribution Agreement (or "Agreement") for the purpose of establishing the Proponents obligation with respect to the use of such funds provided to by the City in its capacity as a service manager under the OPHI.
- E. It is acknowledged that the City, through its internal division, Municipal Housing Development, is the Proponent and thus the City corporation is itself providing its commitment to use the funds in the manner set out in this Agreement and in accordance with the criteria and the respective accountability and administrative requirements described for the Proponent and the City by this Agreement.

NOW THEREFORE, in consideration of the premises and the mutual covenants and agreements herein, the parties hereto hereby covenant and agree with each other as follows:

### 1. INTERPRETATION

- 1.1 In this Agreement, including its Schedules, unless the context requires otherwise,

- “Affordability Period” means the period during which the average rent in a Project is required to be maintained at an affordable level, as determined in accordance with the Program Guidelines or as otherwise established by the City.
- “Affordable Rent” means a monthly occupancy cost for a unit that does not exceed 80% of the CMHC AMR for that Unit. The Affordable Rent must include at least the unit heat, water, fridge, and stove.
- “Affordable Rental Housing” means new, purpose-built, rental housing which is modest in terms of floor area and amenities, based on household needs and community norms, in Projects that achieve rent levels in accordance with the Program Guidelines, but does not include residential premises used as a nursing home, retirement home, shelter, crisis care facility or any other type of similar facility as well as commercial or institutional premises, social or recreational services, and services or facilities related to mental or physical health care, education, corrections, food services, social support or public recreation.
- “Alternative Security” means the alternative security letter attached hereto as Schedule “D” and forming part of this Agreement.
- “Average Market Rents” and/or “AMR” means the average rent figures, based on geographical areas and classified by bedroom count, as determined annually in the Canada Mortgage and Housing Corporation Average Market Rent Survey, or, should CMHC not publish such information, as determined from time to time by the City, acting reasonably.

“Business Day” means each Monday, Tuesday, Wednesday, Thursday and Friday except when any such day occurs on a statutory holiday observed in Ontario.

- “CMHC” means Canada Mortgage and Housing Corporation.  
Conditional Letter of Commitment” means the letter issued by the Minister confirming approval of the Project and setting out the amount, terms and conditions of the Loan allocated to the Proponent.
- “Construction Start Date” means the date the Proponent or its forces begins, in good faith, actual construction of the Affordable Rental Housing portion of the Project; construction shall be deemed not to have begun until the Proponent or its forces have at least poured footings for the foundation of the Affordable Rental Housing portion of the Project.
- “Contribution by Others” means cash or in-kind eligible contributions from Service Managers, municipalities, housing providers, the private sector, the voluntary sector, charities and individual donors, to be used in accordance with a program(s) under this Agreement. Contributions by Others does not include: contributions from any Government of Canada sources, including, but not limited to arrangements with CMHC; nor contributions under any program wholly or partially funded from Government of Canada sources; nor contributions which receive credit under any arrangement with CMHC or the Government of Canada outside this Agreement.
- “Development Activities” means those activities which are normally undertaken for the development, construction, repair, renovation, rehabilitation or conversion of buildings for residential purposes and include the acquisition of property.
- “Force Majeure” means a delay arising from strike, lockout, riot, insurrection, terrorism, war, fire, tempest, act of God, pandemic, lack of material or supply of service at a reasonable cost, inclement weather, binding orders or regulations of governmental bodies, courts or arbitrators

or any other event beyond the control of the Parties which causes a delay in the fulfillment of a Party's obligations under this Agreement notwithstanding the reasonable efforts of such Party and provided that any such non-availability or delay does not relate to any extent to any act or omission by such Party or any of its authorized agents or employees.

- “Funding Schedule” means the schedule of funding setting out progress payments for the type of Project to be undertaken by a Proponent, in the form determined by the City.
- “Loan” means an interest-free capital loan as set out in Section 2.3 in accordance with the Program Guidelines.
- “Occupancy Date” means the date in which occupancy of all Units in a Project is permitted by the appropriate authorities.
- “Parties” means the Proponent and the City, and "Party" means either of them, as the context may require.
- “Permitted Encumbrances” means the encumbrances encumbering the Affordable Housing Units listed in Schedule "E", together with such renewals or replacement financing that may be approved by the City, acting reasonably, during the term of this Agreement.
- “PIPEDA” means the Personal Information Protection and Electronic Documents Act, S.C. 2000, c. 5, including any amendments thereto.
- “PIPEDA Protected Information” means any "Personal Information" or "Personal Health Information", as defined under PIPEDA.
- “Program Guidelines” means the Program Guidelines for the Ontario Priorities Housing Initiative (“OPHI”) - Rental Housing Component and attached to this Agreement as Schedule "A".
- “Project” means the property and the building(s), as approved by the City, as the context may require on lands described in Schedule “I”.
- “Proponent” means The Corporation of the City of London, administered through the Municipal Housing Department.
- “Property” means the lands described in Schedule “I”.
- “Service Manager” means The Corporation of the City of London.
- “Unit” means a self-contained residential dwelling, including, without limiting the generality of the foregoing, (i) supportive rental housing where service funding is secured from sources other than the Loan; (ii) multi-bedroom units which are used for congregate living; and (iii) accessible/barrier-free units.

1.2 All references in this Agreement including without limitation, the Schedules hereto, to "rent" are deemed to include housing charges paid by members of non-profit housing cooperatives and "rental" is deemed to have a corresponding meaning.

1.3 The following Schedules are attached to and form part of this Agreement:

- |              |   |                         |
|--------------|---|-------------------------|
| Schedule “A” | - | OPHI Program Guidelines |
| Schedule “B” | - | Funding Schedule        |

Schedule "C"	-	Rental Protocol
Schedule "D"	-	Alternative Security Letter
Schedule "E"	-	Permitted Encumbrances
Schedule "F"	-	Initial Occupancy Report
Schedule "G"	-	Annual Occupancy Report
Schedule "H"	-	Canadian Environmental Assessment Act Considerations
Schedule "I"	-	Legal Description of Property
Schedule "J"	-	Project Information Form
Schedule "K"	-	Development Schedule
Schedule "L"	-	Conditional Letter of Commitment from the Province
Schedule "M"	-	Confirmation of Employment of Apprentices

1.4 In the event of a conflict or inconsistency between the provisions of this Agreement and the provisions of a Schedule, the provisions of this Agreement shall prevail.

1.5 All references in this Agreement to section numbers are references to sections of this Agreement unless otherwise stated.

## 2. FUNDING

2.1 The City agrees to provide to the Proponent a forgivable Loan, upon the terms and subject to the conditions set out in this Agreement, in the amount of two million, five hundred and four thousand, seven hundred and seventy-six dollars and sixteen cents Canadian (\$2,504,776.16) to be applied by the Proponent only towards the payment of Development Activities for Affordable Rental Housing. The Project Information Form setting out the funding for the project is attached as Schedule "J".

2.2 The City shall have the option of withholding from the amount to be disbursed under section 2.1, the amount of the cost of construction necessary to complete the construction of the Project and, in such case, the City shall disburse the amount so withheld following its receipt of satisfactory evidence that such construction is substantially complete within the meaning of the *Construction Act* and provided that the *Construction Act* is complied with.

2.3 The Proponent shall use the amount of the Loan and Contribution by Others solely for the purpose of its Development Activities in connection with the Project.

2.4 No Loan amount shall flow if an order has been issued under subsection 12(2) of the *Building Code Act* and there has been no compliance with the order.

2.5 The Proponent may authorize the City to pay a portion of the Loan to a third party and the City shall permit such authorization.

## 3. SPECIAL CONDITIONS

3.1 The City shall be included in any and all meetings related to project planning, compliance and approvals, design development, and construction meetings related to the Project.

3.2 The Proponent shall provide the City with a revised construction schedule and construction budget for review four (4) weeks prior to the start of construction.

3.3 The Proponent agrees to encourage major trades selected for this Project including electrical, mechanical, plumbing and others, where possible, to employ apprentices to be outlined in Schedule "M".

- 3.4 The Proponent agrees to undertake its Development Activities in connection with the Project in accordance with the provisions relating to the development of the Project contained in the Program Guidelines, including to complete the construction of the approved Project within construction budgets and financing approved by the City and the timelines indicated under Schedule "K".
- 3.5 The Proponent shall, subject to Force Majeure, achieve substantial completion in accordance with the Program Guidelines.
- 3.6 Without limiting the condition set out in section 5.1 (b), the Proponent shall discharge or cause the discharge of any registered construction liens so as to ensure that there are no construction liens registered against the Project on the date for the disbursement of the Loan under section 2.
- 3.7 The Proponent shall not at any time during the term of this Agreement breach any Contribution Agreement respecting the Project that it has entered into by means of a Contribution by Others, including any municipal capital facility agreement made pursuant to section 110 of the *Municipal Act, 2001* and shall not, through any breach on its part, cause such other entity to terminate a Contribution Agreement for cause. The Proponent agrees that a breach by it of any such Contribution Agreement, that has not been corrected, shall constitute a breach of this Agreement.

#### **4. OPERATION OF AFFORDABLE HOUSING**

- 4.1 The Proponent acknowledges and agrees that the Rental Protocol set out in Schedule "C" applies to the Project by virtue of the contractual terms of this Agreement, notwithstanding that the Rental Protocol does not apply to the Project under the *Residential Tenancies Act, 2006*. The Proponent agrees to operate the Units in accordance with the rules set out in Schedule "C" of this Agreement.
- 4.2 Prior to occupancy of a Unit, the tenant shall be subject to review and approval of the City for compliance with the Program Guidelines. The Proponent shall provide written notice to each prospective first tenant regarding the review by the City.
- 4.3 The Proponent shall provide forty-two (42) Affordable Rental Housing Units, aimed to benefit targeted vulnerable sub-populations, including but not limited to: seniors, persons with disabilities, Indigenous peoples, people with mental health or addictions issues, survivors of domestic violence, those who are homeless or at risk of homelessness, recent immigrants, working poor, veterans and racialized groups.
- 4.4 The City requires that two (2) bachelor Affordable Rental Housing Units in the Project will not exceed 80% of the CMHC AMR as outlined in Schedule "C". Rent increases may follow the *Residential Tenancies Act, 2006* rent increase guidelines but must not exceed 80% of the CMHC AMR for the term of the Agreement. At initial occupancy, the rent for a one-bedroom apartment will be \$622 monthly including items listed in section 4.11. This rent will not be adjusted prior to occupancy.
- 4.5 The City requires that thirty six (36) one-bedroom Affordable Rental Housing Units in the Project will not exceed 80% of the CMHC AMR as outlined in Schedule "C". Rent increases may follow the *Residential Tenancies Act, 2006* rent increase guidelines but must not exceed 80% of the CMHC AMR for the term of the Agreement. At initial occupancy, the rent for a one-bedroom apartment will be \$784 monthly including items listed in section 4.11. This rent will not be adjusted prior to occupancy.

- 4.6 The City requires that four (4) two-bedroom Affordable Rental Housing Units in the Project will not exceed 80% of the CMHC AMR as outlined in Schedule "C". Rent increases may follow the *Residential Tenancies Act, 2006* rent increase guidelines but must not exceed 80% of the CMHC AMR for the term of the Agreement. At initial occupancy, the rent for a one-bedroom apartment will be \$920 monthly including items listed in section 4.11. This rent will not be adjusted prior to occupancy.
- 4.7 The City requires that the Affordable Rental Housing Unit include a fridge, stove, unit heat, cooling system, water and hot water.

## 5. CONDITIONS

- 5.1 The provision of funding by the City pursuant to section 2 is subject to the following conditions precedent, each of which is for the exclusive benefit of the City and may be waived in full or in part by the City by written notice to the Proponent:
- (a) the Proponent is the registered owner in fee simple of the lands described in Schedule "I";
  - (b) any Contribution Agreement referred to in section 3 remaining in force and the Proponent being in good standing thereunder;
  - (c) there being no Claim for Lien under the *Construction Act* registered against the Project;
  - (d) there being in existence no unregistered lien or statutory claim having priority against the Project;
  - (e) the Proponent's title to the Project being free from any encumbrances other than the Permitted Encumbrances;
  - (f) the Proponent being in good standing under all of the Permitted Encumbrances;
  - (g) there being no work orders issued against the Project by any governmental entity, agency or official; and
  - (h) the Proponent having provided the City with the security required in section 7 and in accordance with the said section.

- 5.2 If any of the conditions contained in section 5.1 have not been fulfilled on the date for the disbursement of the Loan by the City pursuant to section 2 and are not waived by the City pursuant to section 5.1, the City shall be under no obligation to make any advance of the Loan to the Proponent and the City shall thereupon have the right to terminate this Agreement.

## 6. TERMS OF THE LOAN

- 6.1 The Loan shall have an Affordability Period of twenty (20) years, commencing as of the Occupancy Date of the Project during which the Project must continue to be used in accordance with the project details contained in Schedule "J".
- 6.2 The Loan amount shall be fully forgiven on the last day of the month at the end of the term of the Affordability Period, provided that the Proponent has fulfilled all the requirements of the Program Guidelines as set out in this Agreement.
- 6.3 The Proponent shall provide the City with such information respecting the Proponent's permanent financing obligations for the Project as the City may require from time to time. The Proponent shall not incur any additional construction financing, capital or operating debt related to the Project without the City's consent.

## **7. ACCOUNTABILITY FRAMEWORK**

7.1 In the event:

- i. The City is advised that the Project will not proceed; or
- ii. The building permit for the Project is not issued within ninety (90) days of executing this Agreement; or
- iii. The City is of the opinion that the Proponent is not proceeding in an expeditious manner with the Development Activities for which the Funds have been provided; or
- iv. The Proponent is not complying with the requirements as set out for the Term of the Agreement;

the Proponent will be in default and shall return the Loan to the City, forthwith upon demand.

7.2 The Proponent shall submit to the City, an audited financial statement with respect to the expenditure of the Loan provided pursuant to this Agreement, within ninety (90) days following the initial occupancy date.

7.3 Following the full completion of the Development Activities related to the Project, the Proponent shall submit to the City a completed information report in the form attached hereto as Schedule "F", and annually thereafter shall submit to the City completed information reports in the forms attached hereto as Schedule "G".

7.4 The City may conduct an audit, investigation, or inquiry in relation to the Project or any larger development or project of which the Project is a part of and the Proponent shall cooperate with the City and provide free access to the Project and to such staff, documents, book, records and accounts as may be determined by the City.

## **8. COMMUNICATIONS PROTOCOL**

8.1 The Proponent acknowledges that it has been informed by the City that under the terms of the Program Guidelines, all publicity, including written materials and signs, respecting the Project must recognize the contributions of CMHC, the Minister and the City. The Proponent further acknowledges that it has been informed by the City that the Program Guidelines require the Minister to co-ordinate with CMHC and/or obtain CMHC's approval with respect to communications, signage, and advertising matters. The Proponent agrees that it shall not do or omit to do any act, which will cause the City to be in breach of the terms of the Program Guidelines.

8.2 The Proponent shall co-operate in organizing press conferences, announcements, and official ceremonies to be held at an appropriate location and time respecting the Project, insofar as it relates to the Program Guidelines, or respecting its participation under the Program Guidelines in any other respect.

8.3 During the period of the Development Activities related to the Project, the Proponent shall erect a sign at a prominent location where there is visible activity related to the approved Project. The sign shall include that it is a CMHC-Ontario-City Ontario Priorities Housing Initiative Project, bear a message approved by the three levels of government, and remain in place throughout the construction period. The sign shall be in accordance with specifications issued by the City.

8.4 The Proponent acknowledges that any breach of section 9 of this Agreement shall cause the City to be in breach of the Program Guidelines.

## **9. EVENT OF DEFAULT**

- 9.1 Upon the occurrence of any one or more of the following events (each an “Event of Default”):
- (a) the failure of the Proponent to perform, observe or comply with any other term, covenant, condition or provision of this Agreement within 10 days of receipt of written notice of the “failure” from the City provided the Proponent shall not be deemed to be in default if within the said period of ten (10) days, the Proponent commences the necessary action to remove the “failure” and such action is diligently prosecuted;
  - (b) any representation or warranty made by the Proponent in this Agreement proves to have been untrue or misleading in any material respect as of the date on which it was made;
  - (c) any person commences an action, suit or proceeding materially affecting the Project or file a lien against the Property, or any person shall commence an action, suit or proceeding contesting or questioning the validity or enforceability of this Agreement, unless the Proponent shall diligently contest such action, suit or proceeding and discharge any such lien forthwith without the requirement of notice by the City and post such bonds, cash or letters of credit or give such other security in order to obtain such discharge in amounts and on terms satisfactory to the City, acting reasonably;
  - (d) the Proponent ceases to carry on business;
  - (e) the Proponent:
    - (i) becomes insolvent or unable to pay its debts as they become due; or
    - (ii) files a petition in bankruptcy or voluntary petition seeking reorganization or effect a plan or other arrangement with creditors; or
    - (iii) makes an assignment for the benefit of creditors under the *Bankruptcy Act* (Canada) or any other insolvent debtors' legislation; or
    - (iv) applies for or consents to the appointment of any receiver or trustee for it or of all or any substantial part of its property and assets; or
    - (v) voluntarily liquidates or winds-up or suffers itself to be liquidated or wound-up;
  - (f) any of:
    - (i) an involuntary petition seeking the adjudication of the Proponent as bankrupt or insolvent not removed within 30 days; or
    - (ii) an order of any court or other authority appointing any receiver or trustee for the Proponent or for all or any substantial portion of its property and assets; or
    - (iii) a writ of execution, judgment or writ of attachment or any similar process which may, in the reasonable opinion of the City, materially impair the ability of the Proponent to perform its obligations under this Agreement or any of the Security shall be made, given or issued against the Proponent or in respect of its property and assets, and such petition, order, writ or judgment is not vacated or stayed within 15 days after its date;



- (g) the occurrence of a material adverse change in the financial condition of the Proponent which would, in the reasonable opinion of the City, detrimentally affect the ability of the Proponent to meet its obligations to the City;

then, at its option, the City may declare the full principal amount of the Loan then advanced, together with all other moneys owing to the City hereunder, due and payable forthwith. In such case, the City may realize upon any and all security pledged to it and may commence such other legal actions or proceedings against the Proponent, the Property or assets of the Proponent as may be permitted hereunder, by any one or more of the Security or at law or in equity, all as it, in its sole discretion, deems expedient. The Proponent hereby acknowledges that the City's remedies are cumulative and not mutually exclusive.

- 9.2 Complete Construction: If an Event of Default shall occur, then the City may, at its option, in addition to any other remedy available to it, enter upon and take charge of the Project and assume full charge of the Project and may complete the Project or enter into a contract with another to complete the same.
- 9.3 Affordability Period: Should the Proponent be in default under the terms of this Agreement or under the terms of any mortgage or other encumbrance registered on title to the Property, the City shall have the right to declare all or part of the Loan due and payable immediately.
- 9.4 All of the remedies in this Agreement and the Security are cumulative and are not alternative and the City shall not be precluded from availing itself simultaneously of some or all of the said remedies and any other remedies available in equity or at law.
- 9.5 Notwithstanding any of the terms of this Agreement or the Security, the City shall have the option of waiving any or all of its remedies under this Agreement and the Security, but no waiver of a provision shall be deemed to constitute a waiver of any other provision (whether or not similar) nor shall any waiver constitute a continuing waiver unless otherwise provided.

## **10. REPRESENTATION AND WARRANTIES**

- 10.1 The Proponent is a duly incorporated, organized and validly existing under the laws of the Province of Ontario and has full capacity, power and authority to own all its property and to carry on its business as now conducted and as contemplated under this Agreement and all other agreements contemplated thereunder, and is duly qualified and in good standing in each jurisdiction in which the character of the property owned or leased or the nature of the business carried on by it makes such qualification necessary or desirable.
- 10.2 The Proponent has full corporate power, legal right and authority to enter into this Agreement and to do all acts and things as are required or contemplated hereunder to be done, observed or performed by it.
- 10.3 Except as previously disclosed in writing to the City, the Proponent is not a party to any agreement or instrument or subject to any restriction or any judgment, order, writ, injunction, decree, rule or regulation which materially and adversely affects the business, operations, prospects, properties or assets, or condition, financial or otherwise, of the Proponent.
- 10.4 None of the information, financial or otherwise, provided by the Proponent to the City and to induce the City to make the Loan and to enter into this Agreement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make any statement contained therein not misleading in light of the circumstances in which it was made.

## **11. COVENANTS OF THE PROPONENT**

11.1 The Proponent covenants and agrees with the City that, it shall:

- (a) take all such actions and do all such things required to develop and continuously carry on the construction of the Improvements in a good and workmanlike manner and in accordance with the Program Guidelines and to complete such construction not later than the date specified in Schedule "K", subject to acts of God and other events which occur for non-financial reasons beyond the control of the Proponent, including, without limitation, strikes, lock-outs or other labour or industrial disturbances, civil disturbances, arrests and restraints, interruptions by government or court orders, future valid orders of any regulatory body having proper jurisdiction, wars, riots, sabotage, blockades, embargoes, insurrections, lightning, earthquake, fires, storms, floods and explosions and to pay all costs thereof;
- (b) do or cause to be done all acts and things necessary to preserve in full force and effect the existence of the Proponent and all licences and permits required for the carrying on of the operations of the Proponent at and from the Property and to preserve and protect all of the properties, real and personal owned and used by the Proponent in connection with the Project and to cause the same to be properly maintained and to be kept in good state of repair;
- (c) pay and discharge or cause to be paid and discharged all taxes and other levies of the Province of Ontario, the City, or of any other entity having jurisdiction to impose such taxes or levies, when the same become due and payable, except such taxes as are being contested in good faith by appropriate proceedings and provided that, in such case the Proponent shall have provided the City with appropriate security;
- (d) deliver to the City the statements and reports as required by the Contribution Agreement.

11.2 The Proponent covenants and agrees with the City that, so long as any obligation is outstanding by the Proponent to the City hereunder the Proponent will not, without the prior written consent of the City, which consent may not be unreasonably withheld:

11.2.1 create, incur, assume or permit to exist, after knowledge of the existence thereof, any mortgage, pledge, lien, hypothecation, charge (fixed or floating), security interest or other encumbrance whatsoever on the Property or any personal property or fixtures thereon except the encumbrances created by the following encumbrances (collectively, the "Permitted Encumbrances"):

11.2.1.1 the First Mortgage;

11.2.1.2 encumbrances created in favour of or assigned or pledged to the City;

11.2.1.3 inchoate or statutory liens for taxes which have not been assessed, or if assessed, which are either not delinquent or which are being contested by bona fide proceedings in good faith, and sufficient security for the payment of same has been given to the City, if requested;

11.2.1.4 inchoate or statutory liens of contractors, sub-contractors, mechanics, suppliers, workers and others in respect of the construction, maintenance, repair and operation of the Improvements, provided that the same are not registered encumbrances against title to the Property or any personal property, or, if so registered, have been postponed to all charges in favour of the City contained in the Security Documents or are being contested by bona fide proceedings in good faith with sufficient security for the payment thereof having been given to the City

or paid into Court to prevent effectively in the City's opinion realization by disposal or other alienation from the Proponent of its legal or beneficial title to or interest in any such property; and

11.2.1.5 other Permitted Encumbrances listed in Schedule "E" hereto.

11.2.2 become a party, without the prior written consent of the City, to any transaction whereby the Project would become the property of any other person, whether by way of reorganization, amalgamation, merger, transfer, sale, lease, sale and leaseback, or otherwise;

11.2.3 permit any change in the beneficial ownership of the Proponent without prior written consent of the City;

11.2.4 make any material change in the which pertains to the number or type of residential dwelling units of the Project without the prior written approval of the City; or

11.2.5 change its fiscal year end or change the basis upon which the financial records of the Proponent are maintained, without the prior written consent of the City.

## **12. INSURANCE**

12.1 The Proponent agrees to purchase and maintain, during the term of this Agreement third party liability insurance in a limit of not less than five million dollars (\$5,000,000) covering bodily injury, loss or property damage resulting from any activity related in any way to this Agreement.

12.2 The Proponent further agrees, upon Substantial Completion, to purchase and maintain insurance policies that a prudent manager of similar premises would maintain and, without limiting those types of policies, at least the following:

a) Broad form boiler and machinery insurance on a blanket repair and replacement basis with limits for each accident in an amount of at least the replacement cost of the Project and with a deductible of not more than one hundred thousand dollars (\$200,000);

b) All risks property insurance (including flood and earthquake) in an amount equal to the full replacement cost of the Project and with a deductible of not more than one hundred thousand dollars (\$200,000).

12.3 In addition, during the design and construction period of the contract the Proponent will obtain and maintain the following policies of insurance:

a) All risk builder's risk property insurance for the full replacement value of the completed construction project, including boiler and machinery, earthquake and flood based on a stated amount co-insurance and including a waiver of subrogation and loss payable, as their interest may appear, in favour of the City, and with a deductible of not more than one hundred thousand dollars (\$100,000) and remaining in effect until the completion of construction;

b) Construction wrap-up liability insurance coverage including owners and contractors protective, broad form products and completed operations, cross liability and severability of interest clauses, blanket contractual, hook liability, employers liability, non-owned automobile liability and shoring, blasting, excavating, under-pinning, demolition, pile driving and caisson work, work below and above ground surface, tunnelling and grading, and similar operations associated with the construction work, as applicable; to an inclusive limit

of not less than \$5,000,000 and in the joint names of the Proponent, City, designated consultants, designated contractors, all other contractors, sub-contractors, suppliers and/or tradesmen while working on the site, engineers, architects, consultants and other persons (including, but not limited to directors, officers, employees, shareholders, legislators and officials involved in the Project) which the City reasonably may require to be added as insured parties.

- 12.4 The Proponent shall advise the City of any cancellation, material alteration or lapse of any policies of insurance required to be provided hereunder. If the Proponent fails to effect and keep such insurance in force, or if such insurance is in an amount less than the amount required under this Agreement, the City shall have the right, upon notice to the Proponent and without assuming any obligation in connection therewith, to effect such insurance at the cost of the Proponent and all outlays by the City shall be payable by the Proponent to the City forthwith upon demand without prejudice to any other rights and recourses of the City hereunder. No such insurance taken out by the City shall relieve the Proponent of its obligations to insure hereunder and the City shall not be liable for any loss or damage suffered by the Proponent.
- 12.5 The Proponent shall duly and punctually pay or cause to be paid all premiums and other sums of money payable for maintaining the insurance to be provided pursuant to this Article. Evidence that the insurance described above is in force shall be provided to the City prior to commencement of the Agreement and thereafter once annually at least ten (10) clear days prior to the renewal date of the policy, and that the insurance will not be cancelled or permitted to expire unless the insurer notifies the City in writing at least thirty (30) days prior to such cancellation.
- 12.6 Further, the Proponent shall require all professionals involved with the Project to carry professional (errors and omissions) liability insurance in an amount not less than two million (\$2,000,000) dollars and make reasonable efforts to verify such insurance is in force throughout the period of the work.
- 12.7 The Proponent agrees to obtain for its employees and to require all designated consultants, designated contractors, all other contractors, sub-contractors, suppliers and/or tradesmen while working on the site, engineers, architects, consultants and other persons Workplace Safety and Insurance Board coverage and to ensure that such coverage continues in effect throughout the period of the work.

### **13. NOTICE**

- 13.1 Any notice or other communication required, desired or permitted to be given by this Agreement shall be in writing and shall be effectively given if:
- (a) delivered personally;
  - (b) sent by prepaid courier service; or
  - (c) sent by e-mail communication, and confirmed by mailing the original documents so sent by prepaid mail on the same or following day, addressed as follows:
    - (i) in the case of notice to the City:

The Corporation of the City of London  
P.O. Box 5035  
London, ON N6A 4L9  
E-mail: [housing@london.ca](mailto:housing@london.ca)

(ii) in the case of notice to the Proponent:

Municipal Housing Development, City of London  
7-520 Wellington Street  
London, ON N6A 3R2  
E-mail: [housing@london.ca](mailto:housing@london.ca)

or at such other address as the party to whom such notice or other communication is to be given shall have advised the party giving same in the manner provided in this section. Any notice or other communication delivered personally or by prepaid courier service shall be deemed to have been given and received on the day it is so delivered at such address, provided that if such day is not a Business Day such notice or other communication shall be deemed to have been given and received on the next following Business Day. Any notice or other communication transmitted by facsimile communication shall be deemed to have been given and received on the day of its transmission, provided that such day is a Business Day and such transmission is completed before 4:20 p.m. on such day, failing which such notice or other communication shall be deemed to have been given and received on the first (1st) Business Day after its transmission. If there has been a mail stoppage and if a party sends a notice or other communication by facsimile communication, such party shall be relieved from the obligation to mail the original document in accordance with this paragraph.

#### **14. GENERAL**

- 14.1 Any power, right or function of the City, contemplated by this Agreement, may be exercised by any employee or agent of the City, who is hereby specifically authorized in this regard.
- 14.2 It is understood that the *Municipal Freedom of Information and Protection of Privacy Act* shall apply to all records submitted to or created by the City pursuant to this Agreement.
- 14.3 The Proponent represents and warrants that it will comply with the *Municipal Freedom of Information and Protection of Privacy Act*
- 14.4 The disbursement of the Loan to the Proponent pursuant to section 2 is subject to the necessary appropriations from the Federal Parliament, the Provincial Legislature, and Municipal Council. The City and the Minister shall have no liability in the event the respective appropriations are insufficient to meet the funding obligations.
- 14.5 Nothing in this Agreement is to be construed as authorizing one Party to contract for or incur any obligation on behalf of the other or to act as agent for the other and nothing in this Agreement shall be construed to constitute the City and the Proponent as partners of each other.
- 14.6 The Proponent acknowledges that CMHC and the Minister are not parties to this Agreement or other agreement relating to any Project.
- 14.7 No member of:
- a) the House of Commons or Senate of Canada; or
  - b) the Legislative Assembly of Ontario; or
  - c) the Municipal Council constituting the Service Manager or the Municipal Council of any local municipality of the Service Manager or the governing body of any Municipal Agency, Board or Commission, of any such municipalities;

shall be admitted to any share or part of any contract, agreement or commission made pursuant to this Agreement or to any benefit arising therefrom, including, without limitation, any contract, agreement or commission arising from or related to the Program Guidelines.

- 14.8 Time shall in all respects be of the essence in this Agreement, provided that the time for doing or completing any matter provided for under this Agreement may be extended or abridged by agreement in writing signed by the City and the Proponent or their respective solicitors on their behalf, who are hereby expressly authorized in this regard.
- 14.9 Any tender of documents or money hereunder may be made by the City or the Proponent or their respective solicitors, and it shall be sufficient that a bank draft or certified cheque may be tendered instead of cash.
- 14.10 This Agreement is made pursuant to and shall be governed by and construed in accordance with the laws of the Province of Ontario. Any reference to a statute in this Agreement includes a reference to all regulations made pursuant to such statute, all amendments made to such statute and regulations in force from time to time and to any statute or regulation which may be passed, and which has the effect of supplementing or superseding such statute or regulations.
- 14.11 The headings and subheadings contained in this Agreement are inserted for convenience and for reference only and in no way define, limit or describe the scope or intent of this Agreement or form part of this Agreement.
- 14.12 The Parties agree that there are no representations, warranties, covenants, agreements, collateral agreements or conditions affecting the property or this Agreement other than as expressed in writing in this Agreement.
- 14.13 This Agreement shall be read with all changes of gender and number required by the context.
- 14.14 The Proponent shall not transfer or convey its interest in all or any part of the Project without, subject to subsection 15.15, simultaneously assigning its interest in this Agreement to the transferee, which transferee shall enter into one or more agreements with the City, in a form satisfactory to the City, to assume all of the Proponent's obligations under this Agreement and to provide the City with Security in accordance with this Agreement.
- 14.15 The Proponent shall not assign its interest in this Agreement without the prior written consent of the City, which consent shall not be arbitrarily or unreasonably withheld.
- 14.16 For the purpose of this Agreement, a transfer of the beneficial interest in the shares of the Proponent shall be deemed to constitute an assignment if it results in a change in the party or parties who owns or own more than fifty per cent (50%) of the voting shares of the said corporation.
- 14.17 Each of the Parties shall, at any time and from time to time, upon not less than twenty (20) Business Days prior written notice by the other Party, execute and deliver to the other Party a statement in writing certifying that this Agreement is in good standing, unmodified and in full force and effect, or if there have been modifications that the same are in good standing and in full force and effect, as modified, and stating the modifications. Where applicable, the statement shall state the defaults, if any, known to the Party to whom such request has been made and the action taken or proposed to be taken by such requested Party with respect to same.
- 14.18 If more than one entity is a party to this Agreement as a Proponent, all references to the Proponent shall include all of the said entities and this Agreement shall be binding on each jointly and severally.

14.19 This Agreement shall enure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns, provided that this paragraph shall in no way derogate from the provisions of section 15.15 restricting the Proponent's ability to assign this Agreement.

**IN WITNESS WHEREOF** this Agreement has been executed by the **Parties**.

**THE CORPORATION OF THE CITY OF LONDON**



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Scott Mathers  
Deputy City Manager  
Planning and Economic Development  
The Corporation of the City of London

**MUNICIPAL HOUSING DEVELOPMENT, THE CORPORATION OF THE CITY OF LONDON**



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Matt Feldberg  
Director, Municipal Housing Development  
The Corporation of the City of London

**SCHEDULE "A"**

**ONTARIO PRIORITIES HOUSING INITIATIVE  
RENTAL HOUSING COMPONENT  
PROGRAM GUIDELINES**






# Ontario Priorities Housing Initiative (OPHI)

## PROGRAM GUIDELINES

# Program Guidelines Summary

## Introduction

Ontario's Community Housing Renewal Strategy is a multi-year plan to stabilize and grow Ontario's community housing sector, with the aim of achieving the following outcomes and measures of success:

Strategic Outcomes	Desired Intermediate Outcomes
 <p><b>Increased supply and appropriate mix of affordable and adequate housing</b></p>	<ul style="list-style-type: none"> <li>• Increased non-profit, co-op and municipal affordable rental supply</li> <li>• Housing stock is in better state of repair and meets the housing needs of the people of Ontario</li> <li>• Greater involvement of the private sector to support more opportunities for affordable and mixed-income buildings</li> </ul>
 <p><b>People have improved access to affordable housing and supports that meet their needs to achieve housing stability</b></p>	<ul style="list-style-type: none"> <li>• People are better connected to housing assistance and supports that are responsive to their complex and changing needs</li> <li>• People live in safe and well-maintained housing</li> <li>• People have more choice about their housing and opportunities to participate in the economy and their community</li> <li>• People experiencing homelessness obtain and retain housing</li> </ul>
 <p><b>Improved efficiency of the community housing system to ensure value for money and long-term sustainability</b></p>	<ul style="list-style-type: none"> <li>• Improved system and inter-ministerial coordination to better identify and respond to people's needs</li> <li>• Improved system management and provider sustainability to better provide a range of housing options</li> <li>• Increased administrative efficiency</li> <li>• Reduced pressure on other service systems including health, social services, emergency, criminal justice</li> </ul>

Over time, the Community Housing Renewal Strategy will help Ontarians be more connected to housing assistance and supports that better meet their needs, live in safer and well-maintained buildings, find housing more easily, and have more opportunities to participate in the economy and their community.

The Community Housing Renewal Strategy is complemented by the Housing Supply Action Plan, which is focused on enhancing housing affordability in the broader housing market. Creating more housing, of the types and sizes people need, will help make home ownership and renting more affordable and give people more choice.

Together, Ontario's Community Housing Renewal Strategy and the Housing Supply Action Plan demonstrate the government's commitment to supporting the creation of housing that responds to all Ontarians' needs, across all incomes.

Leveraging the nine-year (2019-20 to 2027-28) federal government investments under the National Housing Strategy is important to achieving the goals and objectives of Ontario's Community Housing Renewal Strategy.

On April 30, 2018, Ontario and the Canada Mortgage and Housing Corporation signed a Bilateral Agreement regarding the National Housing Strategy. This agreement provides an opportunity to align federal funds with Ontario's Community Housing Renewal Strategy priorities.

The Bilateral Agreement defines community housing:

- Community-based housing that is owned and operated by non-profit housing corporations and housing co-operatives or housing owned directly or indirectly by provincial, territorial or municipal governments or district social services administration boards and includes Social Housing.

For the purposes of these programs, in Ontario, social housing is defined as follows:

- A project listed as a "Transferred Housing Program" in Schedule 1, Regulation 367/11 of the *Housing Services Act, 2011*.

Consistent with the Community Housing Renewal Strategy, the nine-year National Housing Strategy investments will be delivered in three three-year funding periods:

- Phase I - (2019-20 through to 2021-22)
- Phase II - (2022-23 through to 2024-25)
- Phase III - (2025-26 through to 2027-28)

These guidelines set out the parameters for Phase I for the following two National Housing Strategy funding streams:

- Canada-Ontario Community Housing Initiative (COCHI) - to protect affordability for households in social housing, to support the repair and renewal of existing social housing supply, and to expand the supply of community housing over time.
- Ontario Priorities Housing Initiative (OPHI) - to address local housing priorities, including affordability, repair and new construction.

COCHI funding represents a re-investment of federal funding that has been declining under the Canada-Ontario Social Housing Agreement. It provides an opportunity for Service Managers and housing providers to address the challenges associated with projects reaching the end of their operating agreements and/or mortgage maturity. The Province recognizes the significant challenges that Service Managers face in maintaining this important supply of community housing.

OPHI is modelled after similar, previous affordable housing programs, with the most recent being the Investment in Affordable Housing Program Extension (IAH-E). There are a number of additional features in this program, including the addition of a support services component and the eligibility of social housing under Ontario Renovates.

There will be an opportunity to review program priorities and desired outcomes prior to the second and third funding periods. The Ministry intends to undertake a review of the

early experience with program take-up and release updated/revised guidelines in 2021 to align planning for implementation beginning in April 2022.

## COCHI and OPHI Program Parameters

Although COCHI and OPHI are separate programs under the Bilateral Agreement, they are designed to share as many common elements as possible.

Service Managers are encouraged to view COCHI and OPHI as companion stackable programs as there are common eligibility parameters, e.g., repair under the COCHI Capital Component and OPHI Ontario Renovates Component, and rent supplements under the COCHI Operating Component and OPHI Rental Assistance Component.

COCHI and OPHI funding under the Bilateral Agreement cannot replace or displace any level of municipal spending in place on or before March 31, 2018.

### *Uses of Funding*

The Bilateral Agreement sets out the following broad uses of funding for COCHI and OPHI, which will assist in achieving the goals of Ontario's Community Housing Renewal Strategy:

Capital Expenditures	COCHI	OPHI
New Supply	✓ Social Housing	✓ <ul style="list-style-type: none"> <li>• Affordable Rental New Construction</li> <li>• Affordable Rental Acquisition and/or Rehabilitation</li> <li>• Affordable Rental Conversion</li> <li>• Social Housing</li> <li>• Affordable Homeownership</li> </ul>
Repair	✓ Social Housing	✓ <ul style="list-style-type: none"> <li>• Affordable Ownership Housing</li> <li>• Affordable Rental Housing</li> <li>• Social Housing</li> </ul>
Homeownership Down Payment Assistance	✗	✓
<b>Operating Expenditures</b>		
Rent Supplements	✓	✓
Housing Allowances	✗	✓
Support Services*	✗	✓
Transitional Operating Funding for Housing Providers	✓	✗

\*Please refer to Appendix D for a non-exhaustive list of eligible support services.

## *Ontario Targets to be Achieved*

The Bilateral Agreement includes nine-year targets agreed to by the Province and the Canada Mortgage and Housing Corporation. Funding under the Bilateral Agreement is to be used to ensure that the same number of units under the Canada-Ontario Social Housing Agreement in place as of April 1, 2019 will continue to be offered as community housing over the period of 2019-20 to 2027-28.

In addition, the Bilateral Agreement requires the preservation of Urban Native Housing (UNH) units to ensure there is no net loss of units with adequate rental affordability and that retained units will be improved through repair and/or capital replacement. The Ministry recognizes that UNH units may well require operating/rent-geared-to income (RGI) subsidies on an on-going basis.

Ontario and the Canada Mortgage and Housing Corporation agreed to the following baseline numbers:

- 131,063 Social Housing units, of which 95,109 are low-income;
- Of the total number of Social Housing units, 1,452 are UNH, with all 1,452 units being targeted as low-income.

## **Scope of the Guidelines**

These Program Guidelines describe the program priorities and requirements for COCHI and the program components and requirements of OPHI for the first three-year period (2019-20 to 2021-22) of the National Housing Strategy investments.

In alignment with the phased approach of the Community Housing Renewal Strategy, the nine-year National Housing Strategy investments will be delivered in three three-year phases. At the end of each phase, program achievements will be reviewed and assessed, and if necessary, program priorities for the following three-year period will be adjusted.

Please note that the Program Guidelines may be updated on an as needed basis and any changes will be communicated to the Service Managers.

## **Role of the Service Manager**

Service Managers are responsible for:

- Entering into a Transfer Payment Agreement with the province
- Completing and updating an Investment Plan outlining how their confirmed and planning funding allocations will be used under COCHI and OPHI
- Developing application processes for COCHI and OPHI, if applicable
- Selecting, recommending, and where applicable, approving projects
- Entering into funding agreements with housing providers/proponents/landlords/service providers/recipients

- Advancing payments to proponents, housing providers, service providers or recipients based on agreed upon payment schedules
- Monitoring projects to ensure timely completion and occupancy
- Fulfilling reporting requirements as per the Transfer Payment Agreement
- Adhering to indemnification provisions as per the Transfer Payment Agreement
- Preventing and resolving issues for projects that encounter difficulties
- Participating in communication events pertaining to the National Housing Strategy as per the Communications Protocol Requirements outlined in Schedule F of the Transfer Payment Agreement.

Service Managers retain all responsibility for the delivery of COCHI and OPHI even if third party delivery agencies or providers are engaged.

The Ministry is available to assist Service Managers with the implementation of COCHI and OPHI. For any questions or more information, Service Managers are encouraged to e-mail [HousingProgramsDelivery@Ontario.ca](mailto:HousingProgramsDelivery@Ontario.ca).

## **Transfer Payment Agreement**

One Transfer Payment Agreement will govern the responsibilities of Service Managers for both COCHI and OPHI.

Service Managers will enter into a Transfer Payment Agreement with the province to participate in COCHI and OPHI. The Transfer Payment Agreement contains an accountability framework between the province and Service Managers and outlines the roles and responsibilities of the Service Manager.

The Transfer Payment Agreement outlines:

- Financial provisions (i.e. administration fees, payment dates and financial accountability)
- Eligibility criteria
- Indemnification and repayment provisions
- Risk management protocols for projects facing difficulties
- Reporting and other accountability provisions
- Other requirements (e.g. French Language Services).

Transfer Payment Agreements should be signed by no later than September 15, 2019 to ensure that Service Managers receive program funding in a timely manner.

## **Investment Plan, Reporting and Monitoring Approach**

### ***Investment Plan***

To balance Service Manager flexibility and the province's need to be accountable to the Canada Mortgage and Housing Corporation for spending under the Bilateral Agreement, Service Managers will be required to develop an Investment Plan.

The Investment Plan will be used as the main budget setting and quarterly reporting tool.

The Investment Plan will outline how the annual COCHI and OPHI funding allocations will be used over the first three-year funding period (2019-20 to 2021-22). Investment Plans must be Council/Board (or delegated authority) approved. The Ministry will review the Investment Plans to ensure consistency with the Bilateral Agreement and Program Guidelines.

As part of developing the Investment Plan, the Ministry's expectation is that Service Managers will consult with community housing providers within their service areas to determine their needs and requirements to promote long-term sustainability and viability. The Ministry acknowledges that timing for the 2019-20 fiscal year may not allow for extensive consultation and planning.

The Investment Plan is intended to be a concise document that identifies:

- The COCHI and OPHI components the Service Manager will deliver in each year of the program and how the selected components address the needs identified in the Service Managers' Housing and Homelessness Plan;
- How, in the COCHI and OPHI capital components, Service Manager decisions will reflect value for money and prudent use of public funds;
- The number of units expected to be created and repaired and households to be assisted under the selected COCHI and OPHI components in each year of the program;
- The amount of funding from each year's funding allocation to be used for the COCHI and OPHI selected components, and the projected and actual commitments on a quarterly basis;
- The timing and method of the distribution of COCHI and OPHI funds on a project-level;
- Any targeted vulnerable sub-populations under the selected program components, according to the groups defined under the National Housing Strategy<sup>1</sup>, as applicable; and,
- The amount of funding from each year's funding allocation to be used for administration.

In addition to the Implementation Plan, there is a COCHI Sustainability Plan that illustrates how the selection of projects will support the Community Housing Renewal objective of COCHI. Service Managers are required to list the specific projects they intend to fund with their COCHI allocation to ensure that only housing providers that demonstrate long-term sustainability receive this funding. This plan must be Council/Board (or delegated authority) approved. Although the submission of the

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<sup>1</sup> NHS vulnerable sub-populations: Seniors, Indigenous peoples, persons with disabilities, women and girls, particularly those fleeing situations of domestic violence, veterans, visible minorities, refugees, people suffering from mental illness or substance dependence, individuals and families experiencing homelessness.

COCHI Sustainability Plan is mandatory, payments will not be contingent on its submission. Please refer to Schedule I of the Transfer Payment Agreement.

### Reporting

The Investment Plan will also serve as the baseline reporting tool to enable the province to monitor program achievements and to report back to Canada Mortgage and Housing Corporation per the Bilateral Agreement. As such, Service Managers will be required to provide quarterly updates to the Investment Plan.

The Ministry is committed to achieving streamlined reporting requirements across all transfer payment programs to minimize administrative burden and maximize the focus on achieving outcomes, while providing necessary accountability for the expenditure of government funds. In the case of the COCHI and OPHI programs, the Ministry must meet minimum requirements in order to access federal funding and must work towards progressively meeting the full requirements of Canada Mortgage and Housing Corporation, as outlined in the Bilateral Agreement, for reporting to the federal government. The Ministry is also committed to working with Service Managers and Canada Mortgage and Housing Corporation towards a streamlined and efficient reporting approach.

Service Managers are required to provide the following information in the Investment Plan for all components under COCHI and OPHI:

- Details on initial budget by component for both COCHI and OPHI (see above);
- For applicable components, an initial projection of how funding will be disbursed by quarter;
- Quarterly updates on actual disbursements to date (this will include a comparison of initial projected disbursements to actual disbursements);
- Changes to the budget by component;
- Narrative information;
- Project level details; and
- Performance measures (e.g., targets).

The details identified in the Investment Plan will help to inform quarterly payments made by the Ministry, progress on spending, and targets. This information will then be used to update reports such as the Progress Reports and Quarterly Claims required by Canada Mortgage and Housing Corporation under the Bilateral Agreement.

The province is required to submit an Annual Audited Statement of Disbursements to the Canada Mortgage and Housing Corporation for each fiscal year. The information provided through the year-end Investment Plan due to the Ministry each May 31, will be aggregated at the provincial level, audited and presented to the Canada Mortgage and Housing Corporation as part of the Annual Audited Statement of Disbursements requirement under the Bilateral Agreement.



Please note there are other reporting requirements for components under COCHI and OPHI that are specified under each component in the Program Guidelines.

The initial Investment Plan for 2019-20 must be submitted to the Ministry for review no later than September 15, 2019.

The Supplemental COCHI Sustainability Plan may be emailed directly to [HousingProgramsDelivery@Ontario.ca](mailto:HousingProgramsDelivery@Ontario.ca), by no later than December 15, 2019.

Service Managers are required to update their Investment Plans and include details on progress (i.e. actual disbursements against projected disbursements) and revised forecasts per the schedule below:

<b>Due Date</b>	<b>Description</b>	<b>Purpose</b>
September 15, 2019	Initial Investment Plan to Ministry due. Includes: <ul style="list-style-type: none"> <li>• Budget by component for both COCHI and OPHI</li> <li>• For applicable components, projected disbursements by quarter for both COCHI and OPHI</li> </ul>	<ul style="list-style-type: none"> <li>• Provides a budget breakdown by component for COCHI and OPHI to be input into the Transfer Payment Hub System (formerly known as Grants Ontario) for program spending requirements</li> <li>• The forecast spending by quarter allows the Ministry to know how to flow quarterly payments</li> </ul>
December 15, 2019  Q3 Report	Updates to the Investment Plan. Includes: <ul style="list-style-type: none"> <li>• Year-to-date (YTD) actual disbursements for both COCHI and OPHI</li> <li>• Projected disbursements for remainder of the year for COCHI and OPHI</li> </ul>	<ul style="list-style-type: none"> <li>• YTD information allows for program monitoring</li> <li>• Projected disbursements for remainder of the year allows for updated payment information</li> </ul>
February 15, 2020  Q4 Report	Updates to Investment Plan. Includes: <ul style="list-style-type: none"> <li>• YTD actual disbursements for both COCHI and OPHI</li> <li>• Projected disbursements for February and March for both COCHI and OPHI</li> </ul>	<ul style="list-style-type: none"> <li>• Actual and projected disbursement information is required for program monitoring and to ensure full take-up of available funding</li> </ul>

May 31, 2020	<p>Final year-end reporting to Investment Plan. Includes:</p> <ul style="list-style-type: none"> <li>• Updated actual disbursements for Fiscal Year 2019-20 for both COCHI and OPHI</li> <li>• Any other updates if necessary</li> </ul> <p>Report confirming continued compliance with the French Language Services (FLS) requirements.</p>	<ul style="list-style-type: none"> <li>• Allows the Ministry to complete final reconciliation</li> <li>• The final information will be used to form the Annual Audited Statement of Disbursements requirement of CMHC</li> <li>• FLS reporting is to comply with provincial legislation</li> </ul>
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The Investment Plans for 2020-21 and 2021-22 must be submitted to the Ministry according to the following schedule:

<b>Due Date</b>	<b>Description</b>	<b>Purpose</b>
February 15, 2020 and 2021	<p>Initial Investment Plan Year 2 and 3 to Ministry for review. Includes:</p> <ul style="list-style-type: none"> <li>• Budget by component for both COCHI and OPHI</li> <li>• For applicable components, projected disbursements by quarter for new fiscal year for both COCHI and OPHI</li> </ul>	<ul style="list-style-type: none"> <li>• Provides a budget breakdown by component for COCHI and OPHI to be input into TP Hub System for program spending requirements</li> <li>• The forecast spending by quarter allows the Ministry to monitor progress</li> </ul>
September 15, 2020 and 2021  Q2 Report	<p>Updates to the Investment Plan Year 2 and Year 3 include:</p> <ul style="list-style-type: none"> <li>• YTD actual disbursements for both COCHI and OPHI</li> <li>• Projected disbursements for remainder of the year for both COCHI and OPHI</li> </ul>	<ul style="list-style-type: none"> <li>• YTD information allows for program monitoring</li> <li>• Projected disbursements by quarter allows for updated payment information</li> </ul>
December 15, 2020 and 2021  Q3 Report	<p>Updates to the Investment Plan Year 2 and Year 3 include:</p> <ul style="list-style-type: none"> <li>• YTD actual disbursements for both COCHI and OPHI</li> <li>• Projected disbursements for remainder of the year by quarter for both COCHI and OPHI</li> </ul>	<ul style="list-style-type: none"> <li>• YTD information allows for program monitoring</li> <li>• Projected disbursements for remainder of the year allows for updated payment information</li> </ul>

<p>February 15, 2021 and 2022</p> <p>Q4 Report</p>	<p>Investment Plan Update Year 2 and Year 3:</p> <ul style="list-style-type: none"> <li>• YTD actual disbursements for both COCHI and OPHI</li> <li>• Projected disbursements for February and March for both COCHI and OPHI</li> </ul>	<ul style="list-style-type: none"> <li>• Actual and projected disbursement information is required for program monitoring and to ensure full take-up of available funding</li> </ul>
<p>May 31, 2021 and 2022</p>	<p>Final year-end reporting on Investment Plan Year 2 and Year 3. Includes:</p> <ul style="list-style-type: none"> <li>• Updated actual disbursements for fiscal year 2020-21 and 2021-22 for both COCHI and OPHI</li> <li>• Any other updates if necessary</li> </ul> <p>Report confirming continued compliance with the French Language Services (FLS) requirements.</p>	<ul style="list-style-type: none"> <li>• Allows the Ministry to complete final reconciliation</li> <li>• The final information will be used to form the Annual Audited Statement of Disbursements</li> <li>• FLS reporting is to comply with provincial legislation</li> </ul>

Monitoring

The quarterly updates to the Investment Plan will also serve as the tool for the Ministry to monitor program progress. Although payments will be made up-front based on the projected disbursements in the Investment Plan, the Ministry will use the information provided in the quarterly updates to the Investment Plan to adjust quarterly payments to reflect Service Manager needs.

**Funding Commitments**

Funding allocations are provided on a “use it or lose it” basis. For operating components, all funds must be disbursed to the recipient in the program year in which the funding was committed.

Funds not committed by the required timelines may be reallocated to other Service Managers as funding from one year cannot be allocated by the Province to future years. Realignment to other Service Managers will help to maximize federal funding received in one year to reach overall desired program outcomes. Details on what constitutes a commitment are provided in the subsequent COCHI and OPHI sections.

As part of the Bilateral Agreement, the Province is required to provide the Canada Mortgage and Housing Corporation with project level details for both capital and

operating expenditures under COCHI and OPHI. If this information is not provided to the Ministry by the key dates identified, Service Managers risk losing funding as per the “use it or lose it” provision.

## **Payments**

Where applicable and unless otherwise stated in the Program Guidelines, the Ministry will provide quarterly payments based on the information requested through the Investment Plan.

Generally, payments to Service Managers will be made on a quarterly basis as follows:

- April 15;
- July 15;
- October 15; and
- No later than March 1.

These dates may be adjusted within 2019-20.

## **Administration Costs**

Service Managers may use up to five percent of each of their annual COCHI and OPHI funding allocations to assist with the administration costs for delivering the respective initiatives. Service Managers are responsible for determining the amounts required by program year and identifying these amounts in their Investment Plans.

Service Managers are encouraged to reduce their administration costs below 5 percent to provide more funding to program recipients.

Administration costs will be paid to Service Managers quarterly based on the annual Investment Plan.

## **French Language Services**

Service Managers providing a service to the public in connection with COCHI or OPHI and that have an office (including the offices of sub-contractors) located in or serving a designated area must:

- Ensure services are provided in French; and,
- Make it known to the public (through signs, notices, other information on services, and initiation of communications in French) that services provided to and communications with the public in connection with the initiatives are available in French.

The list of designated areas can be found in Appendix A.

Service Managers are required to submit annual French Language Services Reports confirming their continued compliance with the French language services requirements,

by May 31 of each year so that it aligns with the final year-end reporting.

## Environmental Assessment

Projects approved under COCHI and OPHI are subject to the *Canadian Environmental Assessment Act 2012* (“CEAA 2012”). Service Managers are required to check for compliance of the CEAA 2012 and provide confirmation to the Ministry. Please refer to Appendix B for the CEAA 2012 checklist. CEAA 2012 compliance does not apply to the Homeownership, Rental Assistance, or Housing Support Services components of OPHI or the operating component of COCHI.

## Communications Protocol

Service Managers participating in COCHI and OPHI must agree to adhere to the Canada Mortgage and Housing Corporation-Ontario Bilateral Agreement – Communications Protocol. This is to ensure open, transparent, effective and proactive communications with citizens through ongoing public information activities that recognize the contributions of each party.

## Important Dates

Date	Description
September 15, 2019 <i>For 2019-20 only</i>	<ul style="list-style-type: none"> <li>• Transfer Payment and Investment Plan due to ensure timely quarterly payments</li> </ul>
September 15, 2020 and 2021  Q2 Report	Updates to the Investment Plan. Includes: <ul style="list-style-type: none"> <li>• Year-to-date actual disbursements for both COCHI and OPHI</li> <li>• For applicable components, projected disbursements for remainder of the year for both COCHI and OPHI</li> <li>• <b>Note:</b> <i>Service Managers have until September 15 to formally request transfers of funding between Capital and Operating components, and vice versa, within each of the COCHI and OPHI allocations. This allows time for the Ministry to seek the necessary approvals to move funding to align with Service Manager needs.</i></li> </ul>
December 15, 2019, 2020 and 2021  Q3 Report	Updates to the Investment Plan. Includes: <ul style="list-style-type: none"> <li>• Year-to-date actual disbursements for both COCHI and OPHI</li> <li>• For applicable components, projected disbursements for remainder of the year for both COCHI and OPHI</li> </ul>

December 31, 2019, 2020, 2021  OPHI Rental Component only	<ul style="list-style-type: none"> <li>• Final day to input Contribution Agreements into Transfer Payment Hub System and to commit funding</li> <li>• <i>If Contribution Agreements not in system, the respective funding allocation may be reallocated to another Service Manager</i></li> </ul>
January 30, 2020, 2021 and 2022	<ul style="list-style-type: none"> <li>• Final day to input Project Information Forms and, where applicable, Contribution Agreements into Transfer Payment Hub System and to commit funding</li> <li>• <i>If Project Information Forms and Contribution Agreements not in system, the respective funding allocation may be reallocated to another Service Manager</i></li> </ul>
February 15, 2020 and 2021 and 2022  Q4 Report	<ul style="list-style-type: none"> <li>• Investment Plan for 2020-21 and 2021-22 funding for both COCHI and OPHI due</li> </ul> <p>Investment Plan update Year 2 and Year 3:</p> <ul style="list-style-type: none"> <li>• Year-to-date actual disbursements and projected disbursements for February and March for both COCHI and OPHI</li> </ul>
May 31, 2020, 2021 and 2022	<p>Final year-end reporting on Investment Plan. Includes:</p> <ul style="list-style-type: none"> <li>• Final actual disbursements for each fiscal year for both COCHI and OPHI</li> <li>• The final information will be used to form the Annual Audited Statement of Disbursements</li> <li>• Any other updates if necessary</li> </ul>

\*If any of the above dates fall on a holiday or weekend, the due date is one day before the stated date above.

# Ontario Priorities Housing Initiative (OPHI)

## Program Components

OPHI offers the following program components to Service Managers:

- Rental Housing component
- Homeownership component
- Ontario Renovates component
- Rental Assistance component
- Housing Support Services component

Details on each component are included in these Guidelines.

Service Managers have the flexibility to select the components they will deliver each year using their OPHI approved and planned annual funding allocations. Planned commitments and projected take-up for selected program components must be identified in each Service Manager's Investment Plan – see page 5.

## Funding Allocations

Service Managers have been provided with their approved funding allocation for Year 1 and planning allocations for Years 2 and 3 of OPHI. Allocations are based on the Service Manager's share of all households in Ontario and their share of Ontario households in core housing need equally weighted.

The Ministry will work with Service Managers who wish to “pool” their annual funding allocations into one fiscal year to facilitate the development of larger projects. In this scenario, the Ministry coordinates a swapping of funding allocations from different fiscal years between Service Managers and ensures each Service Manager maintains their total funding allocations. Requests for swapping should be made as soon as possible by emailing [HousingProgramsDelivery@Ontario.ca](mailto:HousingProgramsDelivery@Ontario.ca).

## Funding Commitments

Funding allocations are provided on a “use it or lose it” basis. Funds not committed by the required timelines may be reallocated to other Service Managers as the swapping exercise described above is the only option available to move funds between program years.

The following documentation is required to commit funds under OPHI:

- Rental Housing – Contribution Agreement, confirmation of security
- Homeownership – Approved project information in Transfer Payment Hub System and Agreement of Purchase and Sale, or Funding/Contribution Agreement with non-profit developer and confirmation of security
- Ontario Renovates – Approved project information in Transfer Payment Hub System, confirmation of security (mortgage or promissory note), either an executed Letter of Agreement or Funding Agreement
- Rental Assistance – Commitment letter from the Ministry
- Housing Support Services – Services Agreement with a Support Services Agency or equivalent, payments for services if applicable

**NOTE:** Funding allocations are provided on a “use it or lose it” basis, since funding from one year cannot be allocated by the Province to future years. Therefore, unlike the previous Investment in Affordable Housing program, funding for both OPHI operating components – Rental Assistance and Housing Support Services – must be disbursed in the program year in which the funding was committed. Funding cannot be extended beyond the program year.

### Capital Components

Rental Housing component funding allocations must be committed by December 31 of each program year.

For the Homeownership and Ontario Renovates components, no more than 10% of each component’s funding allocation may be planned for take-up in the fourth quarter of the respective program years. A minimum of 90% of the annual funding allocations for each component must be committed by December 31 of each program year. Notwithstanding the above, any funding that remains to be committed by January 30 of each program year may be reallocated to other Service Managers.

### Operating Components

Allocations for the Rental Assistance component will be committed at the beginning of each program year through a letter from the Ministry based on the projected disbursements identified in the Service Manager’s Council-approved Investment Plan. Housing Support Service funding will be committed based on the submission of Services Agreements (or equivalent if delivered directly by the Service Manager)

Service Managers who directly deliver the Rental Assistance component and/or the Housing Support Services component are required to report on program take-up through their quarterly Investment Plan updates. The Ministry will provide quarterly payments to Service Managers based on projected disbursements. Service Managers



will be required to provide copies of rent supplement Landlord Agreements and Services Agreements under the Housing Support Services component to demonstrate program take-up.

## **Reallocation**

To ensure all funds are committed, Service Manager's may move funding from one OPHI component to another within the same program year if the original planned commitment for funding cannot be met, as follows:

- Funding originally planned for the capital components (Rental Housing, Homeownership and the Ontario Renovates) can be reallocated within these components
- Funding originally planned for the Rental Assistance component's Rent Supplement stream and Housing Allowance Direct Delivery stream, or the Housing Support Services component can be reallocated within these streams/components (for more information on delivery streams please refer to Page 47)
- No funding can be moved to the Housing Allowance Shared Delivery stream from the other OPHI components, or vice versa
- If a Service Manager wishes to reallocate funding from the capital components to either the Rental Assistance Component's Direct Delivery Streams or the Housing Support Services component, or vice versa, a request for reallocation shall be submitted to the Ministry by September 15 of the applicable year for which the reallocation is requested. The Ministry will attempt to accommodate such requests but cannot guarantee approval.

Under the capital components, all annual funding allocations must be committed to projects within the specified timelines in each program year; otherwise, the outstanding funding allocation may be reallocated to other Service Managers. The Ministry will review Service Managers' third quarter Investment Plan updates for each program year to determine whether funding targets will be met and whether reallocation is needed. Any funding remaining to be committed after January 30 of each program year may be reallocated. Any funding that is reallocated from a Service Manager will be deducted from that Service Manager's total overall allocation.

## Rental Housing Component

The Rental Housing component will:

- Increase the supply of community rental housing for households on, or eligible to be on, social housing waiting lists.
- Ensure that safe, adequate and affordable rental housing is available to Ontario households.

### Eligibility Criteria - Projects

Eligible projects must be non-profit/municipal/co-operative developments or partnerships, and be one of the following:

- New construction, including additions and extensions
- Acquisition and, where required, rehabilitation of existing residential buildings to maintain or increase the affordable rental housing stock
- Conversion of non-residential buildings or units to purpose-built rental buildings/units

Social housing redevelopment which involves building new affordable rental units/additions on social housing sites is eligible provided that the appropriate ministerial or Service Manager consent, as applicable, is obtained as per the *Housing Services Act, 2011*.

Amendments to the *Housing Services Act, 2011*, effective January 1, 2017, have resulted in changes to consent authorities. Specifically, Service Managers now have consent authority for the transfer of most social housing properties. Please refer to the Guide for Service Manager Consents under the Housing Services Act, 2011 which can be found at: <http://www.mah.gov.on.ca/AssetFactory.aspx?did=15950>.

Projects that are **not eligible** include:

- Projects proposed by private sector proponents without non-profit/municipal/co-operative partnership\*
- Secondary suites in owner-occupied housing (eligible under the Ontario Renovates component)
- Nursing and retirement homes
- Shelters and crisis care facilities
- Owner-occupied housing
- Student residences

\*Canada Mortgage and Housing Corporation has made available other programs – for example, the National Housing Co-Investment Fund – to support the development of affordable units by private developers. The Ministry is interested in focusing OPHI funding on the development of community housing that will provide longer-term public benefit.

## Eligibility Criteria – Units

Units must be modest in size and amenities relative to other housing in the community. Units are expected to be self-contained. Proponents who wish to develop congregate living buildings (rooms with shared living spaces) for supportive housing may be eligible for program funding and should provide a rationale in order to receive funding.

Service Managers may establish size and amenity requirements. If Service Managers do not set size requirements, the following provincial minimum and average size requirements must be used as a guideline for new construction projects.

	Bachelor	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
Minimum	40.0 m <sup>2</sup>	48.7 m <sup>2</sup>	60.4 m <sup>2</sup>	83.6 m <sup>2</sup>	102.2 m <sup>2</sup>
Average	41.8 m <sup>2</sup>	55.0 m <sup>2</sup>	67.4 m <sup>2</sup>	92.9 m <sup>2</sup>	109.2 m <sup>2</sup>

Up to 30% of the total available space may be used for non-residential purposes, including common areas and services used directly with the residential accommodation such as office space for support services providers.

## Project Submission Process

Service Managers will solicit proposals and select Rental Housing projects to recommend to the Ministry for funding approval. All procurement processes must be in accordance with the *Municipal Act, 2001* or the *City of Toronto Act, 2006* (applicable to the City of Toronto).

Service Managers will submit recommended projects for the Ministry's consideration within the allocation set out in their Investment Plans.

Recommended projects shall:

- Be approved by council and/or board based on municipal/board procurement practices and in accordance with the *Municipal Act, 2001* or the *City of Toronto Act, 2006* (applicable to the City of Toronto).
- Be able to sign a Contribution Agreement no later than December 31 of each program year.
- Be able to start construction within 120 days after signing a Contribution Agreement and be completed within four years.
- Be financially viable from a construction and operating cost perspective – based on Service Manager confirmation.
- Meet the current Ontario Building Code and *Canadian Environment Assessment Act, 2012* requirements.
- Have rents that on average for the project are at or below 80% of the Canada Mortgage and Housing Corporation Average Market Rent for the community or

as approved by the Ministry for a minimum of 20 years (see “Affordability Criteria and Rents” on page 31 for additional details).

- Provide the required equity, if applicable – 4% for partnerships between private sector and non-profit organizations; 0% for non-profit organizations.
- Address local housing needs and target tenant groups identified in local housing and homelessness plans.
- Are projected to maximize achievable reductions in energy consumption and greenhouse gas emissions relative to minimum requirements (i.e. meet or exceed the current National Energy Code and Ontario Building Code requirements for new construction; for renovations/repairs, maximize the achievable energy savings where possible when planning work or retrofits).
- Have an occupancy plan in place to ensure that units will be occupied in a timely manner.

Further, Service Managers are encouraged to give priority consideration to projects that:

- Have Contributions by Others, including the Service Manager, local municipality, and proponent – to be used in partnership with OPHI Rental Housing funding.
- Include family-sized (multi-bedroom) units.
- Are fully accessible and/or have units that are accessible to persons with disabilities.
- Provide community employment benefits including:
  - Work contracts for small and medium-sized businesses
  - Job creation for apprentices, Indigenous Peoples, women in construction, veterans and newcomers to Canada
- Have support service funding in place, if applicable.

Recommended projects for commitment should be submitted to the Ministry up to November 30 of each program year. All projects must be submitted through the Transfer Payment Hub System along with additional project background information such as that contained in Council/board reports.

## **Project Approval Process**

Project approval will be based on construction readiness, ability to meet the program’s eligibility criteria, and alignment with the Investment Plan.

Service Managers are required to create and submit Project Information Forms through the Transfer Payment Hub System. Once approved, a project will receive a Conditional Letter of Commitment from the Ministry, which confirms Ministry approval and outlines the steps to take prior to signing a Contribution Agreement.

The Contribution Agreement shall describe legal obligations and reporting requirements for the project. All Service Managers are required to enter into Contribution Agreements directly with proponents.

As funding allocations must be committed for each year of the program, the deadline to execute Contribution Agreements is December 31 of each program year to allow time for reallocation of funds if necessary. Service Managers that have not signed a Contribution Agreement or have not begun construction by the required dates may have their funding reallocated.

## **Funding**

Service Manager funding for the Rental Housing component is provided as a forgivable capital loan.

The OPHI Rental Housing component will fund up to 75% of the pro-rated share of the capital costs of the affordable units. Total capital costs include land, financing, hard (construction) and soft costs but less any HST rebates.

To encourage the development of family-sized units, and in recognition of the variance in costs across the province, per unit funding caps have been eliminated under the OPHI Rental Housing component. Service Managers are encouraged to consider factors such as unit bedroom size, unit type (e.g., low-rise apartment, high-rise apartment, townhouse), or geographic location of the project within the Service Manager's service area when determining project funding amounts. The Ministry, however, will only approve projects that are determined to provide value for public money and are modest relative to other housing in the community.

Service Managers are required to perform their due diligence to ensure that a project is financially viable from a construction cost and on-going operating context, costs per unit are accurate and the program expenditures represent a prudent and best value use of public dollars.

The Ministry, at its discretion, may require an independent analysis to confirm project financial viability.

## **Contributions by Others**

In addition to the mandatory program requirements Service Managers, municipalities and proponents are encouraged to provide additional contributions in order to increase the financial viability of the project and/or to provide deeper affordability for tenants.

Contributions by Service Managers and/or municipalities may include: waiving or reducing development charges, planning approvals application fees, building permit fees, and full property tax exemptions as well as contributions of municipal grants, and municipally-owned land.

Where appropriate, and to avoid the granting of bonuses, a Service Manager will need to ensure that an appropriate policy or program (e.g., Community Improvement Plan (per Section 28 of the *Planning Act, 1990*), Municipal Housing Facilities By-law (per

Section 110 of the *Municipal Act, 2001* – see page 32)) is in place to enable municipal contributions. For additional information on this and other municipal tools and incentives for affordable housing development, please contact the appropriate service manager, municipality, and/or [HousingProgramsDelivery@Ontario.ca](mailto:HousingProgramsDelivery@Ontario.ca) for more information.

Contributions by proponents may include land or cash, including that from fundraising and donations.

## **Payment Process**

The Ministry will advance funding directly to Service Managers, who will be responsible for making project payments to housing proponents. Service Managers will advance funds to proponents based on the completion of construction milestones and compliance with the program requirements.

Funding will be advanced to Service Managers based on the following instalments:

1. 50% at signing of the Contribution Agreement and confirmation of registration of security.
2. 40% at confirmation of structural framing.
3. 10% at confirmation of occupancy, submission of Initial Occupancy Report and submission of an updated capital cost statement in a form acceptable to the Ministry.

The Ministry may consider accelerated payments for projects sponsored by non-profit proponents or acquisition/rehabilitation projects on a case-by-case basis.

All final payments are required to be made within four years of signing the Contribution Agreement, and not later than March 31, 2026. Service Managers are required to ensure that all projects are completed and request the final payment prior to this deadline.

## **Eligible Target Groups**

The Rental Housing component aims to create affordable rental housing for households that are on, or eligible to be on, social housing waitlists. This includes, but is not limited to:

- Seniors
- Persons with disabilities
- Indigenous peoples
- People with mental health or addictions issues
- Survivors of domestic violence
- Those who are homeless or at risk of homelessness
- Recent immigrants
- Working poor
- Veterans
- Racialized groups

## **Income Verification**

Service Managers are required to establish maximum income levels for OPHI-funded Rental Housing units at the time of initial tenancy; however, all households must be on, or eligible to be on, the waiting list for social housing. Service Managers must establish an approach for income verification to ensure that households in need are targeted. Annual income verification is at the Service Manager's discretion.

## **Affordability Criteria and Rents**

Projects approved under the Rental Housing component must remain affordable for a minimum period of 20 years. Affordability is defined as having rents for the project that are at or below 80% of Canada Mortgage and Housing Corporation Average Market Rent at the time of occupancy. Average rent is calculated using actual rents paid by tenants and any rent supplements provided by the Service Manager.

While individual unit rents may be set above or below the 80% threshold, in no instance shall an OPHI-funded Rental Housing unit have a rent that is greater than the Canada Mortgage and Housing Corporation Average Market Rent for the area.

If Canada Mortgage and Housing Corporation Average Market Rents are not available for certain communities, or in instances where in the opinion of the Service Manager the Canada Mortgage and Housing Corporation Average Market Rents do not reflect the actual average market rents in the local market area, a Service Manager may request an alternate average market rent by submitting a business case including a local market rent survey for the Ministry's consideration.

Projects may include both OPHI Rental Housing and market units, but only units with rents that meet affordability requirements will receive OPHI funding.

If rent supplements are used for OPHI-funded units to provide deeper affordability for tenants, the Service Manager shall ensure total rent received by a Proponent, including rent from the tenant and any rental supplements from the Service Manager or other party shall not exceed 100% of Canada Mortgage and Housing Corporation Average Market Rent. In addition, the total of the rent paid by the tenant and any federal and/or provincially funded rent supplements paid to the proponent must be used to calculate the weighted average rent in a project.

Rent increases after initial occupancy must be made in accordance with rules established in the *Residential Tenancies Act, 2006*. New rental buildings (no part of which was occupied for residential purposes on or before November 15, 2018) are technically exempt from the *Residential Tenancies Act, 2006* rent increase guidelines but are subject to terms and conditions in the Transfer Payment Agreement. The Transfer Payment Agreement states that rent increases follow the *Residential Tenancies Act, 2006* rent increase guidelines but must still remain at or below 100% of Canada Mortgage and Housing Corporation Average Market Rent and that average

rents for the project must not exceed 80% of Canada Mortgage and Housing Corporation Average Market Rent.

The Ministry updates Average Market Rent information on its website annually at [www.mah.gov.on.ca](http://www.mah.gov.on.ca).

## **General Requirements**

The following general program requirements apply to projects approved under the Rental Housing component:

### *Municipal Housing Facility By-law*

- Where appropriate a Service Manager will ensure that a Municipal Housing Facility By-law is available to enable municipal contributions in accordance with the *Municipal Act, 2001* or the *City of Toronto Act, 2006* (applicable to the City of Toronto).
- Where a District Social Services Administration Board (DSSAB) is the Service Manager, collaboration with the appropriate local municipality will be required to ensure a Municipal Housing Facility By-law is available to proponents when deemed necessary.

Note: A Municipal Housing Facilities By-law and Agreements are a tool available under *Section 110 of the Municipal Act, 2001* and *O. Reg 603/06* (among many other tools under the *Municipal Act, 2001* and *Planning Act, 1990*) that may help facilitate municipal contributions and incentives for housing development. It may not always be appropriate and/or required for all housing developments. For more information contact the appropriate Service Manager, municipality, and/or email [HousingProgramsDelivery@Ontario.ca](mailto:HousingProgramsDelivery@Ontario.ca).

### *Municipal Capital Facilities Agreement*

Municipal Capital Facilities Agreements per O. Reg 603/06 may be used by municipalities to create relationships with other parties to deliver municipal facilities. An example of this may involve an agreement between a municipality and a not-for-profit organization in which the municipality provides financial assistance for affordable housing facilities.

Under these agreements, assistance provided by a municipality may include: giving or lending money; giving, leasing or lending property; guaranteeing borrowing; providing the services of employees of the municipality; and/or providing tax exemptions or reductions.

### *Construction*

- Projects must start construction within 120 days of signing a Contribution Agreement.



- Projects that do not start construction within 120 days of signing a Contribution Agreement may, at the Ministry's discretion, have program funding withdrawn and reallocated to another Service Manager.
- Written confirmation of construction start must be provided to the Ministry.
- Site inspections will be conducted at the discretion of the Ministry.
- Projects must complete construction within four years of signing a Contribution Agreement.

### Equity

- Minimum four percent equity must be provided for projects sponsored by partnerships between private companies and non-profit organizations.
- No equity contribution is required for projects sponsored by non-profit or co-operative housing organizations to encourage participation by these groups in the program.
- Please note that private lenders may have additional equity requirements.

### Municipal Property Tax

- Service Managers/Municipalities are required during the first 20-year affordability period of projects less than seven units to either:
  - Reduce property taxes for Rental Housing projects by setting it at a rate equivalent to, or lower than, the single residential rate for the area; or
  - Provide a grant in lieu of this property tax reduction.

### **Indemnification and Repayment**

There are obligations for all OPHI parties with regard to the indemnification and recovery of government funding. Specific obligations and provisions are included in the Transfer Payment Agreement.

The Ministry has developed the Affordable Housing Program and Investment in Affordable Housing Risk Mitigation Strategies Guide (2012) that provides best practices and clarification on preventing and resolving issues with affordable housing projects that may experience difficulties. The Guide can be found at:

<http://www.mah.gov.on.ca/Asset9886.aspx>.

In cases where an OPHI Rental Housing project encounters difficulties, the risk mitigation strategies outlined in the Guide may assist proponents and Service Managers.

### **Reporting**

In addition to individual project submission through the Transfer Payment Hub System, Service Managers are required to update their Investment Plans with their funding commitment projections under the Rental Housing component on a quarterly basis.

Please refer to Page 7 for reporting requirements and due dates. Proponents will be required to report accordingly to their Service Manager.

Quarterly updates to the Investment Plan will be supplemented by regular milestone updates through the Transfer Payment Hub System along with progress reports to the Ministry contacts describing project progress and potential issues of concern that might delay or jeopardize the project.

Service Managers will be required to submit signed project checklists and documentation in the Transfer Payment Hub System as follows:

- Within 130 days after signed Contribution Agreement: first available Building Permit, Confirmation of Construction Start.
- At completion of structural framing: confirmation of structural framing.
- An audited capital cost statement within six months following the initial occupancy date, or such additional time acceptable to the Ministry.

Service Managers are also required to complete and file with the Ministry an Initial Occupancy Report once projects are completed and occupied, and Annual Occupancy Reports for the first three years after project completion. After the first three years, filing of the Annual Occupancy Report is not required although the Service Manager is still required to complete the Annual Occupancy Report and may be requested to submit the report periodically.

This reporting ensures compliance with the provisions of the CMHC-Ontario Bilateral Agreement under the National Housing Strategy and other established program requirements. All reports and updates are to be submitted through the Transfer Payment Hub System, where possible.

## SCHEDULE "B"

### FUNDING SCHEDULE

#### 1. Disbursement of the Loan

Construction Milestones	Payments
Construction Start with First Available Permit	50 per cent (less 10% holdback)
Structural Framing Completed	40 per cent (less 10% holdback)
Occupancy Certificate	10 per cent (less 10% holdback)
Holdback	Released 60 days after lien publication

- (a) No funds shall flow if an order has been issued under subsection 12(2) of the Building Code Act and there has been no compliance with the order.
- (b) The City shall make advances of the Loan provided the conditions set forth have been satisfied:
- (i) an amount equal to 50% of the Loan (less 10% holdback) at first available permit, which amount shall be paid to the Proponent's solicitor in trust in its entirety, only in respect of Development Activities provided the funds are, in the opinion of the City are properly secured;
  - (ii) an amount equal to 40% of the Loan (less 10% holdback), at completion of structural framing, which amount shall be paid to the Proponent's solicitor in trust in its entirety, only in respect of Development Activities provided the funds are, in the opinion of the City are properly secured;
  - (iii) the balance of the Loan (less 10% holdback), upon Occupancy as evidenced by the Occupancy Certificate/Letter as provided by the City, which amount shall be paid to the Proponent's solicitor in trust in its entirety, only in respect of Development Activities provided the funds are, in the opinion of the City are properly secured;
  - (iv) the holdback of the Loan will be released 60 days after publication notice in the Daily Commercial News or as determined by the City.
- (c) The City shall not be liable to suppliers, contractors, sub-contractors, craftsmen, labourers or others for goods and services delivered by them in or upon the Property, or employed in the construction of the Improvements, or for any debts or claims accruing to any of the parties against the Proponent or against the Property.
- (d) It is distinctly understood and agreed by the parties hereto that there is no contractual relationship either express or implied, between the City and any supplier, contractor, sub-contractor, craftsman, labourer or person supplying any work, services or material to the Improvements. The Proponent is not, and shall not be, the agent of the City for any purpose. There shall be no third-party beneficiary of this Agreement, express or implied.

# SCHEDULE "C"

## RENTAL PROTOCOL

### 1. DEFINITIONS

1.1 In this Schedule "C", unless the context requires otherwise,

- "Affordability Period" means the minimum "twenty (20) year period" following the date of the first (1<sup>st</sup>) occupancy of a Unit in the Project;
- "Agreement" means the Agreement to which this Schedule "C" is attached;
- "Average Market Rents" means the average rent figures, based on geographical areas and classified by bedroom count, as determined annually in the CMHC Average Market Rent Survey

when used in this Schedule "C", the term "rent" includes the amount of any consideration paid or given or required to be paid or given by or on behalf of a tenant to the Proponent or the Proponent's agent for the right to occupy a Unit and for any services and facilities and any privilege, accommodation or thing that the Proponent provides for the tenant in respect of the occupancy of the Unit, whether or not a separate charge is made for services and facilities or for the privilege, accommodation or thing.

1.2 The definitions in the Agreement shall apply to this Schedule "C", in addition to the definitions contained in section 1.1 above.

1.3 All references to section numbers in this Schedule are references to sections of the Schedule and not sections of the Agreement, unless otherwise explicitly stated.

### 2. PROJECT RENTS

2.1 During the Affordability Period, the Proponent shall not charge rent for a Unit in the Project in excess of the Affordable Rent permitted under this Schedule "C" nor increase any rent charged for a Unit except as permitted in this Schedule "C".

### 3. RENTS

3.1 Initial rents are listed in Schedule "J" and will not be adjusted prior to occupancy.

3.2 Bachelor Rent: Two (2) Units which the Loan have been utilized shall not exceed 80% of the CMHC Average Market Rent for the London CMA. Rent increases will follow the RTA rent increase guidelines and must not exceed 80% CMHC AMR for the term of the agreement. Rent includes a fridge, stove, unit heating, cooling system, water, and parking.

3.3 One-Bedroom Rent: Thirty six (36) Units which the Loan have been utilized shall not exceed 80% of the CMHC Average Market Rent for the London CMA. Rent increases will follow the RTA rent increase guidelines and must not exceed 80% CMHC AMR for the term of the agreement. Rent includes a fridge, stove, unit heating, cooling system, water, and parking.

3.4 Two-Bedroom Rent: Four (4) Units which the Loan have been utilized shall not exceed 80% of the CMHC Average Market Rent for the London CMA. Rent increases will follow the RTA rent

increase guidelines and must not exceed 80% CMHC AMR for the term of the agreement. Rent includes a fridge, stove, unit heating, cooling system, water, and parking.

#### **4. RENT INCREASES**

- 4.1 The Proponent may increase the rent charged under section 3.2 and 3.3 with respect to a Unit only if at least twelve (12) months have elapsed,
- (a) since the day of the last rent increase respecting the Unit, if there has been an increase, or
  - (b) since the day the Unit was first rented for the first (1<sup>st</sup>) rental period following the completion of the Development Activities in connection with the Project.
- 4.2 No additional increase is permitted when a unit becomes vacant within 12 months of the annual rent increase.
- 4.3 The Proponent shall not increase the rent pursuant to section 4.1 during the Affordability Period by more than the then prevailing rent increase guideline established for each calendar year pursuant to the *Residential Tenancies Act, 2006* or any successor legislation. The Proponent acknowledges that the rent increase guideline of the *Residential Tenancies Act, 2006* or any successor legislation does not apply to the Project and agrees that the rent increase guideline applies by virtue of the contractual terms of the Agreement and this Schedule "C".

#### **5. MAXIMUM HOUSEHOLD INCOME**

- 5.1 Gross tenant household income from all sources for tenants of Affordable Rental Housing can be no greater than five (5) times their monthly occupancy cost. Proponents will be required to check incomes for prospective tenants of Affordable Rental Housing units to ensure compliance with this requirement at initial occupancy ("rent up") and when any new tenants are selected as ensuing vacancies occur during the fifty (50) year period following the Project completion date. Proponents are not required or expected to check incomes for approved tenants once they have taken possession of their units.
- 5.2 Any maximum household income outlined in section 5.1 of this schedule may be altered in the absolute discretion of the City.
- 5.3 The Proponent shall obtain at the time of application, and retain on file, the current Canada Revenue Agency Notice of Assessment for all household members over the age of 18.

#### **6. MAXIMUM HOUSEHOLD ASSETS**

- 6.1 Proponents may be required to confirm assets of prospective tenants of Affordable Rental Housing units to ensure compliance with this requirement at initial occupancy ("rent up") and when any new tenants are selected as ensuing vacancies occur during the fifty (50) year period following the Project completion date. Proponents are not required or expected to confirm incomes for approved tenants once they have taken possession of their units.
- 6.2 Any maximum household assets outlined in section 6.1 of this schedule may be altered in the absolute discretion of the City.
- 6.3 The Proponent shall obtain at the time of application, and retain on file, any required asset verification and/or documentation as determined by the City, for all household members over the age of 18.

**SCHEDULE "D"**

**ALTERNATIVE SECURITY LETTER**

Ministry of  
Municipal Affairs  
and Housing

Ministère des  
Affaires municipales  
et du Logement



Housing Programs Branch

Direction des programmes de logement

777 Bay Street, 14<sup>th</sup> Floor  
Toronto ON M7A 2J3

777, rue Bay, 14<sup>e</sup> étage  
Toronto ON M7A 2J3

Email: [dan.lawrence2@ontario.ca](mailto:dan.lawrence2@ontario.ca)

Courriel électronique: [dan.lawrence2@ontario.ca](mailto:dan.lawrence2@ontario.ca)

January 5, 2023

Matt Feldberg  
Director, Municipal Housing Development  
City of London  
520 Wellington Street – Unit #7  
London, ON  
N6A 3R2

Dear Mr. Feldberg:

**Re: Ontario Priorities Housing Initiative – Rental Housing Component  
Contribution Agreement for the Construction of 20 OPHI units  
345 Sylvan Street, London, ON N6C 4L9 (the “Project”)**

As you are aware, sections 4.2 and 5.1 of Appendix D-1 of Schedule D of the Ontario Transfer Payment Agreement for COCHI/OPHI dated August 13, 2019, between Her Majesty the Queen in Right of Ontario as represented by the Minister of Municipal Affairs and Housing and the Corporation of the City of London (the “Service Manager”), require security documents to be registered before funding is advanced to the Service Manager for the Project.

The Service Manager has advised Ministry staff that it is not appropriate to register security documents against title to the Project and has decided to use alternate security. Since the Service Manager is both the Service Manager and the Proponent for the Project, alternate security in the form of a guarantee is not feasible because it is not possible for the Service Manager to guarantee its own debt.

In order to have an acceptable form of alternate security for the Minister to advance funding to the Service Manager as Service Manager for the Project (the “Loan”), the Ministry requires the Service Manager to acknowledge and agree that in the event of default of the Proponent’s obligations under the Contribution Agreement between the Corporation of the City of London (the “Service Manager”) and Municipal Housing Development, the Corporation of the City of London (the “Proponent”), in relation to the Project, dated December 30, 2022, and the default is not corrected within twenty (20) days of notice of the default being given to the Proponent or such longer period of time as the Service Manager may determine in consultation with the Minister, either the Minister of Municipal Affairs and Housing or the Minister of Finance may withhold municipal transfer payments otherwise payable by the Province of Ontario to the Corporation of the City of London, in an amount equal to the principal amount of the Loan, together with accrued interest and interest penalties, calculated in accordance

with the Service Manager Administration Agreement. The Service Manager shall also provide the Minister with a copy of any notice of default given to the Proponent.

Please arrange for the authorized signing officers of the Corporation of the City of London to indicate their acknowledgement and agreement to these requirements by signing this letter where indicated below and returning it to me electronically.

Upon execution, this letter shall be attached to and form part of the Contribution Agreement for the Project as Schedule "Schedule D – Alternate Security".

Sincerely,




Adriana Chang  
Acting Director, Housing Programs Branch

- - - - -


The Corporation of the City of London acknowledges and agrees to the above provisions concerning alternate security for the Contribution Agreement, December 30, 2022, respecting the Project at 345 Sylvan Street, London, ON N6C 4L9.

Dated at London, Ontario, this 9th day of January, 2023.

The Corporation of the City of London

Per:  January 9/2023

Name: Scott Mathers  
Title: Deputy City Manager, Planning and Economic Development

Per:  January 9/2023

Name: Matt Feldberg  
Title: Director, Municipal Housing Development

Authorized signing officer(s) for the Corporation of the City of London



## **SCHEDULE “E”**

### **PERMITTED ENCUMBRANCES**

This schedule in the executed Charge/Mortgage will contain the registration details of all registered documents which fit into the categories listed below.

1. All mortgages and security collateral thereto-totaling principal amounts which do not exceed \$2,504,776.16 plus any CMHC or lender fees.
2. Such easements and restrictive covenants as do not prevent the Project from being constructed or used as Affordable Rental Housing.
3. Municipal agreements relating to the Development Activities in connection with the Project.

## **SCHEDULE “F”**

### **INITIAL OCCUPANCY REPORT**

OPHI – Rental Housing Component

The Initial Occupancy Report (IOR) will be generated by the Grants Ontario System once the City has notified the Province the Project has been completed and is ready for occupancy. The IOR will be signed by the Proponent and the City.

The following information will be required for the IOR form:

Section A – Project Information

Section B – Units and Rent Information

Section C – Depth of Affordability

Section D – Milestones

Section E – Financial

Section F – Project Certification

## **SCHEDULE “G”**

### **ANNUAL OCCUPANCY REPORT**

OPHI – Rental Housing Component

The Annual Occupancy Report (AOR) will be generated by the Grants Ontario System on an annual basis for the term of the Contribution Agreement. The AOR will be signed by the Proponent and the City.

The following information will be required for the AOR form:

Section A – Project Information

Section B – Units and Rent Information

Section C – Depth of Affordability

Section D – Project Certification

Section E – Service Manager/Aboriginal Program Administrator

## **SCHEDULE “H”**

### **CANADIAN ENVIRONMENTAL ASSESSMENT ACT (CEAA) CONSIDERATIONS**

The Proponent confirms that the Project complies with the Canadian Environmental Assessment Act (CEAA) 2012 as per CMHC requirements:

1. The project will not be carried out on federal lands\*;
2. The project has not been specifically identified by the Minister of the Environment in an Order Designating Physical Activities.

\*NOTE: “federal lands” includes lands that belong to, or that may be disposed of by Her Majesty in right of Canada but does not include lands under the administration and control of the Commissioner of Yukon, the Northwest Territories or Nunavut.

## SCHEDULE "I"

### LEGAL DESCRIPTION OF PROPERTY

**Number of Units:** forty-two (42) Affordable Rental Housing Units

**Property Address:** 345 Sylvan Street, London

**PIN:** 083630084

**Description:**

BLKS A & B PL 816; PT LTS 4, 5 & 13 PL 816; PT LTS 7, 8 & 10, PL 328 AS IN 710563; S/T 710563;  
S/T 88083 CITY OF LONDON

# SCHEDULE “J”

## PROJECT INFORMATION FORM

Ontario Priorities Housing Initiative – Rental Housing Component

**Service Manager** – City of London

**Project Name:** 345 Sylvan

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### **Proponent Information**

Municipal Housing Development, City of London  
7-520 Wellington Street  
London, ON N6A 3R2  
Phone: 519-930-3512  
Email: [housing@london.ca](mailto:housing@london.ca)

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### **Project Information**

**Number of units:** forty-two (42)

**Total number of units:** forty-two (42)

**Building Type:** Standard Apartment – Modular Housing

**Included in Rent:** fridge, stove, water

**Anticipated First Occupancy Date:**

<b>Unit Type</b>	<b>Number of Units</b>	<b>Monthly Rents</b>	<b>Unit Sizes</b>
Bachelor	2	\$622	398 sf
One bedroom	36	\$784	484 sf
Two bedroom	4	\$920	764 sf
<b>Total</b>	<b>42</b>		

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### **Approvals**

Date of HDC Board Approval: November 29, 2022

Date of MOH Approval:

## **Total Capital Funding**

	<b>Affordable</b>
Land Equity	\$1,050,000
CMHC Seed Fund Grant	\$150,000
HDC Grant	\$2,348,000
OPHI Year 3 Forgivable Loan	\$2,393,316
Rapid Housing Initiative Forgivable Loan	\$0.00
<b>Total Capital Funding</b>	<b>\$5,941,316</b>

## **Total Capital Costs**

	<b>Affordable</b>
Land Costs	\$1,236,645
Soft Costs	\$1,929,192
Construction Costs	\$17,813,302
<b>Total Capital Costs</b>	<b>\$20,979,139</b>

## **Operating Budget (Year 1)**

<b>Annual Revenue</b>	<b>Affordable</b>
Rental Income	
2 - Bachelor @ \$622	\$14,928
36 - One bedroom @ \$784	\$338,688
4 - Two Bedroom @ \$920	\$44,160
<b>RENT REVENUE</b>	<b>\$397,776</b>
Fundraising:	
Donations:	
Government funding:	
Laundry income \$4/load	\$7,276
<b>GROSS REVENUE</b>	<b>\$405,052</b>
Vacancy Loss 3%	\$12,152
<b>NET REVENUE</b>	<b>\$392,900</b>

<b>Annual Expenses</b>	<b>Affordable</b>
Administration costs	\$27,844
Building operating costs	\$46,200
Utilities (common area and unit heat)	\$50,400
Municipal taxes	\$70,000
Insurance	\$20,000
Replacement Reserves	\$80,000
Building Manager / Superintendent	\$40,000
Contingency	\$19,889
Other: Tenant Support Services	\$35,000
<b>TOTAL EXPENSES</b>	<b>\$389,333</b>

<b>Annual Surplus (Shortfall)</b>	<b>\$3,567</b>
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**SCHEDULE “K”**  
**DEVELOPMENT SCHEDULE**

Purchase Property	January 2020
Site Plan Approval	November 2022
Building Permit	March 2023
Construction Start	April 2023
Structural Framing Completed	January 2024
Substantial Completion	April 2024
Lien Publication	April 2024
Occupancy	March 29, 2024
Audited Financial Statement	Ninety (90) days following occupancy



**SCHEDULE "L"**

**CONDITIONAL LETTER OF COMMITMENT**

## SCHEDULE "M"

### CONFIRMATION OF EMPLOYMENT OF APPRENTICES

OPHI - Rental Housing Component

This is to confirm that the affordable housing project located at **345 Sylvan** has employed a total of \_\_\_\_\_ apprentices throughout the development and construction of the project.

The apprentices employed during project construction have received training in the following trades:

- 1.
- 2.
- 3.
- 4.

The following initiatives/activities were used to promote or support apprentices in the Project:

- 1.
- 2.
- 3.
- 4.

Housing Development Corporation, London agrees to provide appropriate documentation in support of the above information.

# CONTRIBUTION AGREEMENT

## Ontario Priorities Housing Initiative Rental Housing Component

### 345 Sylvan Street Phase II

This Agreement made the 15<sup>th</sup> day of December 2023.

#### BETWEEN:

THE CORPORATION OF THE CITY OF LONDON  
(hereinafter called the "City")

- and -

MUNICIPAL HOUSING DEVELOPMENT, THE CORPORATION OF THE CITY OF LONDON  
(hereinafter called the "Proponent")

#### WHEREAS:

- A. In order to create a supply of Affordable Housing, the Canada Mortgage and Housing Corporation ("CMHC") and Her Majesty the Queen In Right of Ontario, as represented by the Minister of Housing ("Minister")\_ entered into a bi-lateral agreement under the 2017 National Housing Strategy, effective April 1, 2018 (the "CMHC-Ontario Bilateral Agreement under the 2017 National Housing Strategy").
- B. The Minister has established a Canada-Ontario Community Housing Initiative and an Ontario Priority Housing Initiative pursuant to which the Minister will provide the CMHC funding and Provincial funding as applicable..

The Minister of Municipal Affairs and Housing (the "Minister") entered into an Ontario Transfer Payment Agreement ("TPA") with The Corporation of the City of London under which it is responsible as the Service Manager to administer the Program under the TPA; the Transfer Payment Agreement was approved by by-law A.-8423-286;.

- C. The City is the owner of the property located at 345 Sylvan Street;
- D. The City and the Proponent entered into a Contribution Agreement dated December 30, 2022 for the purpose of establishing the Proponents obligation with respect the use of funds provided by the City in its capacity as a service manager under the OPHI program for Phase I of the 345 Sylvan Street development;
- E. And whereas funding for Phase II of the 345 Sylvan Street development has been approved by the Minister;
- F. And whereas the City and the Proponent hereby enter into this Contribution Agreement (or "Agreement") for the purpose of establishing the Proponent's obligation with respect to the use of the funds for Phase II of the 345 Sylvan Street development provided to by the City in its capacity as a service manager under the OPHI.
- G. It is acknowledged that the City, through its internal division, Municipal Housing Development, is the Proponent and thus the City corporation is itself providing its commitment to use the funds in the

manner set out in this Agreement and in accordance with the criteria and the respective accountability and administrative requirements described for the Proponent and the City by this Agreement.

NOW THEREFORE, in consideration of the premises and the mutual covenants and agreements herein, the parties hereto hereby covenant and agree with each other as follows:

## 1. INTERPRETATION

1.1 In this Agreement, including its Schedules, unless the context requires otherwise,

- “Affordability Period” means the period during which the average rent in a Project is required to be maintained at an affordable level, as determined in accordance with the Program Guidelines or as otherwise established by the City.
- “Affordable Rent” means a monthly occupancy cost for a unit that does not exceed 80% of the CMHC AMR for that Unit. The Affordable Rent must include at least the unit heat, water, fridge, and stove.
- “Affordable Rental Housing” means new, purpose-built, rental housing which is modest in terms of floor area and amenities, based on household needs and community norms, in Projects that achieve rent levels in accordance with the Program Guidelines, but does not include residential premises used as a nursing home, retirement home, shelter, crisis care facility or any other type of similar facility as well as commercial or institutional premises, social or recreational services, and services or facilities related to mental or physical health care, education, corrections, food services, social support or public recreation.
- “Alternative Security” means the alternative security letter attached hereto as Schedule “D” and forming part of this Agreement.
- “Average Market Rents” and/or “AMR” means the average rent figures, based on geographical areas and classified by bedroom count, as determined annually in the Canada Mortgage and Housing Corporation Average Market Rent Survey, or, should CMHC not publish such information, as determined from time to time by the City, acting reasonably.

“Business Day” means each Monday, Tuesday, Wednesday, Thursday and Friday except when any such day occurs on a statutory holiday observed in Ontario.

- “CMHC” means Canada Mortgage and Housing Corporation.  
“Conditional Letter of Commitment” means the letter issued by the Minister confirming approval of the Project and setting out the amount, terms and conditions of the Loan allocated to the Proponent.
- “Construction Start Date” means the date the Proponent or its forces begins, in good faith, actual construction of the Affordable Rental Housing portion of the Project; construction shall be deemed not to have begun until the Proponent or its forces have at least poured footings for the foundation of the Affordable Rental Housing portion of the Project.
- “Contribution by Others” means cash or in-kind eligible contributions from Service Managers, municipalities, housing providers, the private sector, the voluntary sector, charities and individual donors, to be used in accordance with a program(s) under this Agreement. Contributions by Others does not include: contributions from any Government of Canada sources, including, but not limited to arrangements with CMHC; nor contributions under any

program wholly or partially funded from Government of Canada sources; nor contributions which receive credit under any arrangement with CMHC or the Government of Canada outside this Agreement.

- “Development Activities” means those activities which are normally undertaken for the development, construction, repair, renovation, rehabilitation or conversion of buildings for residential purposes and include the acquisition of property.
- “Force Majeure” means a delay arising from strike, lockout, riot, insurrection, terrorism, war, fire, tempest, act of God, pandemic, lack of material or supply of service at a reasonable cost, inclement weather, binding orders or regulations of governmental bodies, courts or arbitrators or any other event beyond the control of the Parties which causes a delay in the fulfillment of a Party's obligations under this Agreement notwithstanding the reasonable efforts of such Party and provided that any such non-availability or delay does not relate to any extent to any act or omission by such Party or any of its authorized agents or employees.
- “Funding Schedule” means the schedule of funding setting out progress payments for the type of Project to be undertaken by a Proponent, in the form determined by the City.
- “Loan” means an interest-free capital loan as set out in Section 2.3 in accordance with the Program Guidelines.
- “Occupancy Date” means the date in which occupancy of all Units in a Project is permitted by the appropriate authorities.
- “Parties” means the Proponent and the City, and "Party" means either of them, as the context may require.
- “Permitted Encumbrances” means the encumbrances encumbering the Affordable Housing Units that may be approved by the City, acting reasonably, during the term of this Agreement.
- “PIPEDA” means the Personal Information Protection and Electronic Documents Act, S.C. 2000, c. 5, including any amendments thereto.
- “PIPEDA Protected Information” means any "Personal Information" or "Personal Health Information", as defined under PIPEDA.
- “Program Guidelines” means the Program Guidelines for the Ontario Priorities Housing Initiative (“OPHI”) - Rental Housing Component and attached to this Agreement as Schedule "A".
- “Project” means the property and the building(s), as approved by the City, as the context may require on lands described in Schedule “H”.
- “Proponent” means The Corporation of the City of London, administered through the Municipal Housing Department.
- “Property” means the lands described in Schedule “H”.
- “Service Manager” means The Corporation of the City of London.

- “Unit” means a self-contained residential dwelling, including, without limiting the generality of the foregoing, (i) supportive rental housing where service funding is secured from sources other than the Loan; (ii) multi-bedroom units which are used for congregate living; and (iii) accessible/barrier-free units.
- 1.2 All references in this Agreement including without limitation, the Schedules hereto, to "rent" are deemed to include housing charges paid by members of non-profit housing cooperatives and "rental" is deemed to have a corresponding meaning.
- 1.3 The following Schedules are attached to and form part of this Agreement:
- |              |   |  |
|--------------|---|--|
| Schedule “A” | - | OPHI Program Guidelines                              |
| Schedule “B” | - | Funding Schedule                                     |
| Schedule “C” | - | Rental Protocol                                      |
| Schedule “D” | - | Alternative Security Letter                          |
| Schedule “E” | - | Initial Occupancy Report                             |
| Schedule “F” | - | Annual Occupancy Report                              |
| Schedule “G” | - | Canadian Environmental Assessment Act Considerations |
| Schedule “H” | - | Legal Description of Property                        |
| Schedule “I” | - | Project Information Form                             |
| Schedule “J” | - | Development Schedule                                 |
| Schedule “K” | - | Conditional Letter of Commitment from the Province   |
| Schedule “L” | - | Confirmation of Employment of Apprentices            |
- 1.4 In the event of a conflict or inconsistency between the provisions of this Agreement and the provisions of a Schedule, the provisions of this Agreement shall prevail.
- 1.5 All references in this Agreement to section numbers are references to sections of this Agreement unless otherwise stated.

**2. FUNDING**

- 2.1 The City agrees to provide to the Proponent a forgivable Loan for Phase II of the Project, upon the terms and subject to the conditions set out in this Agreement, in the amount of two million, four hundred and ninety-seven thousand, three hundred and five dollars and fifty cents Canadian (\$2,497,305.50) to be applied by the Proponent only towards the payment of Phase II of the Development Activities for Affordable Rental Housing. The Project Information Form setting out the funding for the project is attached as Schedule “I”.
- 2.2 The City shall have the option of withholding from the amount to be disbursed under section 2.1, the amount of the cost of construction necessary to complete the construction of the Project and, in such case, the City shall disburse the amount so withheld following its receipt of satisfactory evidence that such construction is substantially complete within the meaning of the *Construction Act* and provided that the *Construction Act* is complied with.
- 2.3 The Proponent shall use the amount of the Loan and Contribution by Others solely for the purpose of its Development Activities in connection with the Project.
- 2.4 No Loan amount shall flow if an order has been issued under subsection 12(2) of the *Building Code Act* and there has been no compliance with the order.
- 2.5 The Proponent may authorize the City to pay a portion of the Loan to a third party and the City shall permit such authorization.

### **3. SPECIAL CONDITIONS**

- 3.1 The City shall be included in any and all meetings related to project planning, compliance and approvals, design development, and construction meetings related to the Project.
- 3.2 The Proponent shall provide the City with a revised construction schedule and construction budget for review four (4) weeks prior to the start of construction.
- 3.3 The Proponent agrees to encourage major trades selected for this Project including electrical, mechanical, plumbing and others, where possible, to employ apprentices to be outlined in Schedule "L".
- 3.4 The Proponent agrees to undertake its Development Activities in connection with the Project in accordance with the provisions relating to the development of the Project contained in the Program Guidelines, including to complete the construction of the approved Project within construction budgets and financing approved by the City and the timelines indicated under Schedule "J".
- 3.5 The Proponent shall, subject to Force Majeure, achieve substantial completion in accordance with the Program Guidelines.
- 3.6 Without limiting the condition set out in section 5.1 (b), the Proponent shall discharge or cause the discharge of any registered construction liens so as to ensure that there are no construction liens registered against the Project on the date for the disbursement of the Loan under section 2.
- 3.7 The Proponent shall not at any time during the term of this Agreement breach any Contribution Agreement respecting the Project that it has entered into by means of a Contribution by Others, including any municipal capital facility agreement made pursuant to section 110 of the *Municipal Act, 2001* and shall not, through any breach on its part, cause such other entity to terminate a Contribution Agreement for cause. The Proponent agrees that a breach by it of any such Contribution Agreement, that has not been corrected, shall constitute a breach of this Agreement.

### **4. OPERATION OF AFFORDABLE HOUSING**

- 4.1 The Proponent acknowledges and agrees that the Rental Protocol set out in Schedule "C" applies to the Project by virtue of the contractual terms of this Agreement, notwithstanding that the Rental Protocol does not apply to the Project under the *Residential Tenancies Act, 2006*. The Proponent agrees to operate the Units in accordance with the rules set out in Schedule "C" of this Agreement.
- 4.2 Prior to occupancy of a Unit, the tenant shall be subject to review and approval of the City for compliance with the Program Guidelines. The Proponent shall provide written notice to each prospective first tenant regarding the review by the City.
- 4.3 The Proponent shall provide forty-two (42) Affordable Rental Housing Units, aimed to benefit targeted vulnerable sub-populations, including but not limited to: seniors, persons with disabilities, Indigenous peoples, people with mental health or addictions issues, survivors of domestic violence, those who are homeless or at risk of homelessness, recent immigrants, working poor, veterans and racialized groups. For clarity, the Loan is for Phase II of the Development Activities for the Project; the Proponent committed to providing forty-two (42) Affordable Rental Housing

Units in Phase I of the Development Activities for the Project and no further Affordable Rental Housing Units will be provided in consideration for this additional funding.

- 4.4 The City requires that two (2) bachelor Affordable Rental Housing Units in the Project will not exceed 80% of the CMHC AMR as outlined in Schedule "C". Rent increases may follow the *Residential Tenancies Act, 2006* rent increase guidelines but must not exceed 80% of the CMHC AMR for the term of the Agreement. At initial occupancy, the rent for a one-bedroom apartment will be \$622 monthly including items listed in section 4.11. This rent will not be adjusted prior to occupancy.
- 4.5 The City requires that thirty six (36) one-bedroom Affordable Rental Housing Units in the Project will not exceed 80% of the CMHC AMR as outlined in Schedule "C". Rent increases may follow the *Residential Tenancies Act, 2006* rent increase guidelines but must not exceed 80% of the CMHC AMR for the term of the Agreement. At initial occupancy, the rent for a one-bedroom apartment will be \$784 monthly including items listed in section 4.11. This rent will not be adjusted prior to occupancy.
- 4.6 The City requires that four (4) two-bedroom Affordable Rental Housing Units in the Project will not exceed 80% of the CMHC AMR as outlined in Schedule "C". Rent increases may follow the *Residential Tenancies Act, 2006* rent increase guidelines but must not exceed 80% of the CMHC AMR for the term of the Agreement. At initial occupancy, the rent for a one-bedroom apartment will be \$920 monthly including items listed in section 4.11. This rent will not be adjusted prior to occupancy.
- 4.7 The City requires that the Affordable Rental Housing Unit include a fridge, stove, unit heat, cooling system, water and hot water. For clarity the above requirements were set out in the Contribution Agreement for Phase I of the Development Activities for the Project.

## 5. CONDITIONS

- 5.1 The provision of funding by the City pursuant to section 2 is subject to the following conditions precedent, each of which is for the exclusive benefit of the City and may be waived in full or in part by the City by written notice to the Proponent:
  - (a) the Proponent is the registered owner in fee simple of the lands described in Schedule "H";
  - (b) any Contribution Agreement referred to in section 3 remaining in force and the Proponent being in good standing thereunder;
  - (c) there being no Claim for Lien under the *Construction Act* registered against the Project;
  - (d) there being in existence no unregistered lien or statutory claim having priority against the Project;
  - (e) the Proponent's title to the Project being free from any encumbrances other than the Permitted Encumbrances;
  - (f) the Proponent being in good standing under all of the Permitted Encumbrances; and
  - (g) there being no work orders issued against the Project by any governmental entity, agency or official.



5.2 If any of the conditions contained in section 5.1 have not been fulfilled on the date for the disbursement of the Loan by the City pursuant to section 2 and are not waived by the City pursuant to section 5.1, the City shall be under no obligation to make any advance of the Loan to the Proponent and the City shall thereupon have the right to terminate this Agreement.

## **6. TERMS OF THE LOAN**

6.1 The Loan shall have an Affordability Period of twenty (20) years, commencing as of the Occupancy Date of the Project during which the Project must continue to be used in accordance with the project details contained in Schedule "I".

6.2 The Loan amount shall be fully forgiven on the last day of the month at the end of the term of the Affordability Period, provided that the Proponent has fulfilled all the requirements of the Program Guidelines as set out in this Agreement.

6.3 The Proponent shall provide the City with such information respecting the Proponent's permanent financing obligations for the Project as the City may require from time to time. The Proponent shall not incur any additional construction financing, capital or operating debt related to the Project without the City's consent.

## **7. ACCOUNTABILITY FRAMEWORK**

7.1 In the event:

- i. The City is advised that the Project will not proceed; or
- ii. The building permit for the Project is not issued within ninety (90) days of executing this Agreement; or
- iii. The City is of the opinion that the Proponent is not proceeding in an expeditious manner with the Development Activities for which the Funds have been provided; or
- iv. The Proponent is not complying with the requirements as set out for the Term of the Agreement;

the Proponent will be in default and shall return the Loan to the City, forthwith upon demand.

7.2 The Proponent shall submit to the City, an audited financial statement with respect to the expenditure of the Loan provided pursuant to this Agreement, within ninety (90) days following the initial occupancy date.

7.3 Following the full completion of the Development Activities related to the Project, the Proponent shall submit to the City a completed information report in the form attached hereto as Schedule "E", and annually thereafter shall submit to the City completed information reports in the forms attached hereto as Schedule "F".

7.4 The City may conduct an audit, investigation, or inquiry in relation to the Project or any larger development or project of which the Project is a part of and the Proponent shall cooperate with the City and provide free access to the Project and to such staff, documents, book, records and accounts as may be determined by the City.

## **8. COMMUNICATIONS PROTOCOL**

8.1 The Proponent acknowledges that it has been informed by the City that under the terms of the Program Guidelines, all publicity, including written materials and signs, respecting the Project must recognize the contributions of CMHC, the Minister and the City. The Proponent further acknowledges that it has been informed by the City that the Program Guidelines require the

Minister to co-ordinate with CMHC and/or obtain CMHC's approval with respect to communications, signage, and advertising matters. The Proponent agrees that it shall not do or omit to do any act, which will cause the City to be in breach of the terms of the Program Guidelines.

- 8.2 The Proponent shall co-operate in organizing press conferences, announcements, and official ceremonies to be held at an appropriate location and time respecting the Project, insofar as it relates to the Program Guidelines, or respecting its participation under the Program Guidelines in any other respect.
- 8.3 During the period of the Development Activities related to the Project, the Proponent shall erect a sign at a prominent location where there is visible activity related to the approved Project. The sign shall include that it is a CMHC-Ontario-City Ontario Priorities Housing Initiative Project, bear a message approved by the three levels of government, and remain in place throughout the construction period. The sign shall be in accordance with specifications issued by the City.
- 8.4 The Proponent acknowledges that any breach of section 9 of this Agreement shall cause the City to be in breach of the Program Guidelines.

## **9. EVENT OF DEFAULT**

- 9.1 Upon the occurrence of any one or more of the following events (each an "Event of Default"):
- (a) the failure of the Proponent to perform, observe or comply with any other term, covenant, condition or provision of this Agreement within 10 days of receipt of written notice of the "failure" from the City provided the Proponent shall not be deemed to be in default if within the said period of ten (10) days, the Proponent commences the necessary action to remove the "failure" and such action is diligently prosecuted;
  - (b) any representation or warranty made by the Proponent in this Agreement proves to have been untrue or misleading in any material respect as of the date on which it was made;
  - (c) any person commences an action, suit or proceeding materially affecting the Project or file a lien against the Property, or any person shall commence an action, suit or proceeding contesting or questioning the validity or enforceability of this Agreement, unless the Proponent shall diligently contest such action, suit or proceeding and discharge any such lien forthwith without the requirement of notice by the City and post such bonds, cash or letters of credit or give such other security in order to obtain such discharge in amounts and on terms satisfactory to the City, acting reasonably;
  - (d) the Proponent ceases to carry on business;
  - (e) the Proponent:
    - (i) becomes insolvent or unable to pay its debts as they become due; or
    - (ii) files a petition in bankruptcy or voluntary petition seeking reorganization or effect a plan or other arrangement with creditors; or
    - (iii) makes an assignment for the benefit of creditors under the *Bankruptcy Act* (Canada) or any other insolvent debtors' legislation; or
    - (iv) applies for or consents to the appointment of any receiver or trustee for it or of all or any substantial part of its property and assets; or

- (v) voluntarily liquidates or winds-up or suffers itself to be liquidated or wound-up;
- (f) any of:
  - (i) an involuntary petition seeking the adjudication of the Proponent as bankrupt or insolvent not removed within 30 days; or
  - (ii) an order of any court or other authority appointing any receiver or trustee for the Proponent or for all or any substantial portion of its property and assets; or
  - (iii) a writ of execution, judgment or writ of attachment or any similar process which may, in the reasonable opinion of the City, materially impair the ability of the Proponent to perform its obligations under this Agreement or any of the Security shall be made, given or issued against the Proponent or in respect of its property and assets, and such petition, order, writ or judgment is not vacated or stayed within 15 days after its date;
- (g) the occurrence of a material adverse change in the financial condition of the Proponent which would, in the reasonable opinion of the City, detrimentally affect the ability of the Proponent to meet its obligations to the City;

then, at its option, the City may declare the full principal amount of the Loan then advanced, together with all other moneys owing to the City hereunder, due and payable forthwith. In such case, the City may realize upon any and all security pledged to it and may commence such other legal actions or proceedings against the Proponent, the Property or assets of the Proponent as may be permitted hereunder, by any one or more of the Security or at law or in equity, all as it, in its sole discretion, deems expedient. The Proponent hereby acknowledges that the City's remedies are cumulative and not mutually exclusive.

- 9.2 *Complete Construction:* If an Event of Default shall occur, then the City may, at its option, in addition to any other remedy available to it, enter upon and take charge of the Project and assume full charge of the Project and may complete the Project or enter into a contract with another to complete the same.
- 9.3 *Affordability Period:* Should the Proponent be in default under the terms of this Agreement or under the terms of any mortgage or other encumbrance registered on title to the Property, the City shall have the right to declare all or part of the Loan due and payable immediately.
- 9.4 All of the remedies in this Agreement and the Security are cumulative and are not alternative and the City shall not be precluded from availing itself simultaneously of some or all of the said remedies and any other remedies available in equity or at law.
- 9.5 Notwithstanding any of the terms of this Agreement or the Security, the City shall have the option of waiving any or all of its remedies under this Agreement and the Security, but no waiver of a provision shall be deemed to constitute a waiver of any other provision (whether or not similar) nor shall any waiver constitute a continuing waiver unless otherwise provided.

## **10. REPRESENTATION AND WARRANTIES**

- 10.1 The Proponent is a duly incorporated, organized and validly existing under the laws of the Province of Ontario and has full capacity, power and authority to own all its property and to carry on its business as now conducted and as contemplated under this Agreement and all other agreements contemplated thereunder, and is duly qualified and in good standing in each

jurisdiction in which the character of the property owned or leased or the nature of the business carried on by it makes such qualification necessary or desirable.

- 10.2 The Proponent has full corporate power, legal right and authority to enter into this Agreement and to do all acts and things as are required or contemplated hereunder to be done, observed or performed by it.
- 10.3 Except as previously disclosed in writing to the City, the Proponent is not a party to any agreement or instrument or subject to any restriction or any judgment, order, writ, injunction, decree, rule or regulation which materially and adversely affects the business, operations, prospects, properties or assets, or condition, financial or otherwise, of the Proponent.
- 10.4 None of the information, financial or otherwise, provided by the Proponent to the City and to induce the City to make the Loan and to enter into this Agreement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make any statement contained therein not misleading in light of the circumstances in which it was made.

## **11. COVENANTS OF THE PROPONENT**

11.1 The Proponent covenants and agrees with the City that, it shall:

- (a) take all such actions and do all such things required to develop and continuously carry on the construction of the Improvements in a good and workmanlike manner and in accordance with the Program Guidelines and to complete such construction not later than the date specified in Schedule "J", subject to acts of God and other events which occur for non-financial reasons beyond the control of the Proponent, including, without limitation, strikes, lock-outs or other labour or industrial disturbances, civil disturbances, arrests and restraints, interruptions by government or court orders, future valid orders of any regulatory body having proper jurisdiction, wars, riots, sabotage, blockades, embargoes, insurrections, lightning, earthquake, fires, storms, floods and explosions and to pay all costs thereof;
- (b) do or cause to be done all acts and things necessary to preserve in full force and effect the existence of the Proponent and all licences and permits required for the carrying on of the operations of the Proponent at and from the Property and to preserve and protect all of the properties, real and personal owned and used by the Proponent in connection with the Project and to cause the same to be properly maintained and to be kept in good state of repair;
- (c) pay and discharge or cause to be paid and discharged all taxes and other levies of the Province of Ontario, the City, or of any other entity having jurisdiction to impose such taxes or levies, when the same become due and payable, except such taxes as are being contested in good faith by appropriate proceedings and provided that, in such case the Proponent shall have provided the City with appropriate security;
- (d) deliver to the City the statements and reports as required by the Contribution Agreement.

11.2 The Proponent covenants and agrees with the City that, so long as any obligation is outstanding by the Proponent to the City hereunder the Proponent will not, without the prior written consent of the City, which consent may not be unreasonably withheld:

- 11.2.1 create, incur, assume or permit to exist, after knowledge of the existence thereof, any mortgage, pledge, lien, hypothecation, charge (fixed or floating), security interest or other encumbrance whatsoever on the Property or any personal property or fixtures thereon

except the encumbrances created by the following encumbrances (collectively, the "Permitted Encumbrances"):

- 11.2.1.1 the First Mortgage;
  - 11.2.1.2 encumbrances created in favour of or assigned or pledged to the City;
  - 11.2.1.3 inchoate or statutory liens for taxes which have not been assessed, or if assessed, which are either not delinquent or which are being contested by bona fide proceedings in good faith, and sufficient security for the payment of same has been given to the City, if requested; and
  - 11.2.1.4 inchoate or statutory liens of contractors, sub-contractors, mechanics, suppliers, workers and others in respect of the construction, maintenance, repair and operation of the Improvements, provided that the same are not registered encumbrances against title to the Property or any personal property, or, if so registered, have been postponed to all charges in favour of the City contained in the Security Documents or are being contested by bona fide proceedings in good faith with sufficient security for the payment thereof having been given to the City or paid into Court to prevent effectively in the City's opinion realization by disposal or other alienation from the Proponent of its legal or beneficial title to or interest in any such property.
- 11.2.2 become a party, without the prior written consent of the City, to any transaction whereby the Project would become the property of any other person, whether by way of reorganization, amalgamation, merger, transfer, sale, lease, sale and leaseback, or otherwise;
  - 11.2.3 permit any change in the beneficial ownership of the Proponent without prior written consent of the City;
  - 11.2.4 make any material change in the which pertains to the number or type of residential dwelling units of the Project without the prior written approval of the City; or
  - 11.2.5 change its fiscal year end or change the basis upon which the financial records of the Proponent are maintained, without the prior written consent of the City.

## **12. INSURANCE**

- 12.1 The Proponent agrees to purchase and maintain, during the term of this Agreement third party liability insurance in a limit of not less than five million dollars (\$5,000,000) covering bodily injury, loss or property damage resulting from any activity related in any way to this Agreement.
- 12.2 The Proponent further agrees, upon Substantial Completion, to purchase and maintain insurance policies that a prudent manager of similar premises would maintain and, without limiting those types of policies, at least the following:
  - a) Broad form boiler and machinery insurance on a blanket repair and replacement basis with limits for each accident in an amount of at least the replacement cost of the Project and with a deductible of not more than one hundred thousand dollars (\$200,000);
  - b) All risks property insurance (including flood and earthquake) in an amount equal to the full replacement cost of the Project and with a deductible of not more than one hundred thousand dollars (\$200,000).

- 12.3 In addition, during the design and construction period of the contract the Proponent will obtain and maintain the following policies of insurance:
- a) All risk builder's risk property insurance for the full replacement value of the completed construction project, including boiler and machinery, earthquake and flood based on a stated amount co-insurance and including a waiver of subrogation and loss payable, as their interest may appear, in favour of the City, and with a deductible of not more than one hundred thousand dollars (\$100,000) and remaining in effect until the completion of construction;
  - b) Construction wrap-up liability insurance coverage including owners and contractors protective, broad form products and completed operations, cross liability and severability of interest clauses, blanket contractual, hook liability, employers liability, non-owned automobile liability and shoring, blasting, excavating, under-pinning, demolition, pile driving and caisson work, work below and above ground surface, tunnelling and grading, and similar operations associated with the construction work, as applicable; to an inclusive limit of not less than \$5,000,000 and in the joint names of the Proponent, City, designated consultants, designated contractors, all other contractors, sub-contractors, suppliers and/or tradesmen while working on the site, engineers, architects, consultants and other persons (including, but not limited to directors, officers, employees, shareholders, legislators and officials involved in the Project) which the City reasonably may require to be added as insured parties.
- 12.4 The Proponent shall advise the City of any cancellation, material alteration or lapse of any policies of insurance required to be provided hereunder. If the Proponent fails to effect and keep such insurance in force, or if such insurance is in an amount less than the amount required under this Agreement, the City shall have the right, upon notice to the Proponent and without assuming any obligation in connection therewith, to effect such insurance at the cost of the Proponent and all outlays by the City shall be payable by the Proponent to the City forthwith upon demand without prejudice to any other rights and recourses of the City hereunder. No such insurance taken out by the City shall relieve the Proponent of its obligations to insure hereunder and the City shall not be liable for any loss or damage suffered by the Proponent.
- 12.5 The Proponent shall duly and punctually pay or cause to be paid all premiums and other sums of money payable for maintaining the insurance to be provided pursuant to this Article. Evidence that the insurance described above is in force shall be provided to the City prior to commencement of the Agreement and thereafter once annually at least ten (10) clear days prior to the renewal date of the policy, and that the insurance will not be cancelled or permitted to expire unless the insurer notifies the City in writing at least thirty (30) days prior to such cancellation.
- 12.6 Further, the Proponent shall require all professionals involved with the Project to carry professional (errors and omissions) liability insurance in an amount not less than two million (\$2,000,000) dollars and make reasonable efforts to verify such insurance is in force throughout the period of the work.
- 12.7 The Proponent agrees to obtain for its employees and to require all designated consultants, designated contractors, all other contractors, sub-contractors, suppliers and/or tradesmen while working on the site, engineers, architects, consultants and other persons Workplace Safety and Insurance Board coverage and to ensure that such coverage continues in effect throughout the period of the work.

### 13. NOTICE

13.1 Any notice or other communication required, desired or permitted to be given by this Agreement shall be in writing and shall be effectively given if:

- (a) delivered personally;
- (b) sent by prepaid courier service; or
- (c) sent by e-mail communication, and confirmed by mailing the original documents so sent by prepaid mail on the same or following day, addressed as follows:

(i) in the case of notice to the City:

The Corporation of the City of London  
P.O. Box 5035  
London, ON N6A 4L9  
E-mail: [housing@london.ca](mailto:housing@london.ca)

(ii) in the case of notice to the Proponent:

Municipal Housing Development, City of London  
7-520 Wellington Street  
London, ON N6A 3R2  
E-mail: [housing@london.ca](mailto:housing@london.ca)

or at such other address as the party to whom such notice or other communication is to be given shall have advised the party giving same in the manner provided in this section. Any notice or other communication delivered personally or by prepaid courier service shall be deemed to have been given and received on the day it is so delivered at such address, provided that if such day is not a Business Day such notice or other communication shall be deemed to have been given and received on the next following Business Day. Any notice or other communication transmitted by facsimile communication shall be deemed to have been given and received on the day of its transmission, provided that such day is a Business Day and such transmission is completed before 4:20 p.m. on such day, failing which such notice or other communication shall be deemed to have been given and received on the first (1st) Business Day after its transmission. If there has been a mail stoppage and if a party sends a notice or other communication by facsimile communication, such party shall be relieved from the obligation to mail the original document in accordance with this paragraph.

#### 14. GENERAL

14.1 Any power, right or function of the City, contemplated by this Agreement, may be exercised by any employee or agent of the City, who is hereby specifically authorized in this regard.

14.2 It is understood that the *Municipal Freedom of Information and Protection of Privacy Act* shall apply to all records submitted to or created by the City pursuant to this Agreement.

14.3 The Proponent represents and warrants that it will comply with the *Municipal Freedom of Information and Protection of Privacy Act*

14.4 The disbursement of the Loan to the Proponent pursuant to section 2 is subject to the necessary appropriations from the Federal Parliament, the Provincial Legislature, and Municipal Council. The City and the Minister shall have no liability in the event the respective appropriations are insufficient to meet the funding obligations.

- 14.5 Nothing in this Agreement is to be construed as authorizing one Party to contract for or incur any obligation on behalf of the other or to act as agent for the other and nothing in this Agreement shall be construed to constitute the City and the Proponent as partners of each other.
- 14.6 The Proponent acknowledges that CMHC and the Minister are not parties to this Agreement or other agreement relating to any Project.
- 14.7 No member of:
- a) the House of Commons or Senate of Canada; or
  - b) the Legislative Assembly of Ontario; or
  - c) the Municipal Council constituting the Service Manager or the Municipal Council of any local municipality of the Service Manager or the governing body of any Municipal Agency, Board or Commission, of any such municipalities;

shall be admitted to any share or part of any contract, agreement or commission made pursuant to this Agreement or to any benefit arising therefrom, including, without limitation, any contract, agreement or commission arising from or related to the Program Guidelines.

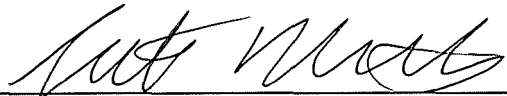
- 14.8 Time shall in all respects be of the essence in this Agreement, provided that the time for doing or completing any matter provided for under this Agreement may be extended or abridged by agreement in writing signed by the City and the Proponent or their respective solicitors on their behalf, who are hereby expressly authorized in this regard.
- 14.9 Any tender of documents or money hereunder may be made by the City or the Proponent or their respective solicitors, and it shall be sufficient that a bank draft or certified cheque may be tendered instead of cash.
- 14.10 This Agreement is made pursuant to and shall be governed by and construed in accordance with the laws of the Province of Ontario. Any reference to a statute in this Agreement includes a reference to all regulations made pursuant to such statute, all amendments made to such statute and regulations in force from time to time and to any statute or regulation which may be passed, and which has the effect of supplementing or superseding such statute or regulations.
- 14.11 The headings and subheadings contained in this Agreement are inserted for convenience and for reference only and in no way define, limit or describe the scope or intent of this Agreement or form part of this Agreement.
- 14.12 The Parties agree that there are no representations, warranties, covenants, agreements, collateral agreements or conditions affecting the property or this Agreement other than as expressed in writing in this Agreement.
- 14.13 This Agreement shall be read with all changes of gender and number required by the context.
- 14.14 The Proponent shall not transfer or convey its interest in all or any part of the Project without, subject to subsection 15.15, simultaneously assigning its interest in this Agreement to the transferee, which transferee shall enter into one or more agreements with the City, in a form satisfactory to the City, to assume all of the Proponent's obligations under this Agreement and to provide the City with Security in accordance with this Agreement.
- 14.15 The Proponent shall not assign its interest in this Agreement without the prior written consent of the City, which consent shall not be arbitrarily or unreasonably withheld.



- 14.16 For the purpose of this Agreement, a transfer of the beneficial interest in the shares of the Proponent shall be deemed to constitute an assignment if it results in a change in the party or parties who owns or own more than fifty per cent (50%) of the voting shares of the said corporation.
- 14.17 Each of the Parties shall, at any time and from time to time, upon not less than twenty (20) Business Days prior written notice by the other Party, execute and deliver to the other Party a statement in writing certifying that this Agreement is in good standing, unmodified and in full force and effect, or if there have been modifications that the same are in good standing and in full force and effect, as modified, and stating the modifications. Where applicable, the statement shall state the defaults, if any, known to the Party to whom such request has been made and the action taken or proposed to be taken by such requested Party with respect to same.
- 14.18 If more than one entity is a party to this Agreement as a Proponent, all references to the Proponent shall include all of the said entities and this Agreement shall be binding on each jointly and severally.
- 14.19 This Agreement shall enure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns, provided that this paragraph shall in no way derogate from the provisions of section 15.15 restricting the Proponent's ability to assign this Agreement.

**IN WITNESS WHEREOF** this Agreement has been executed by the **Parties**.

**THE CORPORATION OF THE CITY OF LONDON**



\_\_\_\_\_  
Scott Mathers  
Deputy City Manager  
Planning and Economic Development  
The Corporation of the City of London

**MUNICIPAL HOUSING DEVELOPMENT, THE CORPORATION OF THE CITY OF LONDON**



\_\_\_\_\_  
Matt Feldberg  
Director, Municipal Housing Development  
The Corporation of the City of London

**SCHEDULE "A"**

**ONTARIO PRIORITIES HOUSING INITIATIVE  
RENTAL HOUSING COMPONENT  
PROGRAM GUIDELINES**

# Ontario Priorities Housing Initiative (OPHI)

## Program Components

OPHI offers the following program components to Service Managers:

- Rental Housing component
- Homeownership component
- Ontario Renovates component
- Rental Assistance component
- Housing Support Services component

Details on each component are included in these Guidelines.

Service Managers have the flexibility to select the components they will deliver each year using their OPHI approved and planned annual funding allocations. Planned commitments and projected take-up for selected program components must be identified in each Service Manager's Investment Plan - see page 6.

## Funding Allocations

Allocations are based on the Service Manager's share of all households in Ontario and their share of Ontario households in core housing need equally weighted.

The following documentation is required to commit funds under OPHI:

- Rental Housing - Contribution Agreement and confirmation of security
- Homeownership - Approved project information in Transfer Payment Ontario (TPON) System and Agreement of Purchase and Sale, or Funding/Contribution Agreement with non-profit developer and confirmation of security
- Ontario Renovates - Approved project information in Transfer Payment Ontario (TPON) System, confirmation of security (mortgage or promissory note), either an executed Letter of Agreement or Funding Agreement
- Rental Assistance - Commitment letter from the Ministry
- Housing Support Services - Services Agreement with a Support Services Agency or equivalent, payments for services if applicable

**NOTE:** Funding allocations are provided on a "use it or lose it" basis, since funding from one year cannot be reprofiled by the Ministry to future years. Therefore, funding for both OPHI operating components - Rental Assistance and Housing Support Services - must be disbursed in the program year in which the funding was committed. Funding cannot be extended beyond the program year.

## Funding Commitments

Funding allocations are provided on a "use it or lose it" basis. Funds not committed by the required timelines may be reallocated to other Service Managers.

## Capital Components

**Rental Housing component** funding allocations must be committed by December 15 of each program year.

For the **Homeownership** and **Ontario Renovates** components, no more than 10 percent of each component's funding allocation may be planned for take-up in the fourth quarter of the respective program years. A minimum of 90 percent of the annual funding allocations for each component must be committed by December 15 of each program year.

Notwithstanding the above, any funding that remains to be committed by January 31 of each program year may be reallocated to other Service Managers.

## Operating Components

Allocations for the Rental Assistance component will be committed at the beginning of each program year through a letter from the Ministry based on the projected disbursements identified in the Service Manager's Council-approved Investment Plan. Housing Support Service funding will be committed based on the submission of Services Agreements (or equivalent if delivered directly by the Service Manager).

Service Managers who directly deliver the Rental Assistance component and/or the Housing Support Services component are required to report on program take-up through their quarterly Investment Plan updates. The Ministry will provide quarterly payments to Service Managers based on projected disbursements. Service Managers will be required to provide copies of rent supplement Landlord Agreements and Services Agreements under the Housing Support Services component to demonstrate program take-up.

## **Reallocation**

To ensure all funds are committed, Service Managers may move funding from one OPHI component to another within the same program year if the original planned commitment for funding cannot be met, as follows:

- Funding originally planned for a capital component (Rental Housing, Homeownership and the Ontario Renovates) can be reallocated to another capital component
- Funding originally planned for an operating component (Rental Assistance component's Rent Supplement stream and Housing Allowance Direct Delivery stream, or the Housing Support Services component) can be reallocated to another operating component (for more information on delivery streams please refer to Page 48)
- No funding for the Housing Allowance Shared Delivery stream can be moved to or from the other OPHI components, without ministry approval. Service Managers that would like to move funds between Shared Delivery and other OPHI components must submit a business case with a strong rationale to the ministry for approval. The business case shall include the reasons why the funding must be moved and a plan for how the moved funds will be used to ensure that the Service Manager's full allocation is spent by the program deadlines. Please note that submission of a business case does not guarantee approval by the Ministry.
- If a Service Manager wishes to realign funding from the capital components to either the Rental Assistance Component's Direct Delivery Streams or the Housing Support

Services component, or vice versa, a request for realignment shall be submitted to the Ministry by October 15 of the applicable year for which the realignment is requested. The Ministry will attempt to accommodate such requests but cannot guarantee approval.

Under the capital components, all annual funding allocations must be committed to projects within the specified timelines in each program year; otherwise, the outstanding funding allocation may be reallocated to other Service Managers. The Ministry will review Service Managers' third quarter Investment Plan updates for each program year to determine whether funding targets will be met and whether reallocation is needed.

Any funding remaining to be committed after January 31 of each program year may be reallocated. Any funding that is reallocated from a Service Manager will be deducted from that Service Manager's total overall allocation.

## Rental Housing Component

The Rental Housing component will:

- Increase the supply of community rental housing for households on, or eligible to be on, social housing waiting lists
- Ensure that safe, adequate, and affordable rental housing is available to Ontario households

### Eligibility Criteria - Projects

Eligible projects must be non-profit/municipal/co-operative developments or partnerships, and be one of the following:

- New construction, including additions and extensions
- Acquisition and, where required, rehabilitation of existing residential buildings to maintain or increase the affordable rental housing stock
- Conversion of non-residential buildings or units to purpose-built rental buildings/units

Social housing redevelopment which involves building new affordable rental units/additions on social housing sites is eligible provided that the appropriate ministerial or Service Manager consent, as applicable, is obtained as per the *Housing Services Act, 2011*.

Amendments to the *Housing Services Act, 2011*, effective January 1, 2017, have resulted in changes to consent authorities. Specifically, Service Managers now have consent authority for the transfer of most social housing properties. Please refer to the Guide for Service Manager Consents under the Housing Services Act, 2011 which can be found at:

<https://www.ontario.ca/page/consent-authority-service-managers>

### Ineligible Projects

Projects that are **not eligible** include:

- Projects proposed by private sector proponents without non-profit/municipal/co-operative partnership\*
- Additional units (secondary or garden suites) in owner-occupied housing (eligible only under the Ontario Renovates component)
- Nursing and retirement homes
- Shelters and crisis care facilities
- Owner-occupied housing
- Student residences

\*Canada Mortgage and Housing Corporation has made available other programs - for example, the National Housing Co-Investment Fund - to support the development of affordable units by private developers. The Ministry is interested in focusing OPHI funding on the development of community housing that will provide longer-term public benefit.

### Eligibility Criteria - Units

Units must be modest in size and amenities relative to other housing in the community. Units

are expected to be self-contained. Proponents who wish to develop congregate living buildings (rooms with shared living spaces) for supportive housing may be eligible for program funding and should provide a rationale in order to receive funding.

Service Managers may establish size and amenity requirements. If Service Managers do not set size requirements, the following provincial minimum and average size requirements can be used as a guideline for new construction projects.

	Bachelor	11 Bedroom	12 Bedroom	13 Bedroom	Bedroom
<b>Minimum</b>	40.0 m <sup>2</sup>	48.7 m <sup>2</sup>	60.4 m <sup>2</sup>	83.6 m <sup>2</sup>	102.2 m <sup>2</sup>
<b>Average</b>	41.8 m <sup>2</sup>	155.0 m <sup>2</sup>	67.4 m <sup>2</sup>	92.9 m <sup>2</sup>	1109.2 m <sup>2</sup>

Up to 30 percent of the total available space may be used for non-residential purposes, including common areas and services used directly with the residential accommodation such as office space for support services providers.

### Project Submission Process

Service Managers will solicit proposals and select Rental Housing projects to recommend to the Ministry for funding approval. All procurement processes must be in accordance with the *Municipal Act, 2001* or the *City of Toronto Act, 2006* (applicable to the City of Toronto).

Service Managers will submit recommended projects for the Ministry's consideration within the allocation set out in their Investment Plans.

Recommended projects shall:

- Be approved by council and/or board based on municipal/board procurement practices and in accordance with the *Municipal Act, 2001* or the *City of Toronto Act, 2006* (applicable to the City of Toronto)
- Be able to sign a Contribution Agreement and confirm registration of security (in a format that is applicable) no later than **December 15** of each program year
- Be able to start construction within 120 days after signing a Contribution Agreement and be completed within four years
- Be financially viable from a construction and operating cost perspective - based on Service Manager confirmation
- Meet the current Ontario Building Code and comply with the CMHC-provided checklist in Appendix C
- Have unit rents that are at or below the Canada Mortgage and Housing Corporation Average Market Rent for the community or as approved by the Ministry for a minimum of 20 years (see "Affordability Criteria and Rents" on page 31 for additional details)
- Project weighted average rent must be at or below 80 percent of CMHC AMR
- Provide the required equity, if applicable - 4 percent for partnerships between private sector and non-profit organizations; zero (0) percent for non-profit organizations
- Address local housing needs and target tenant groups identified in local housing and homelessness plans
- Be designed to maximize achievable reductions in energy consumption and

greenhouse gas emissions relative to minimum requirements (i.e., meet or exceed the current National Energy Code or Ontario Building Code requirements for new construction; and maximize the achievable energy savings where possible when planning work or retrofits for renovations/repairs). The Ministry will provide guidance and requirements for energy consumption and greenhouse gas emissions reductions in a separate communication to SMs.

- Have an occupancy plan in place to ensure that units will be occupied in a timely manner

Further, Service Managers are encouraged to give priority consideration to projects that:

- Have Contributions by Others, including the Service Manager, local municipality, and proponent - to be used in partnership with OPHI Rental Housing funding
- Include family-sized (multi-bedroom) units
- Are fully accessible and/or have units that are accessible to persons with disabilities
- Provide community employment benefits (for project with total contributions \$1OM or above) including:
  - Work contracts for small and medium-sized businesses (As per Statistics Canada, a small enterprise has fewer than 100 employees and a medium enterprise has 100 to 499 employees)
  - Job creation for apprentices, Indigenous peoples, women in construction, veterans, and newcomers to Canada
- Have support service funding in place, if applicable

## **Project Approval Process**

Project approval will be based on construction readiness, the ability to meet the program's eligibility criteria, financial viability and value for money, and alignment with the Investment Plan.

For each recommended project recommended for funding, Service Managers are required to create and submit Project Information Forms through TPON to the Ministry no later than November 30 of each program year. All projects must be submitted through TPON along with additional project background information such as that contained in Council/board reports.

Once approved, a project will receive a Conditional Letter of Commitment (CLC) from the Ministry, which confirms Ministry approval and outlines the steps to take prior to signing a Contribution Agreement.

The Contribution Agreement describes the legal obligations and reporting requirements for the project. All Service Managers are required to enter into Contribution Agreements directly with proponents.

## **Funding**

Service Manager funding for the Rental Housing component is provided as a forgivable capital loan.

The OPHI Rental Housing component will fund up to 75 percent of the pro-rated share of the capital costs of the affordable units. Total capital costs include land, financing, hard (construction) and soft costs but less any HST rebates.



To encourage the development of family-sized units, and in recognition of the variance in costs across the province, per unit funding caps have been eliminated under the OPHI Rental Housing component. Service Managers are encouraged to consider factors such as unit bedroom size, unit type (e.g., low-rise apartment, high-rise apartment, townhouse), or geographic location of the project within the Service Manager's service area when determining project funding amounts. The Ministry, however, will only approve projects that are determined to provide value for public money and are modest relative to other housing in the community.

Service Managers are required to perform their due diligence to ensure that a project is financially viable from a construction cost and on-going operating context, that costs per unit are accurate and that the program expenditures represent a prudent and best value use of public dollars.

The Ministry, at its discretion, may require further information from the Service Manager or an independent analysis to confirm project financial viability including soft, hard and land costs (including any details regarding acquisition and local market conditions) to develop affordable housing units.

## **Funding Commitment**

As funding allocations must be committed for the program, the deadline to execute Contribution Agreements and confirmation of security is December 15 of each program year to allow time for reallocation of funds if necessary. Service Managers that have not signed a Contribution Agreement or have not begun construction by the required dates may have their funding reallocated.

## **Contributions by Others**

In addition to the mandatory program requirements, Service Managers, municipalities, and proponents are encouraged to provide additional contributions in order to increase the financial viability of the project and/or to provide deeper affordability for tenants.

Contributions by Service Managers and/or municipalities may include: planning approvals application fees; building permit fees; and full property tax exemptions as well as contributions of municipal grants, and municipally owned land.

Where appropriate, and to avoid the granting of bonuses, a Service Manager will need to ensure that an appropriate policy or program (e.g., *Community Improvement Plan* (per Section 28 of the *Planning Act, 1990*), *Municipal Housing Facilities By-law* (per Section 110 of the *Municipal Act, 2001* - see page 33)) is in place to enable municipal contributions.

For additional information on this and other municipal tools and incentives for affordable housing development, please contact the appropriate service manager, municipality, and/or respective Regional Municipal Offices Team Leads for more information.

Contributions by proponents may include land or cash, including that from fundraising and donations.

## **Payment Process**

The Ministry will advance funding directly to Service Managers, who will be responsible for

making project payments to housing proponents. Service Managers will advance funds to proponents based on the completion of construction milestones and compliance with the program requirements.

Funding will be advanced to Service Managers based on the following instalments:

- 50 percent at signing of the Contribution Agreement and confirmation of registration of security.
- 40 percent at confirmation of structural framing for new construction or 50 percent completion for acquisition and rehabilitation projects.
- 10 percent at confirmation of occupancy, submission of Initial Occupancy Report, including actual capital costs.

The Ministry may consider accelerated payments for acquisition/modular projects on a case-by-case basis.

All final payments are required to be made within four years of signing the Contribution Agreement. Service Managers are required to ensure that all projects are completed and request the final payment prior to this deadline.

## **Eligible Target Groups**

The Rental Housing component aims to create affordable rental housing for households that are on, or eligible to be on, social housing waitlists. This includes, but is not limited to:

- Seniors
- Persons with disabilities
- Indigenous peoples
- People with mental health or addictions issues
- Survivors of domestic violence
- Those who are homeless or at risk of homelessness
- Recent immigrants
- Working poor
- Veterans
- Racialized groups

## **Income Verification**

Service Managers are required to establish maximum income levels for OPHI-funded Rental Housing units at the time of initial tenancy; however, all households must be on, or eligible to be on, the waiting list for social housing. Service Managers must establish an approach for income verification to ensure that households in need are targeted.

Annual income verification is at the Service Manager's discretion.

## **Affordability Criteria and Rents**

Projects approved under the Rental Housing component must remain affordable for a minimum period of 20 years. Affordability is defined as having both of the below criteria:

- 1) Individual unit rents for the project must be at or below Canada Mortgage and Housing

Corporation Average Market Rent (CMHC AMR) at the time of occupancy. Individual unit rent is calculated using actual rents paid by tenants and any rent supplements provided by the Service Manager.

- 2) The project weighted average rent must be at or below 80 percent of CMHC AMR. The project weighted average rent considers the proportion and project's total number of units of varying sizes and types.

Service Managers have flexibility in setting rent paid by tenants as long as rent for each unit is at or below CMHC AMR and the project weighted average rent does not exceed 80 percent of the project's weighted average CMHC AMR. An illustration is provided below:

Weighted Average Based on CMHC AMR:				Project Weighted Average Rent:		
Bedroom Type	No. of Units	CMHC AMR	Weighted Average CMHCAMR	Proposed Rent	No. of Units	Weighted Average of Actual Rent
1BR	2	1,000	2,000	100	2	200
2BR	3	1,200	3,600	1,200	3	3,600
3BR	5	1,500	7,500	1,300	5	6,500
<b>Weighted Average Based on CMHCAMR</b>	<b>10</b>		<b>1,310</b>	<b>Project Weighted Average</b>	<b>10</b>	<b>1,030</b>
<b>80 percent of Weighted Average</b>		<b>1,048</b>		<b>Project's Weighted Average Rent</b>		<b>79 percent</b>
				<b>Proposed Rent is 79 percent of CMHC AMR</b>		

Projects may include both OPHI Rental Housing and market units, but only units with rents that meet affordability requirements will receive OPHI funding.

If rent supplements are used for OPHI-funded units to provide deeper affordability for tenants, the Service Manager shall ensure total rent received by a Proponent, including rent from the tenant and any rental supplements from the Service Manager or other party shall not exceed 100 percent of Canada Mortgage and Housing Corporation Average Market Rent. In addition, the total of the rent paid by the tenant and any federal and/or provincially funded rent supplements paid to the proponent must be used to calculate the weighted average rent in a project.

Rent increases after initial occupancy must be made in accordance with rules established in the *Residential Tenancies Act, 2006*. New rental buildings (no part of which was occupied for residential purposes on or before November 15, 2018) are technically exempt from the *Residential Tenancies Act, 2006* rent increase guidelines but are subject to terms and conditions in the Transfer Payment Agreement. The Transfer Payment Agreement states that rent increases follow the *Residential Tenancies Act, 2006* rent increase guidelines but must still remain at or below 100 percent of Canada Mortgage and Housing Corporation Average Market Rent and that average weighted rents for the project must not exceed 80 percent of Canada Mortgage and Housing Corporation Average Market Rent.

### Alternate Average Market Rent Values

The intent of the Rental housing component is to develop affordable rental housing units for low to moderate income households and to provide longer-term public benefit. As such, the individual units created under this component must adhere to the affordability rule of being at or below CMHC AMR and a project weighted average at or below 80 percent of CMHC AMR.

If Canada Mortgage and Housing Corporation Average Market Rents are not available for certain communities, or the Service Manager believes that the Canada Mortgage and Housing Corporation Average Market Rents may impact project viability, the Service Manager may request alternate average market rent values. Service Managers may request alternate average market rent values by submitting a business case to the Ministry for a project that includes a strong rationale for alternate average market rent values to justify project viability. All such requests will be reviewed on a case-by-case basis and Ministry approval is not guaranteed.

### **General Requirements**

The following general program requirements apply to projects approved under the Rental Housing component:

#### Municipal Housing Facility By-law

- Where appropriate a Service Manager will ensure that a Municipal Housing Facility By-law is available to enable municipal contributions in accordance with the *Municipal Act, 2001* or the *City of Toronto Act, 2006* (applicable to the City of Toronto).
- Where a District Social Services Administration Board (DSSAB) is the Service Manager, collaboration with the appropriate local municipality will be required to ensure a Municipal Housing Facility By-law is available to proponents when deemed necessary.

Note: A Municipal Housing Facilities By-law and Agreements are a tool available under *Section 110 of the Municipal Act, 2001* and *O. Reg 603/06* (among many other tools under the *Municipal Act, 2001* and *Planning Act*) that may help facilitate municipal contributions and incentives for housing development. It may not always be appropriate and/or required for all housing developments. For more information contact the appropriate Service Manager, municipality, and/or respective Regional Municipal Offices Team Leads.

#### Municipal Capital Facilities Agreement

Municipal Capital Facilities Agreements per *O. Reg 603/06* may be used by municipalities to create relationships with other parties to deliver municipal facilities. An example of this may involve an agreement between a municipality and a not-for-profit organization in which the municipality provides financial assistance for affordable housing facilities.

Under these agreements, assistance provided by a municipality may include: giving or lending money; giving, leasing, or lending property; guaranteeing borrowing; providing the services of employees of the municipality; and/or providing tax exemptions or reductions.

#### Construction

- Projects must start construction within 120 days of signing a Contribution Agreement

- Projects that do not start construction within 120 days of signing a Contribution Agreement may, at the Ministry's discretion, have program funding withdrawn and reallocated to another Service Manager (SM)/Indigenous Program Administrators (IPA)
- Written confirmation of construction start must be provided to the Ministry
- Site inspections will be conducted at the discretion of the Ministry
- Projects must complete construction within four years of signing a Contribution Agreement

Service Managers must inform the ministry as soon as possible if a project is at risk of not being completed within the four-year deadline.

### Equity

- Minimum four percent equity must be provided for projects sponsored by partnerships between private companies and non-profit organizations.
- No equity contribution is required for projects sponsored by non-profit or co-operative housing organizations to encourage participation by these groups in the program.
- Please note that private lenders may have additional equity requirements.

### Municipal Property Tax

- Service Managers/Municipalities are required during the first 20-year affordability period of projects greater than seven units to either:
  - Reduce property taxes for Rental Housing projects by setting it at a rate equivalent to, or lower than, the single residential rate for the area; or
  - Provide a grant in lieu of this property tax reduction.

## **Indemnification and Repayment**

There are obligations for all OPHI parties with regard to the indemnification and recovery of government funding. Specific obligations and provisions are included in the Transfer Payment Agreement.

## **Reporting**

In addition to individual project submission through the TPON, Service Managers are required to update their Investment Plans with their funding commitment projections under the Rental Housing component on a quarterly basis. Please refer to Page 7 for reporting requirements and due dates. Proponents will be required to report accordingly to their Service Manager.

Quarterly updates to the Investment Plan will be supplemented by regular milestone updates through TPON along with progress reports to the Ministry contacts describing project progress and potential issues of concern that might delay or jeopardize the project.

Service Managers will be required to submit documentation in TPON as follows:

- Within 120 days after signed Contribution Agreement: first available Building Permit, Confirmation of Construction Start
- At completion of structural framing: confirmation of structural framing through building inspection report

- An audited capital cost statement within six months following the initial occupancy date, or such additional time acceptable to the Ministry

Service Managers are also required to complete and file with the Ministry an Initial Occupancy Report once projects are completed and occupied, and Annual Occupancy Reports for the first three years after project completion. After the first three years, filing of the Annual Occupancy Report is not required although the Service Manager is still required to complete the Annual Occupancy Report and may be requested to submit the report periodically.

This reporting ensures compliance with the provisions of the CMHC-Ontario Bilateral Agreement under the National Housing Strategy and other established program requirements. All reports and updates are to be submitted through TPON, where possible.

## SCHEDULE "B"

### FUNDING SCHEDULE

#### 1. Disbursement of the Loan

Construction Milestones	Payments
Construction Start with First Available Permit	50 per cent (less 10% holdback)
Structural Framing Completed	40 per cent (less 10% holdback)
Occupancy Certificate	10 per cent (less 10% holdback)
Holdback	Released 60 days after lien publication

- (a) No funds shall flow if an order has been issued under subsection 12(2) of the Building Code Act and there has been no compliance with the order.
- (b) The City shall make advances of the Loan provided the conditions set forth have been satisfied:
- (i) an amount equal to 50% of the Loan (less 10% holdback) at first available permit, which amount shall be paid to the Proponent's solicitor in trust in its entirety, only in respect of Development Activities provided the funds are, in the opinion of the City are properly secured;
  - (ii) an amount equal to 40% of the Loan (less 10% holdback), at completion of structural framing, which amount shall be paid to the Proponent's solicitor in trust in its entirety, only in respect of Development Activities provided the funds are, in the opinion of the City are properly secured;
  - (iii) the balance of the Loan (less 10% holdback), upon Occupancy as evidenced by the Occupancy Certificate/Letter as provided by the City, which amount shall be paid to the Proponent's solicitor in trust in its entirety, only in respect of Development Activities provided the funds are, in the opinion of the City are properly secured;
  - (iv) the holdback of the Loan will be released 60 days after publication notice in the Daily Commercial News or as determined by the City.
- (c) The City shall not be liable to suppliers, contractors, sub-contractors, craftsmen, labourers or others for goods and services delivered by them in or upon the Property, or employed in the construction of the Improvements, or for any debts or claims accruing to any of the parties against the Proponent or against the Property.
- (d) It is distinctly understood and agreed by the parties hereto that there is no contractual relationship either express or implied, between the City and any supplier, contractor, sub-contractor, craftsman, labourer or person supplying any work, services or material to the Improvements. The Proponent is not, and shall not be, the agent of the City for any purpose. There shall be no third-party beneficiary of this Agreement, express or implied.

## SCHEDULE "C"

### RENTAL PROTOCOL

#### 1. DEFINITIONS

1.1 In this Schedule C, unless the context requires otherwise,

- **"Affordability Period"** means the minimum twenty (20) year period following the date of the first (1st) occupancy of a Unit in the Project;
- **"Agreement"** means the Agreement to which this Schedule C is attached;
- **"Average Market Rents"** means the average rent figures, based on geographical areas and classified by bedroom count, as determined annually in the CMHC Average Market Rent Survey;
- **"Phase-out Period"** means the last five (5) year period of the "Affordability Period", and

when used in this Schedule C, the term "rent" includes the amount of any consideration paid or given or required to be paid or given by or on behalf of a tenant to the Proponent or the Proponent's agent for the right to occupy a Unit and for any services and facilities and any privilege, accommodation or thing that the Proponent provides for the tenant in respect of the occupancy of the Unit, whether or not a separate charge is made for services and facilities or for the privilege, accommodation or thing.

1.2 The definitions in the Agreement shall apply to this Schedule C, in addition to the definitions contained in section 1.1 above.

1.3 All references to section numbers in this Schedule C are references to sections of the Schedule C, unless otherwise explicitly stated.

#### 2. AFFORDABLE RENT

2.1 During the Affordability Period, the Proponent shall not charge rent for a Unit in the Project in excess of the affordable rent permitted under this Schedule C nor increase any rent charged for a Unit except as permitted in this Schedule C.

#### 3. RENTS

3.1 In no event shall,



- (a) the weighted average rent of all Units in a Project for which Program Funding has been utilized exceed eighty per cent (80%) of CMHC Average Market Rents in the geographical area, as determined in the most recent CMHC Annual Rental Market Survey;
- (b) rent for any Unit exceed one hundred per cent (100%) of the CMHC Average Market Rent for units of a similar type in the geographical area.

3.2 Notwithstanding 3.1(a),

- (a) in the event that eighty per cent (80%) of the CMHC Average Market Rent for units of a similar type in the geographical area is less than one hundred and five per cent (105%) of the modified shelter allowance under the Ontario Works program, the weighted average rent of all Units in a Project for which Program Funding has been utilized shall not exceed one hundred and five per cent (105%) of the modified shelter allowance under the Ontario Works program for units of a similar type;
- (b) in the event that CMHC Average Market Rent data is not available for specific unit types in the geographical area, or where CMHC Average Market Rent may impact Project viability, Service Managers may request alternate average market rent values by submitting a business case to the Minister as set out in the Program Guidelines.

3.3 Notwithstanding 3.1(b),

- (a) in the event that one hundred per cent (100%) of the CMHC Average Market Rent for units of a similar type in the geographical area is less than one hundred and thirty per cent (130%) of the modified shelter allowance under the Ontario Works program, the rents of all Units in a Project for which Program Funding has been utilized shall not exceed one hundred and thirty per cent (130%) of the modified shelter allowance under the Ontario Works program for units of a similar type;
- (b) in the event that CMHC Average Market Rent data is not available for specific unit types in the geographical area, or where CMHC Average Market Rent may impact Project viability, Service Managers may request alternate average market rent values by submitting a business case to the Minister as set out in the Program Guidelines.

3.4 If rent supplements are used for OPHI funded Rental Housing Units, the Service Manager shall ensure that the total rent received by a Proponent,

including rent from the tenant and the rent supplement, shall be subject to 3.1(b) and 3.3.

- 3.5 If federal and/or provincially funded rent supplements are used for OPHI funded Rental Housing Units, the Service Manager shall ensure that when calculating the weighted average rent for a Project, the total rent received by a Proponent, including rent from the tenants and the federal and/or provincially funded rent supplement shall be considered.

#### **4. RENT INCREASES**

- 4.1 The Proponent may increase the rent charged under section 3.1 with respect to a Unit only if at least twelve (12) months have elapsed,

- (a) since the day of the last rent increase respecting the Unit, if there has been an increase, or
- (b) since the day the Unit was first rented for the first (1st) rental period following the completion of the Development Activities in connection with the Project.

- 4.2 Subject to section 4.3, the Proponent shall not increase the rent pursuant to section 4.1 during the Affordability Period by more than the then prevailing rent increase guideline established for each calendar year pursuant to the *Residential Tenancies Act, 2006* or any successor legislation. The Proponent acknowledges and agrees that, regardless of whether the rent increase guideline under the *Residential Tenancies Act, 2006* or any successor legislation applies to the Project, the rent increase guideline applies by virtue of the contractual terms of the Agreement and this Sub-Appendix A-4.

- 4.3 From the beginning of the eleventh (11th) year of the Affordability Period until the end of the Affordability Period, in addition to the increase permitted by section 4.2, the Proponent may, subject to any requirements of the Residential Tenancies Act, 2006 or any successor legislation, apply to the Service Manager to increase Unit rents to an amount not to exceed CMHC Average Market Rent for units of a similar type in the geographical area, or alternate rents approved by the Minister.

#### **5. PHASE-OUT PERIOD**

- 5.1 During the Phase-out Period, the Proponent shall not increase the rent charged to *in-situ* tenants of Units by more than the rent guideline increase permitted under section 4.2 and any additional increase that may be approved under section 4.3.

5.2 Upon a Unit becoming vacant during the Phase-out Period, the Proponent may rent the Unit to a new tenant at any rent agreed to by the Proponent and the new tenant.

**6. EXCEPTION**

6.1 Subject to the provisions of the *Residential Tenancies Act, 2006* or any successor legislation, and notwithstanding the provisions of this Sub- Appendix D-1C respecting rent increases prior to and during the Phase- out Period, where a Service Manager implements income verification of tenants following the initial occupancy of a Unit, a Service Manager may increase the rent for a Unit by more than the rent increase guideline under the *Residential Tenancies Act, 2006* or any successor legislation, provided that the rent for the Unit does not exceed the CMHC Average Market Rent for units of a similar type for that year and provided that the weighted average rent for the funded Units in a Project does not exceed the permitted rents for the Project.

**7. AFTER PHASE-OUT PERIOD**

7.1 After the end of the Phase-out Period, the Proponent shall be permitted to rent Units in the Project to new tenants at rents agreed to by the Proponent and the new tenants.

**SCHEDULE "D"**

**ALTERNATIVE SECURITY LETTER**

**SCHEDULE "E"**

**PROPONENT'S INITIAL OCCUPANCY REPORT**

**PROPONENT'S INITIAL OCCUPANCY REPORT**  
OPHI - Rental Housing Component

**A. Project Information**

Reference No.	
Project Name	
Project Address	
Proponent Name	
Occupancy Date	
Contribution Agreement Expiry Date	

**B. Unit Details**

Target Client	Unit Type	Hous ehold Type	OPHI Units (A)	# of RS	# of SS	Non-OPHI Units (B)	Total Units (A+B)
	Bachelor						
	1 BR						
	2 BR						
	3 BR						
	Others (specify)						
	<b>Total</b>						

RS: Rent Supplements

SS: SIF – Support Services

**C. Depth of Affordability: Rents at Occupancy**

Unit Type	Unit Size	Number of Units (A)	Actual Rent to be charged per month (B)	CMHC Average Market Rent (AMR – 20XX) or Alternate AMR (C)	Actual Project Rents by Unit Type (D)=(A)X(B)	Project Rents as per CMHC AMR or Alternate AMR (E)=(A)X(C)
Bachelor						
1 BR						
2 BR						

3 BR						
Others (specify)						
<b>TOTAL</b>						

**Notes:**

1. Actual Rent is inclusive of Rent Supplements received by the Proponent.
2. Alternate AMR examples include: modified Ontario Works Shelter Allowance; Ministry-approved alternate.

<b>Weighted Average Rents</b>	<b>Project Weighted Average Rent</b> Total of (D)÷Total of (A) =	<b>CMHC or Alternate Weighted Average Rent</b> Total of (E)÷Total of (A) =
<b>Depth of Affordability</b>	(Project Weighted Average Rent ÷ CMHC (or Alternate) Weighted Average Rent) x100 =	

**D. Source of Alternate AMR (if an alternate AMR is being used)**

**E. Rationale (if Depth of Affordability is greater than 80% of CMHC AMR (or Alternate))**

**F. Project Certification**

I certify, to the best of my knowledge, that the information provided in Sections B and C above is true and correct. I hereby authorize the \_\_\_\_\_[insert name of Service Manager] to review the rent roll from appropriate sources(s) if deemed necessary.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Position

Submitted by \_\_\_\_\_ [insert name of Service Manager]

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Position



**SCHEDULE “F”**

**PROPONENT’S ANNUAL OCCUPANCY REPORT**

## PROPONENT'S ANNUAL OCCUPANCY REPORT

OPHI Rental Housing Component  
For the Year Ended December 31, 20

### A. Project Information

Reference No.	
Project Name	
Project Address	
Proponent Name	
Occupancy Date	
Contribution Agreement Expiry Date	

### B. Unit Details

Target Client	Unit Type	Household Type	OPHI Units (A)	# of RS	# of SS	Non-OPHI Units (B)	Total Units (A+B)
	Bachelor						
	1 BR						
	2 BR						
	3 BR						
	Others (specify)						
	<b>Total</b>						

Notes:

**RS:** Rent Supplements

**SS:** Support Services

### C. Actual Rents at Year End

Unit Type	OPHI Funded Units	Previous Year 20XX		Current Year 20XX			Rationale (If D>B)
		Actual Rent per Unit per Month (A)	RTA Permitted Increase per Unit per Month X % (specify) (B)	Actual Rent per Unit per Month (C)	Rent Increase (D) = (C)-(A)	(E) CMHC or Alternate AMR	
Bachelor							
1 BR							
2 BR							
3 BR							
4 BR							
Other (specify)							
<b>TOTAL</b>							

### D. Depth of Affordability: Rents during year of reporting

Unit Type	Unit Size	Number of Units (A)	Actual Rent to be charged per month (B)	CMHC Average Market Rent (AMR – 20XX) or Alternate AMR (C)	Actual Project Rents by Unit Type (D)=(A)X(B)	Project Rents as per CMHC AMR or Alternate AMR (E)=(A)X(C)
Bachelor						
1 BR						
2 BR						
3 BR						
Others (specify)						
<b>TOTAL</b>						

#### Notes:

- Actual Rent is inclusive of Rent Supplements received by the Proponent.
- Alternate AMR examples include: modified Ontario Works Shelter Allowance; Ministry-approved alternate.

<b>Weighted Average Rents</b>	<b>Project Weighted Average Rent</b> Total of (D)÷Total of (A) =	<b>CMHC or Alternate Weighted Average Rent</b> Total of (E)÷Total of (A) =
<b>Depth of Affordability</b>	(Project Weighted Average Rent ÷ CMHC (or Alternate) Weighted Average Rent) x100 =	

**Note:** Depth of Affordability cannot be greater than 80% of CMHC AMR or Alternate without the approval of the Service Manager.

**E. Rationale (if Depth of Affordability is greater than 80% of CMHC AMR (or Alternate))**

**F. Project Certification**

I certify, to the best of my knowledge, that the information provided in Sections B and C above is true and correct. I hereby authorize the \_\_\_\_\_ [insert name of Service Manager] to review the rent roll from appropriate source(s) if deemed necessary.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Position

Submitted by \_\_\_\_\_ [insert name of Service Manager]

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Position

## **SCHEDULE “G”**

### **CANADIAN ENVIRONMENTAL ASSESSMENT ACT (CEAA) CONSIDERATIONS**

The Proponent confirms that the Project complies with the Canadian Environmental Assessment Act (CEAA) 2012 as per CMHC requirements:

1. The project will not be carried out on federal lands\*;
2. The project has not been specifically identified by the Minister of the Environment in an Order Designating Physical Activities.

*\*NOTE: “federal lands” includes lands that belong to, or that may be disposed of by Her Majesty in right of Canada but does not include lands under the administration and control of the Commissioner of Yukon, the Northwest Territories or Nunavut.*

## **SCHEDULE "H"**

### **LEGAL DESCRIPTION OF PROPERTY**

**Number of Units:** forty-two (42) Affordable Rental Housing Units

**Property Address:** 345 Sylvan Street, London

**PIN:** 083630084

**Description:**

BLKS A & B PL 816; PT LTS 4, 5 & 13 PL 816; PT LTS 7, 8 & 10, PL 328 AS IN 710563; S/T 710563;  
S/T 88083 CITY OF LONDON

## SCHEDULE "I"

### PROJECT INFORMATION FORM

Ontario Priorities Housing Initiative – Rental Housing Component

**Service Manager** – City of London

**Project Name:** 345 Sylvan

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#### Proponent Information

Municipal Housing Development, City of London  
7-520 Wellington Street  
London, ON N6A 3R2  
Phone: 519-930-3512  
Email: [housing@london.ca](mailto:housing@london.ca)

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#### Project Information

**Number of units:** forty-two (42)

**Total number of units:** forty-two (42)

**Building Type:** Standard Apartment – Modular Housing

**Included in Rent:** fridge, stove, water

**Anticipated First Occupancy Date:**

Unit Type	Number of Units	Monthly Rents	Unit Sizes
Bachelor	2	\$622	398 sf
One bedroom	36	\$784	484 sf
Two bedroom	4	\$920	764 sf
<b>Total</b>	<b>42</b>		

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#### Approvals

Date of Council Approval: November 2, 2023

Date of MOH Approval:

## 345 Sylan Street – Phase I & II

### Total Capital Funding

	<b>Affordable</b>
Municipal Funds	\$1,594,245
CMHC Seed Fund Grant	\$150,000
HDC Grant	\$2,348,000
OPHI Year 4 Forgivable Loan	\$2,504,776
OPHI Year 5 Forgivable Loan	\$2,497,305
Reaching Home Funding	\$2,500,000
Rapid Housing Initiative 3 RHI3 Forgivable Loan	\$8,854,705.00
<b>Total Capital Funding</b>	<b>\$20,449,031</b>

### Total Capital Costs

	<b>Affordable</b>
Land Costs	\$1,236,645
Soft Costs	\$1,929,192
Construction Costs	\$17,283,194
<b>Total Capital Costs</b>	<b>\$20,449,031</b>

### Operating Budget (Year 1)

<b>Annual Revenue</b>	<b>Affordable</b>
Rental Income	
2 - Bachelor @ \$622	\$14,928
36 - One bedroom @ \$784	\$338,688
4 - Two Bedroom @ \$920	\$44,160
<b>RENT REVENUE</b>	<b>\$397,776</b>

Fundraising:

Donations:

Government funding:

Laundry income \$4/load \$7,276

<b>GROSS REVENUE</b>	<b>\$405,052</b>
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Vacancy Loss 3% \$12,152

<b>NET REVENUE</b>	<b>\$392,900</b>
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<b>Annual Expenses</b>	<b>Affordable</b>
Administration costs	\$27,844
Building operating costs	\$46,200
Utilities (common area and unit heat)	\$50,400
Municipal taxes	\$70,000
Insurance	\$20,000



Replacement Reserves	\$80,000
Building Manager / Superintendent	\$40,000
Contingency	\$19,889
Other: Tenant Support Services	\$35,000

<b>TOTAL EXPENSES</b>	<b>\$389,333</b>
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<b>Annual Surplus (Shortfall)</b>	<b>\$3,567</b>
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**SCHEDULE "J"**  
**DEVELOPMENT SCHEDULE**

Purchase Property	January 2020
Site Plan Approval	August 2023
Building Permit	March 2023
Construction Start	November 2023
Structural Framing Completed	January 2024
Substantial Completion	April 2024
Lien Publication	April 2024
Occupancy	April, 2024
Audited Financial Statement	Ninety (90) days following occupancy

**SCHEDULE "K"**

**CONDITIONAL LETTER OF COMMITMENT**

Ministry of  
Municipal Affairs  
and Housing

Ministère des  
Affaires municipales  
et du Logement



Housing Programs Branch

Direction des programmes de logement

777 Bay Street, 14<sup>th</sup> Floor  
Toronto ON M7A 2J3

777, rue Bay, 14<sup>e</sup> étage  
Toronto ON M7A 2J3

Email: [dan.lawrence2@ontario.ca](mailto:dan.lawrence2@ontario.ca)

Courriel électronique: [dan.lawrence2@ontario.ca](mailto:dan.lawrence2@ontario.ca)

December 7, 2023

Kevin Dickins  
Deputy City Manager, Housing, Social and Health Development  
The Corporation of the City of London  
300 Dufferin Avenue  
P.O. Box 5035  
London, ON N6A 4L9

Dear Mr. Dickins:

Re: **345 Sylvan, London-Phase 2, 22 OPHI units**  
**OPHI5-LON-RS-1-2335752098**  
**City of London**  
**Conditional Letter of Commitment**  
**Ontario Priorities Housing Initiative (OPHI) – Rental Housing Component –**  
**Year 5**

I am pleased to inform you that the 345 Sylvan-Phase 2 project in London has been conditionally approved for funding in the amount of \$2,497,305.5 for 22 affordable units under the Rental Housing Component of the Ontario Priorities Housing Initiative (OPHI).

This funding is conditional upon the Proponent, Municipal Housing Development, City of London, obtaining all required approvals for the project from the City of London. It is expected that a Contribution Agreement will be signed between the City of London and Municipal Housing Development, and that confirmation of registration of security will be provided to the ministry as soon as possible but no later than January 31, 2024.

Please note that any funding that remains to be committed after January 31, 2024 may be reallocated to other Service Managers that are able to utilize and commit the funds by the end of this fiscal year.

In addition, the project is required to start construction within 120 days of signing the Contribution Agreement. Projects that do not meet the construction start timelines may also have their funding re-allocated.

Funding for the project is also conditional on the fulfillment of the ministry's terms and conditions for the OPHI and the achievement of specific construction milestones.

Conditions for OPHI – Rental Housing Component funding include, but are not limited to:

- The province and the Service Manager (SM) for the jurisdiction in which the project will be built signing a Transfer Payment Agreement;
- Obtaining any required project-specific Municipal Housing Facilities Bylaws or Agreement or any other required Agreement by the Service Manager and/or other party and the proponent;
- Providing proof of ownership or long-term lease to permit the development of the proposed project over the minimum 20 year period;
- Obtaining the first permit that permits the demolition of an existing structure or the construction of the foundation of the project and/or permits a subsequent phase in the construction process;
- Providing written confirmation of construction start within 120 days of the date of the signing of the Contribution Agreement, as per Sub-Appendix D-1D of the Transfer Payment Agreement. Any project that does not meet this requirement may have their funding re-allocated;
- Obtaining a Certificate of Insurance (COI) and any required insurance as part of the Contribution Agreement;
- Providing confirmation of required owner equity;
- Obtaining approval of mortgage financing in the form of a mortgage commitment satisfactory to the ministry;
- Service Manager or Ministerial Consent (as applicable) under the Housing Services Act, 2011;
- Confirmation in writing of existing support services, if required;
- Confirmation of compliance under the Canadian Environmental Assessment Act (CEAA) and current Ontario Building Code requirements; and,
- Fulfillment of all other conditions precedent to the implementation of the project as set out in the proponent's submission to the procurement process and as outlined in the Program Guidelines.

Please ensure that proponent keeps you informed of the project's progress in meeting these conditions.

SMs are required to report to the province when a Contribution Agreement is signed and comply with the program's guidelines as specified in the Transfer Payment Agreement.

Once the Contribution Agreement has been signed, security has been provided, and any other required conditions have been fulfilled, the ministry will advance OPHI funding

to the SM as per the project's funding schedule. The SM, in turn, will advance the funding to the proponent based on the completion of construction milestones.

Please see the attached preliminary funding schedule for a description and breakdown of the funding for your project.

The project must abide by the communication protocol set out in the Ontario Transfer Payment Agreement for COCHI/OPHI signed between the province and the City of London. Based on this, all public announcements must be made in consultation with the province, Canada Mortgage and Housing Corporation and the City of London.

The province will co-ordinate the official announcement of this funding and will notify the City of London in advance.

As the Service Manager, you are required to keep the contents and details of this letter as well as the approval of the project which is the subject of this letter confidential. This may include but is not limited to the use of in-camera council meetings and protection of this information and the approvals resulting from this letter. This practice is consistent with our usual communications protocol for housing programs.

Thank you once again for your interest and participation in the OPHI.

Yours truly,

A handwritten signature in black ink, consisting of a large, stylized initial 'D' followed by a long, horizontal, slightly wavy line.

Dan Lawrence  
Acting Director, Housing Programs Branch

Attachment: City of London's 345 Sylvan Phase 2 Project Funding Schedule

c. Cynthia Cabral, Team Lead, Regional Housing Services, MSO-West

## SCHEDULE "L"

### CONFIRMATION OF EMPLOYMENT OF APPRENTICES

OPHI - Rental Housing Component

This is to confirm that the affordable housing project located at **345 Sylvan** has employed a total of \_\_\_\_\_ apprentices throughout the development and construction of the project.

The apprentices employed during project construction have received training in the following trades:

- 1.
- 2.
- 3.
- 4.

The following initiatives/activities were used to promote or support apprentices in the Project:

- 1.
- 2.
- 3.
- 4.

Housing Development Corporation, London agrees to provide appropriate documentation in support of the above information.

